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HOUSE OF COMMONS

Thursday, December 18, 1980

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE MINISTRY

CALL FOR RESIGNATION OF MINISTERS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. On the basis of October and now November figures, we have galloping inflation, far worse than ever forecast. The inflation rate is now 11.2 per cent and zooming up with every increase in interest rates. This government has lost control of the economy. Therefore I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House regrets that Liberal members supporting the government have been misled in supporting this government and will have an impossible time explaining to their constituents their support for absolute incompetency, and this House demands the resignation of the Prime Minister, the Minister of Finance, the Minister of Energy, Mines and Resources and the Minister of Justice so that they can be replaced and their offices held by members of this House capable of bringing direction and purpose to the government and to the Canadian economy.

Madam Speaker: To present this motion, there must be unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL REVENUE

REDIRECTION OF REVENUE TO ASSIST LOW-INCOME CANADIANS—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Since the cost of home heating oil has risen 26.9 per cent and domestic gas 20.7 per cent since November, 1979, I move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That the government direct some of its revenues from increased taxes on gasoline, home heating oil and natural gas to help low-income earners survive the 1980-1981 winter.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR DISPUTES

B.C. TELEPHONE—CALL FOR APPOINTMENT OF INDUSTRIAL INQUIRY COMMISSIONER—MOTION UNDER S.O. 43

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the British Columbia Telephone Company has recently suspended more than 600 workers for wearing a union button, and in light of the fact that this same company has actively pursued a policy of provoking its employees into taking strike action, even though the workers have expressed an extremely conciliatory attitude, I move, seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett):

That this House demand that the Minister of Labour use his powers under the Canada Labour Code to appoint immediately an industrial inquiry commissioner into the B.C. Telephone dispute with the desired end of forcing this totally irresponsible company to come to an agreement with its employees before the citizens of British Columbia are forced to endure another totally unnecessary work stoppage.

Madam Speaker: For presentation, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ENERGY PROGRAM

REQUEST FOR ACTION TO REACH PRICING AGREEMENT—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise under the provisions of Standing Order 43. The energy policy of this government is causing economic chaos in this nation. An announcement has been made that 300 oil well drilling contracts have been cancelled at Lloydminster, we know that oil rigs are leaving the country putting many people out of work and the province of Saskatchewan is threatening to withhold taxes. The Prime Minister of Canada (Mr. Trudeau) denies these facts are causing alienation, unrest and economic

uncertainty throughout the entire country. I move, seconded by the hon. member for Edmonton East (Mr. Yurko):

That this House request the government take immediate action to reach a responsible energy agreement.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CALL FOR MEASURES TO DEAL WITH CRISIS IN ATLANTIC PROVINCES—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion. Since the present government was elected more than ten months ago on promises to manage the economy effectively, the cost of living in the Atlantic provinces has skyrocketed by nearly 12 per cent in Charlottetown, Prince Edward Island; by over 13 per cent in St. John's, Newfoundland; by over 12 per cent in Halifax, Nova Scotia; by over 12 per cent in Saint John, New Brunswick; and so on. Unemployment has jumped to double-digit proportions in every province in the Atlantic region, with the unemployment rate 4 per cent higher than the national average. Record high interest rates are crippling small businesses, the backbone of the economy of the region, and now CN Express services, an essential part of the economic structure of the Atlantic provinces, are being savagely cut.

● (1410)

I therefore move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House calls upon all Liberal MPs to make a serious representation to the Minister of Finance to introduce immediately measures to deal with the economic crisis faced by Canadians living in the Atlantic provinces.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

U.S.S.R.—ABDUCTION OF RAOUL WALLENBERG—MOTION UNDER S.O. 43

Mr. David Smith (Don Valley East): Madam Speaker, I rise under the provisions of Standing Order 43. I move, seconded by the hon. member for Guelph (Mr. Schroder):

That this House calls on the U.S.S.R. to state if Raoul Wallenberg, counsellor of the Swedish legation in Budapest in 1944, is alive or was killed following his abduction by Soviet troops.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

STABILIZATION OF INTEREST RATES—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise on a matter that I think by any standard is of urgent and pressing necessity. Today's dramatic jump to 11.2 per cent in the inflation rate indicates that this government's mismanagement of the economy is total. High interest rates not only cripple industrial development, increase unemployment—in fact, 200,000 more Canadians were laid off this year—and preclude economic recovery, but they very clearly fuel inflation. I therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the government, notwithstanding the policies of the United States, to take immediate measures to stabilize interest rates at a sensible level conducive to economic recovery in Canada.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CONTROLS ON WAGES, PRICES AND PROFITS—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I want to associate myself with my colleague from Hamilton Mountain (Mr. Deans) on stabilizing economic conditions in this country. I know that most of these Standing Order 43 motions go by the Prime Minister (Mr. Trudeau), but I want him to listen to this one. It relates to the most urgent provision of Standing Order 43 imaginable.

Since the Economic Council of Canada is predicting a bleak decade for the country, and since the Prime Minister has now succeeded in wrestling the economy to the ground, I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the Prime Minister confirm or deny before Christmas whether he is planning to impose controls on wages, prices and profits.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

NORTHERN AFFAIRS

MEASURES TO ASSIST NORTHERN RESIDENTS—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I rise under the provisions of Standing Order 43 to propose a motion of urgent and pressing necessity. In view of today's announcement that the consumer price index for November has taken yet another leap upwards, bringing the annual inflation rate to over 11 per cent, and in view of the fact that this continuing erosion of consumer spending power is particularly serious for Canadians on fixed incomes and those living in the northern parts of the provinces and territories where living costs are already disproportionately high, I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That the government be required to introduce immediately a budget supplement containing measures designed to cushion the crushing burden inflicted on the northern poor, as a result of the interest rate and energy policies of this government and its weak-kneed backbench supporters.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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SOCIAL SECURITY

ASSISTANCE TO WIDOWS AND ELDERLY—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas many widows and single women over the age of 50 and under the age of 65 are living well below the poverty line, some existing on dry bread and watery soup and some of whom are the widows of veterans who left parts of their bodies on the battlefields fighting against totalitarianism—and if the Prime Minister (Mr. Trudeau) wants proof, I will be glad to take him to homes where this is a reality—therefore I move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That the Government of Canada stop wasting money on billboards and trips for the Prime Minister around the world, and use this money to give these genuine Canadians a decent standard of living worthy of our country, for which the husbands of the war widows gave their lives.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

FINANCE

ASSISTANCE TO LOW-INCOME CANADIANS TO MEET INCREASED COSTS

Right Hon. Joe Clark (Leader of the Opposition): As Madam Speaker knows, I have served notice of intention to seek an emergency debate later this day on the cruel impact this government's economic policies are having upon the lives of ordinary Canadians.

I would like to direct a question to the Minister of Finance. The minister will know that the treasurer of Ontario has suggested that some of this government's increased energy revenues should be applied next winter to a temporary national subsidy of $75 to $100 to help low-income Canadians pay their rising home heating costs. The minister will also know that we have had cost of living figures published today which show that fuel oil costs are up 26.9 per cent from a year ago and the cost of gas is up 20.7 per cent from a year ago.

• (1415)

In light of these facts, will the Minister of Finance give an undertaking to the House of Commons now that he will co-operate with provincial governments to help low-income Canadians pay their heating bills this winter, if possible?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, as the Right Hon. Leader of the Opposition has indicated, the provincial treasurer of the province of Ontario did circulate yesterday a technical working paper on the subject of home heating costs and the steps that might be taken by governments to deal with this problem. The provincial treasurer also asked that his proposal be studied and that when that study is completed I get back to him and give him my response. I replied positively to that request and at the present time I have requested my officials to examine the proposal itself and the impact of the proposal, and then we will decide what our position is, which I will convey, as I have indicated, to the treasurer of the province of Ontario.

Mr. Clark: Madam Speaker, we have a situation where, with fuel costs rocketing upwards this year, the response of the Minister of Finance of Canada is that he is going to study a technical working paper which would take effect next year. What we want to know is whether the minister and the Government of Canada are prepared to accept their responsibility, put studies aside, and do something to help ordinary Canadians who are facing expensive heating cost rises this winter.

Let me indicate to the minister that the government of Ontario, as he knows, has indicated that if Ottawa refuses to help the citizens of Ontario, Ontario will act alone. But that will not help low-income Canadians in Atlantic Canada or in Quebec. I ask the minister if he offers any hope at all to those low-income Canadians anywhere in Canada who are facing rising heating oil and fuel costs this year. Are they simply to

absorb those costs or is the Government of Canada going to help them at all to pay their way and heat their way through a cold winter?

Mr. MacEachen: Madam Speaker, I am surprised that the Right Hon. Leader of the Opposition would even raise the question of energy prices and their impact upon consumers in Canada. The fact of the matter is that the budget which was introduced on October 28 laid a much lighter burden on the consumers of energy in Canada than that imposed by the budget of his colleague. At the time we were debating the national energy program on the orders of the day, I reminded the Leader of the Opposition of the billions of dollars which were involved in helping the consumer under the present budget in comparison with the former budget, and asked him to keep in mind that we have produced a national energy program which is much lighter and much easier on the consumers of Canada than the budget to which he put his support just a year ago—a very unfortunate date.

Mr. Clark: The reason the minister likes to live in the past is that he knows he cannot go home to live in Cape Breton after the kind of economic policies he has imposed upon the low-income people of that region. He will also know that, in addition to driving jobs and investment out of this country, as his budget and energy policy are doing, this budget provides no help at all to low-income Canadians. There is no equivalent of an energy tax credit, and the minister refuses again today even to acknowledge the problems which will be faced this winter by low-income Canadians who are facing rapidly increasing fuel costs.

● (1420)

Let me turn for a moment to another area where there has been a dramatic increase in costs, and that has to do with the cost of food eaten at home. The cost is up 15.2 per cent over a year ago, largely due to the cost of imported food.

Some hon. Members: Order.

Mr. Clark: Backbenchers opposite shout "order". They do not want to hear the question.

Madam Speaker: Order, please. I think yesterday everybody got away with murder, but today we should try to restrict ourselves to short questions and short answers.

Mr. Clark: Madam Speaker, the people getting away with murder today are members of the Government of Canada who have introduced economic policies which impose serious economic burdens upon low-income Canadians. The people who share the burden of that guilt are all members of Parliament elected as Liberals and who helped the government push that policy through.

Madam Speaker: Order, please. I am sorry, but I must ask the Right Hon. Leader of the Opposition to ask questions.

Mr. Clark: As I was saying, Madam Speaker, after indicating my view that every person here elected as a Liberal bears the burden of responsibility for these policies, my question has to do with the statement by the Prime Minister that low-income Canadians should switch their priorities and spend a bit more on food than on other things, which is a statement which will literally force many low-income Canadians into a choice between spending money on food and spending money on fuel.

The minister knows that he has available to him the possibility of a shelter allowance, an energy tax credit—

Some hon. Members: Order.

Mr. Clark: The Liberals are trying to shout this down, and so are their colleagues in the NDP.

[*Translation*]

Madam Speaker: Yes, indeed, we have heard interjections from this side, and we have just begun hearing some from that side too. But the Right Hon. Leader of the Opposition is not helping anybody with his long preamble. I therefore urge him to put his question.

[*English*]

Mr. Clark: Is the Minister of Finance prepared to introduce a shelter allowance? Is the Minister of Finance prepared to introduce an energy tax credit? Is the Minister of Finance now prepared to remove home heating fuel from his tax package, or does the Minister of Finance intend to leave his budget as it is and to leave low-income Canadians out in the cold without government help to get them through a very difficult economic winter?

Some hon. Members: Hear, hear!

Mr. MacEachen: Madam Speaker, the Right Hon. Leader of the Opposition has rightly pointed to the situation of low-income Canadians particularly and to how they will be able to manage in the present difficult inflationary situation. That obviously has been a matter of concern to me and to the government. I want to tell the Leader of the Opposition that, as he knows, there are in place at the present time quite a large number of programs which are fully indexed and which will make a major contribution to low-income Canadians who are faced with rising prices.

As he knows, earlier in this Parliament we increased the guaranteed income supplement by $35 a month.

Mr. Scott (Hamilton-Wentworth): That is gone.

● (1425)

An hon. Member: That is all gone.

Mr. MacEachen: Hon. members say that is all gone. That is incorrect; that is wrong; that is false. It is not all gone. It has been fully indexed and its value will not be eroded over time. It will be precisely $35 in 1980 dollars, protected and indexed against inflation, and hon. members should keep that in mind.

Some hon. Members: Hear, hear!

REQUEST FOR MEASURES TO IMPROVE ECONOMY

Hon. John C. Crosbie (St. John's West): My question is for the Minister of Finance whose government is crucifying Canadians upon a cross of broken promises. The Bank of Canada interest rate today has gone up to an historic high of 17.36 per cent, the highest in our history, which means that the prime bank rate will be going up to at least 19 per cent. On October 28 the minister forecast a mild depreciation of the Canadian dollar. He said it would be assumed to average slightly more than 86 cents U.S. in 1980 and 87 cents U.S. in 1981. He forecast the CPI for this year to be 9.7 per cent. Today it has gone up to a year over year average of 11.2 per cent. The Canadian dollar is under 83 cents U.S. That is how good the minister's forecasts are. The budget has been completely discredited within the last six weeks.

My question to the minister is the following. Will the minister now bring in a policy that might save the Canadian dollar and save Candians from these high interest rate costs by introducing incentives for the private sector to invest here in Canada and stop the outflow of investment funds which this mistaken Lalonde policy is forcing upon the Canadian oil and gas industry? Will he take steps that will reduce the current account deficit which renders us so vulnerable after 12 years of Liberal economics?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the hon. gentleman totally misunderstands the nature of the immediate problem facing the country as a result of the very high interest rates, combined with the pressure on the Canadian dollar. That immediate problem has nothing to do with the budget, it has nothing to do with the current account balance, it has nothing to do with the trade figures. Because if these were factors, the problem would have improved, but they are not.

The problem arises from high interest rates which exist in the United States putting pressure on interest rates in Canada and putting pressure on the exchange value of the Canadian currency. I want to tell the hon. gentleman that the policies which he recommends, if implemented, would have absolutely no effect on the current, immediate problem. That is a separate problem, and I reject entirely his suggestion as a solution.

Some hon. Members: Hear, hear!

Mr. Crosbie: Madam Speaker, I have a supplementary question for the Minister of Finance. I am looking at the immediate problem; I well understand it, I see it here every day. I would like to remind the minister that the Diefendollar was worth 92.5 cents U.S., about which his party complained in 1963. Today we have the "Trudeau buck", worth 82.5 cents U.S. or 10 cents less. When are we going to get back to the Diefendollar? It looks pretty good now.

Some hon. Members: Hear, hear!

Mr. Crosbie: For seven years we had a current account deficit and the minister has forecast a current account deficit this year in the international balance of accounts of $6.2 billion. Investment is fleeing Canada. That is why there is downward pressure on the Canadian dollar; that is why interest rates are going up; and that is what Mr. Bouey says is happening.

Let me come back to the minister and ask him this. Will the minister take steps to reserve this by changing this attack on the private sector, which is the only thing in this country which can save us—it will not be advanced state ownership—by attracting back into Canada our own investment which is leaving Canada and by bringing in a new economic statement immediately in January? Will he try to retrieve the situation before disaster occurs here which is even worse than is occurring now?

Mr. MacEachen: Madam Speaker, the hon. gentleman is loading the atmosphere will all sorts of rhetoric which has nothing to do with and bears no relationship to the problems which we are facing as a result of the high interest rates existing in the United States.

• (1430)

Mr. Crosbie: If you cannot understand that, you better get out quickly.

Mr. MacEachen: I must repeat to the hon. member that at the present time the prime rate in the United States is about 21 per cent.

Some hon. Members: So what?

Mr. MacEachen: In Canada the prime rate is three or four percentage points lower. Our capital markets are closely linked with those of the United States. There are bound to be influences on Canadian interest rates and the exchange value of the Canadian dollar.

An hon. Member: Is that what you said last year?

Mr. MacEachen: That is the particular problem we are facing. No amount of rhetoric by the hon. member for St. John's West, who is suffering from December blues, will change that basic fact.

Some hon. Members: Hear, hear!

* * *

THE BUDGET

REQUEST FOR NEW BUDGETARY POLICIES

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. It contains facts and not, as the Minister of Finance likes to describe criticism, merely rhetoric. Two alarming facts came out today: first, we have the highest cost of living in five years; second, we have the highest level of interest rates ever in the history of Canada.

Mr. Crosbie: Ever.

Miss MacDonald: Some record!

Mr. Broadbent: This means a record number of bankruptcies, record food prices and record levels of mortgage interest rates.

An hon. Member: And your party supported them.

Mr. Broadbent: Will the Prime Minister now acknowledge that all the forecasts and alleged solutions which were to be provided in the minister's October budget are no longer relevant? Will the government use the Christmas recess to prepare a new budget which deals with the economic crisis, to be brought before the House in January?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am glad the hon. member for Oshawa raised this question because yesterday in his questioning he talked about the budget presented on October 28 as being outdated. If he is referring to the inflationary pressure evident in the cost of living figures today, he ought to recognize that the budget of last October recognized inflation as the chief problem facing the Canadian economy and attempted to alert the Canadian people and the House of Commons to the threat that inflation is posing to the country. If he wants me to read the passages in that particular budget—

Mr. Broadbent: No.

Mr. MacEachen: —which outline my concern about inflation, then I will do so. I laid out in that budget a medium-term strategy which is intended to gear down inflation. The hon. member ought to read the budget presented last October rather than ask for a new one.

Some hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, I and other members on this side of the House not only read it, but we heard the minister present that disastrous budget.

Some hon. Members: Right on.

Mr. Broadbent: In the budget there is a $500 increase in indirect taxes for every Canadian family. The minister knows that increases the cost of living; it does not reduce it.

Perhaps the Prime Minister would answer just the odd question today, since allegedly he is responsible for the government. Instead of offering what many of us regard as gratuitous and insulting advice to Canadians about changing their priorities in terms of eating, would he accept a reasonable proposal for average and low-income Canadians and bring it in during the new year, namely, a tax cut related to the cost of living, one which would ensure that low-income Canadians get more than middle or upper-income Canadians?

Mr. Crosbie: As my budget did.

Mr. MacEachen: Madam Speaker, today the hon. member is complaining about the pressure on prices and the danger of inflation. At the same time he is making a proposal, namely a reduction in taxes, which in the present circumstances would have a very significant impact on increasing inflation.

Mr. Broadbent: No.

Mr. MacEachen: Every proposal which has come from the New Democratic Party in this Parliament, if accepted, would lead to greater inflation and higher prices in this country. The policy put forward by the hon. member is irresponsible, and we would not accept it.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, that is a disgrace for a man holding the position of Minister of Finance. He ought to know that when we are operating only at 80 per cent capacity, by reducing taxes inflationary pressure will not be put on the economy; all it will do is create a few more jobs. The minister ought to know that.

I should like to ask either the Prime Minister, who is sitting there smiling smugly through this crisis, or the Minister of Finance, a question. Having turned down suggestions coming from both opposition parties for tax cuts, a fair prices commission, aid related to energy costs, having rejected all these solutions or proposals which would help a little, is the Government of Canada saying that it will do nothing while the people of Canada suffer through this crisis?

Mr. MacEachen: Madam Speaker, first I ask the Leader of the New Democratic Party to ask himself whether he is performing any service to the Canadian people or to the economy by describing the present situation as a crisis.

Mr. Baker (Nepean-Carleton): Try that question on yourself.

Mr. Broadbent: They know it.

Mr. MacEachen: I regard that as an irresponsible statement which will do nothing but add to the existing uncertainty that is prevailing with respect to interest rates and the exchange value of the Canadian dollar. The Leader of the New Democratic Party is grandstanding every day during question period by these uttering exaggerated statements.

Some hon. Members: Oh, oh!

Mr. MacEachen: I do not intend to be driven into panic reaction by irresponsible suggestions from the Leader of the New Democratic Party.

Mr. Broadbent: Just wake up.

REPORTED WITHHOLDING OF BUDGET TAX BY PROVINCE OF SASKATCHEWAN

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Deputy Prime Minister and

Minister of Finance. I am almost inclined to ask for his definition of crisis, if we are not facing a crisis now, but I will not ask him that question.

Yesterday the Prime Minister asked for more evidence of the government's budget and energy policy causing a substantial loss of jobs across the country and also a serious decline in exploration and production. Today we have reports that Premier Blakeney of Saskatchewan has reiterated that the budget is cutting back exploration and development not only in heavy oil but also in the area of conventional oil exploration. Hudson's Bay Oil & Gas Company Limited has suspended its 1981 drilling plans in the Lloydminster area and it has laid off half its employees there. Premier Blakeney has described the taxes in the minister's budget as being ruinous, and he is now saying that he will not pay that particular tax.

What is the minister's response to Premier Blakeney's position with respect to withholding the payment of taxes imposed by the budget? More importantly, what changes is the minister prepared to make to avoid the loss of thousands of jobs across the country resulting from the negative reaction to his budget and energy policy statement?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not accept the premise of the hon. member's question that the budget has had the effects he alleges in his comments.

Mr. Crosbie: Open your eyes, Allan.

Mr. MacEachen: He asked me what reaction I have to Premier Blakeney's objection to the production tax. All I would say is that Premier Blakeney is entitled, if he wishes, to contest the legality of that tax. He said that he was considering that. He might reconsider his own royalties, which I understand are about the highest in the country, if he is concerned about tax burdens. Maybe he could get together with the Leader of the New Democratic Party and devise some consistent New Democratic Party anti-inflation policy, because I thought it was the Premier of Saskatchewan who was calling for higher energy prices yesterday to add to the present pressure on the cost of living in Canada.

Mr. Hnatyshyn: Madam Speaker, not only is there a negative reaction to the budget; it is going down in Canada just like the *Titanic*. Does the minister not consider the following facts: the substantial cutbacks in exploration and development in Canada; Hudson's Bay Oil and Gas I have already mentioned; Norcen is reducing its exploration and development by 20 per cent; Gulf is reducing its exploration next year by 35 per cent; the industrywide figures are upwards of a 40 per cent cutback in exploration and development? Mr. Bill Menzel, chairman of the Alsands group, who has spearheaded this oil sands megaproject, has resigned his position. This has dealt a serious blow to that particular project. The Americans, notwithstanding what the Secretary of State for External Affairs has said, have indicated their deep concern with respect to the budget and the energy policy. The minister has been asked a number of times today whether or not he will in January, when Parliament is recalled, bring in a budgetary statement or a budget.

● (1440)

I ask the minister, in view of these developments, whether he will bring in a new budget, or a budgetary statement, in January so that we can reverse the direction in which we are headed in this country.

Mr. MacEachen: Madam Speaker, the hon. member has again asked me whether I would reconsider and bring in a new budget. If my appreciation of the economic situation had altered, then there might be some justification for bringing in a new budget. But if the hon. member looks at the budget itself, he will realize that I have explained fully the troubled state of the world economy, the threat to the Canadian standard of living and the Canadian economy from rising inflation. I have put together a strategy in the budget which in my view, will bring about a steady reduction in inflation.

Mr. Clark: You planned all this, did you?

Mr. MacEachen: Madam Speaker, I want to agree with—

Mr. Clark: If this were happening in Quebec you would be worried.

Mr. MacEachen: I happen to agree with the report of the Economic Council of Canada, whose assessment has been quoted to me so often by members of the opposition, that there are no easy answers and that the struggle against inflation will be won slowly. That is a fact. To ask me today to try a quick fix to bring in a program for this group or a program for that group would be a totally false approach. It would do more damage to the future of the economy than hon. members realize. That is my general response to the hon. member's question.

* * *

SOCIAL SECURITY

INCREASE IN CONSUMER PRICE INDEX—RELIEF FOR LOW-INCOME FAMILIES

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is also for the Minister of Finance. He talks about the fight against inflation being a slow approach, and in that regard I put this to him. One in five families in Canada, according to the latest Statistics Canada figures, need to spend over 82 per cent of their income on food, shelter, and clothing. That is 20 per cent below the poverty line as defined by Statistics Canada. The minister talks about indexing and this addressing the situation. I submit to the minister that when you take into account that indexing is based on the CPI and the major components within the CPI affecting the poor—and here we are talking about the working poor whom indexing does not really address, people who have to face a 15.2 per cent increase in food prices and a 26.9 per cent increase in home heating oil prices—I ask the minister what advice he has

for these low-income families in Canada who face the prospects of not having enough food on the table or enough fuel oil to keep their families warm?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I take the hon. member's question seriously. I return, in a sense, to the answer I gave to the Leader of the Opposition. I would like to develop it a bit further in reply to the hon. member's question.

At the present time there are in place a large number of fully indexed programs to assist the very groups about which the hon. member expresses concern. I have already referred to the guaranteed income supplement, which is fully indexed. I could refer to old age security, family allowances, the child tax credit and unemployment insurance benefits, all of which are indexed.

Mr. Wilson: Indexed to what?

Mr. MacEachen: They are indexed to protect the recipients of these programs against the kind of rising prices we are experiencing today.

I want to add, Madam Speaker, that this is not just fiction since, through the indexing in 1980 alone, $3 billion will be transferred through these programs to the groups which the hon. member has mentioned. I think that is a rather significant protection which we are offering at the present time.

The hon. member probably would like—

Some hon. Members: Order!

Mr. McGrath: My supplementary question is for the Minister of Finance. If he wants to relate indexing in real terms, he is talking about a $2 increase every three months in family allowance payments. Try to match that with a 15.2 per cent increase in food prices. Next year food prices are anticipated to rise by anywhere from 15 per cent to 20 per cent. All I say to the minister, Madam Speaker, is that indexing may be the answer, but what do you base it on? Do you base it on a food basket which includes sirloin steak? It is getting to the point where we are talking about maintaining a decent living standard—

Madam Speaker: Order, please.

Mr. McGrath: —for the working poor of this country. That is no laughing matter.

Madam Speaker: Order, please.

Mr. McGrath: I ask the minister to match his performance with his promises.

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. The hon. member for Broadview-Greenwood.

FINANCE

INTEREST RATE POLICY

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is for the Minister of Finance. The minister has repeated today and on a number of occasions in the House the assertion that proposals from this party with respect to interest rates and unemployment are inflationary. I would like to ask the minister to answer the question which he was asked previously by my party's leader, which was: Given the fact that on the figures supplied by governor Bouey the economy is working at less than 80 per cent capacity, that we have over a million people who are really unemployed, what in the name of goodness is inflationary about a refundable tax credit and a fair prices commission?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, here again the New Democratic Party is adding to the kind of irresponsible utterance which is the fashion of its leader by saying that at the present time there are over a million unemployed in Canada.

Mr. Broadbent: In real numbers.

Mr. MacEachen: The hon. member knows that the last seasonally-adjusted statistics from Statistics Canada show unemployment much less than a million. It is bad enough at the level at which we find it, but for hon. members to add an additional 200,000 just for the sake of asking questions on the orders of the day is a bit irresponsible, as far as I am concerned.

Some hon. Members: Hear, hear!

Mr. Rae: Madam Speaker, the minister makes Marie-Antoinette sound like a social worker.

Some hon. Members: Oh, oh!

Mr. Rae: He ignores the fact that there are hundreds of thousands of Canadians who have given up looking for work because of the policies of his government, and if he includes those figures he will see that there are 1.3 million unemployed as of the month of November. The minister simply does not know what he is talking about when he makes that kind of statement.

Some hon. Members: Hear, hear!

Mr. Rae: I would like to ask the minister a supplementary question with respect to the interest rate, which has now reached the phenomenal level of 17.63 per cent as a bank rate. This means real rates of upwards of 20 per cent, 21 per cent, 22 per cent and 23 per cent for the average consumer. The minister has frequently said that the policies are not the result of his government and that if he had his way the interest rate would be at a different level. He has said he would have a different policy if only he could be more independent of the Federal Reserve Board. Would the minister tell the House what rate he thinks is a fair interest rate? Is he prepared to

come clean and tell the House what he thinks the interest rate should really be?

Mr. MacEachen: Madam Speaker, I have no hesitation in saying that I regard the present interest rates as being too high; that is obvious.

Some hon. Members: Hear, hear!

Mr. MacEachen: They are too high in terms of the requirements for restraining inflation in Canada at the present time. That is my view. In order to maintain the monetary targets, an interest rate of the dimensions the hon. member mentioned is obviously too high.

• (1450)

The hon. member has asked what precise rate I have in mind. I do not intend to answer questions which even the governor of the Bank of Canada, with all his expertise, would find impossible to answer.

Mr. Baker (Nepean-Carleton): You are the Minister of Finance.

Mr. MacEachen: But I am quite ready to tell the hon. member that I regard the present rates as too high, and that they are caused by the situation which I have described so frequently but which hon. members want to ignore in all their questions. Hon. members have not dealt with that issue at all, nor have they presented any alternatives.

Mr. Rae: Come before the committee and we will talk about it.

Mr. MacEachen: They have just carried on with the old rhetoric from the February election.

* * *

RESEARCH AND DEVELOPMENT

REQUEST FOR INCREASED FUNDING

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, I have a question for the Minister of Science and Technology. In view of the fact that before 1995 a large fraction of present Canadian independent researchers will be retiring and there will be an increased demand for technical and scientific personnel in industry during the period that the private sector is attempting, through modernization and increased productivity, to recover from the current recession; and furthermore, since there will be an increased demand for personnel—

Some hon. Members: Order.

Mr. Robinson (Etobicoke-Lakeshore): —resulting from the increase in over-all research and development expenditures—

Some hon. Members: Order.

Mr. Robinson (Etobicoke-Lakeshore): I will be short, but after listening to the preambles of hon. members opposite—

Madam Speaker: Order, please. Would the hon. member please proceed to his question without further preamble. The preamble has been long enough.

Mr. Robinson (Etobicoke-Lakeshore): Due to demand in research and development predicted by the Government of Canada, will the minister—

An hon. Member: Question.

Mr. Robinson (Etobicoke-Lakeshore): Surely I can receive some courtesy from hon. members.

Madam Speaker: Order, please. The Speaker will maintain order. The hon. member need not reply to these interjections. I will try to maintain order, and it would be easier if the hon. member went straight to his question.

Mr. Robinson (Etobicoke-Lakeshore): Will the minister advise the House whether he would consider increasing the government's support for research and development, which is presently at only .9 per cent of the gross national product, to 1.5 per cent now, rather than wait until 1985 for this increase?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, I had some difficulty hearing the hon. member's question. I believe he was asking whether the government had plans for increasing its support for research and development. That is indeed the case. We have considerably increased the funds made available for this fiscal year, and we intend to increase the government's effort so that we will reach as quickly as possible the objective of 1.5 per cent of Canada's gross national product.

Although I did have some difficulty hearing the hon. member, I believe he referred to the figure of .9 per cent. I should make it clear that that figure refers not to the government's effort but to the total, over-all effort in the economy. It is our intention to move as quickly as possible to a point where the government is spending roughly one-half of 1 per cent of the gross national product on this effort in the hopes that the private sector and the provinces will come forward and meet the other 1 per cent, so that we may reach the over-all commitment of 1.5 per cent by the mid-1980s. I hope to make a much clearer statement on this matter some time in January.

* * *

SOCIAL SECURITY

REQUEST FOR MEASURES TO PROTECT LOW-INCOME CANADIANS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the Minister of Finance, whose responses today to the plight of the poor have been, not only evasive, but downright heartless. The minister knows full well

that the increases in the cost of living which came out today are disastrous for pensioners, the unemployed, single parent families and people who are living on fixed incomes, many of whom are struggling to get by on less than $350 a month and who now have to fork out $20, $30, or $40 per month more for food.

Rather than have these people resort to perhaps the only means they will have—that of perhaps going out to buy dog food to feed themselves—and rather than relying on programs that simply do not work, what assistance, what hope, can the minister give these people, other than the counselling given them by the Prime Minister, that they should spend less on other essential goods? I ask the minister what hope is there for them, and I ask every backbench Liberal member of Parliament to join in that plea.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I want to remind the hon. member that I regard inflation as a very serious problem and especially its impact upon, not only all Canadians, but the groups which we have been discussing during the oral question period. I have explained that at the present time, because of action taken by this Parliament through a variety of programs, there is built into these programs basic protection against inflation. For 1980 that protection will amount to about $3 billion.

I would ask the hon. member who is so indignant to remind herself that last December the former minister of finance—

Mr. Malone: Get off that kick.

Mr. MacEachen: —was prepared to live with a rate of inflation for 1980 of 11 per cent.

Miss MacDonald: What are you doing about it?

Mr. MacEachen: The rate of inflation which we are experiencing at the present time, as serious as it is, is less than 11 per cent.

Mr. Clark: That is false.

Mr. MacEachen: I did not hear the hon. member's voice raised for the poor in those days.

Some hon. Members: Hear, hear!

Miss MacDonald: Madam Speaker, surely the Minister of Finance is not so stupid that he does not realize that the indexing of which he spoke does not apply in the same way to the poor of this country as it does to the middle-income earners of this country. Since the minister has brought up this question of indexing and how it will apply, would he consider, instead of the formula we now have for the low-income earners of this country, a formula of indexing based on the real increases in the cost of food, transportation, housing, lodging and the cost of fuel oil for low-income families in this country so that they will receive a benefit which they are now denied?

Mr. MacEachen: Madam Speaker, I remind the hon. member that the indexing that presently exists is basically for programs that affect the group in the lower third of the economy. The indexing, or the protection against inflation, is protection against real items that people use in their daily lives.

Miss MacDonald: Luxury items.

Mr. MacEachen: The hon. member knows that as well as I. But what the hon. member has not told me yet is why she is prepared to live with an 11 per cent inflation rate for 1980 as projected by her colleague, the former minister of finance. Knowing as they did one year ago that the inflation rate would be 11 per cent, they even failed to take action to increase the guaranteed income supplement. That is the record of that party.

Some hon. Members: Hear, hear!

* * *

SMALL BUSINESS

INQUIRY RESPECTING INTRODUCTION OF LONG-TERM ASSISTANCE MEASURES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, if hon. members opposite would return to their ridings and speak to their small business communities, it would be perfectly clear to them, as it is on our side, that this government's present policy of high interest rates is having a devastating effect on this vital sector of the economy. The Minister of State for Small Businesses, to which this question is addressed, knows full well that over the past year 6,000 businesses have declared bankruptcy. The rates in Newfoundland have been as high as 131 per cent, in Manitoba as high as 60 per cent and in Quebec the rate is 27 per cent.

I am sure that the minister is also well aware that many more businesses—

Madam Speaker: Order, please. Will the hon. member please put his question immediately.

● (1500)

Mr. Riis: My question for the Minister of State for Small Businesses is this. The only program that has been brought in to assist small business is the small business development bond, which program ends in three months.

Some hon. Members: Question.

Mr. Riis: Is the minister going to introduce any long-term measure to help the small business community handle costs, not just new capital expenditure but inventory costs and other every day expenses which small businesses must endure? I ask the minister not to tell us that he is studying the matter, because you cannot meet payrolls with studies.

[*Translation*]

Hon. Charles Lapointe (Minister of State, Small Businesses): Madam Speaker, I am aware that this is Christmas time, but the hon. member apparently looks upon the government as Merlin the Wizard, thinking that one of us will find the magic formula to solve all our problems under his pillow when getting up one morning. It is clear that the small business community in Canada is having serious difficulties because of the high interest rates.

As I indicated yesterday in the House, we are now completely reviewing all means available to small business to finance itself, in an effort to find and implement more adequate ways to help small businessmen cope with this difficult situation. For instance, we are considering possible amendments to the Small Businesses Loans Act that would include in the financing either the capital expenditures or part of the inventory costs. I have not yet received the findings of this review, Madam Speaker, and contrary to the hon. member's statement, present circumstances are not likely to improve because of such remarks.

[*English*]

Mr. Riis: Madam Speaker, does that mean, to ask the question very directly, that the minister is not planning to do anything over the next few months to provide some assistance to the small business community other than the small business development bond, which program expires at the end of March?

[*Translation*]

Mr. Lapointe (Charlevoix): Madam Speaker, had the hon. member listened to my reply instead of commenting while I was speaking, he would surely know that I did not say what he claims to be my answer.

* * *

[*English*]

POINTS OF ORDER

MR. McMILLAN—PROCEDURE RESPECTING S.O. 43 MOTION

Mr. Tom McMillan (Hillsborough): Madam Speaker, earlier today before question period I moved a motion under Standing Order 43 on a matter of urgent and pressing necessity. That motion stressed that since the present government was elected some ten months ago on promises to manage the economy effectively, the cost of living in the Atlantic provinces has skyrocketed. The motion also pointed out that—

An hon. Member: Order.

Mr. McMillan: Madam Speaker, I will be very brief. The motion also pointed out that unemployment jumped, that the CN Express services—

Point of Order—Mr. MacGuigan

Madam Speaker: Order, please. Will the hon. member please tell me what his point of order is? We heard the motion during the period reserved for motions under Standing Order 43. The hon. member is now asking to be heard on a point of order, and I would like to hear what it is.

Mr. McMillan: Madam Speaker, the motion, as you will recall, called on Liberal members of Parliament to urge the Minister of Finance (Mr. MacEachen) to take serious measures to redress the very critical economic problems in the Atlantic region. I have been assured by my colleagues that no member in our party voted against the motion.

An hon. Member: Order.

Mr. McMillan: My simple question to you, Madam Speaker, is this: since I have also been assured by members of the New Democratic Party that they did not vote against that motion, would you indicate to me, to my colleagues and to other interested members, who actually did express opposition to my motion, and from what direction any expression of opposition might have come?

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. The Speaker determines from hearing the yeas and nays whether there is unanimous consent given to a motion moved under Standing Order 43. Those who say no to Standing Order 43 shall be nameless. The Speaker usually does not recognize who has said no or who has said yes. As a matter of fact I look right in front of me, but I use my two ears. I heard some noes, and I believe the Speaker is the final judge on that matter.

Mr. Paproski: Were they from your right or from your left, Madam Speaker?

MR. MacGUIGAN—CORRECTION OF ERRONEOUS STATEMENT

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I rise on a point of order. I regret that I inadvertently misled the House yesterday afternoon in replying to a question from the Leader of the Opposition (Mr. Clark) concerning U.S. representations with respect to the national energy program. After question period yesterday I learned that, in my absence abroad the previous week, the department did receive U.S. representations with respect to some aspects of the national energy program.

I can confirm that these representations were in the nature of comments and requests for clarification and that successful discussions have since taken place with U.S. officials which reassured them that the program will be implemented in accordance with Canada's international obligations and undertakings.

Point of Order—Mr. Paproski

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise on the same point of order. First, let me thank the minister for telephoning yesterday to advise me of his inadvertent misleading of the House. His answer leaves open questions as to whether there is a danger that, as a result of the energy policy introduced by this government, the United States, or any other country, will invoke action under GATT; will invoke action under the U.S. mines, minerals and lands act; will invoke action of the OECD; and whether there is going to be any impediment or deterioration of the Canadian position in relation to the fisheries treaty; our representations on Garrison, our representations on the "Buy American" program, and whether there will be any other dangerous impact to Canada which will cost us more in terms of jobs or in terms of investment than the government's energy policy has already cost Canada. We want to hear from the minister in some detail as to just how much this policy will cost Canada. We know about the jobs which are being lost in western Canada, Ontario, and Quebec, but we want to know what new dangers loom as a result of international objections to an energy policy which was framed without the participation of the Department of External Affairs.

MR. PAPROSKI—PROCEDURE RESPECTING S.O. 43 MOTION

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I rise on a point of order. It concerns the same point of order raised by the hon. member for Hillsborough (Mr. McMillan). Madam Speaker, when you heard the noes, did you hear them from your right hand side or from your left hand side? On this side of the House we agreed to the motion, so the disagreement must have been from the other side.

I would like to add that there is no place in either May's or Beauchesne which says that the hon. member who said no should not stand up and be recognized. I have tried to find something in the rule books. If it is the hon. member for York East (Mr. Collenette) who keeps saying no, I wish he would get up so the people of this country can see who it is who is saying no to all our motions under Standing Order 43.

Some hon. Members: Hear, hear!

Some hon. Members: No!

Some hon. Members: Oh, oh!

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I simply rise to underline the answer which you gave to the hon. member for Hillsborough (Mr. McMillan). A little earlier today a motion was put by my colleague, the hon. member for Don Valley East (Mr. Smith), concerning the Wallenberg case. This same motion was moved a couple of weeks ago and passed this House, and no one on this side of the House said no. What is good for the goose is good for the gander. No matter on which side of the House members sit, hon. members should rely on your judgment and your hearing ability.

Mr. Paproski: Madam Speaker, I just want to apologize—

Madam Speaker: Order, please. I have already heard the hon. member for Edmonton North (Mr. Paproski). I must reiterate that I heard hon. members saying no. When I hear noes, the Standing Order does not obligate me, or the members, to identify who said no, or from which side of the House they came. I can only tell the House that I heard noes, and they did not come from heaven!

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Nepean-Carleton): Madam Speaker, may I ask the government House leader to confirm the business which we will be dealing with when we get to orders of the day today and his expectation for tomorrow? Since the adjournment motion has been passed and we will be returning on January 12, could the House leader indicate now, as specifically as possible, the legislation we will be dealing with when we return? I understand we will be beginning a new cycle with respect to allotted days. Perhaps he may wish to designate the first allotted day upon our return.

Mr. Pinard: Madam Speaker, this morning we met and agreed to deal with Bill C-34 this afternoon. It is most likely that we will vote on the amendment on second reading of that bill before five o'clock. The bill will then be sent to committee for further study. Tonight, if possible, we will be dealing with second reading stage of Bill C-50. I understand we have an agreement to put up only one speaker per party and to send that bill to a standing committee rather than to Committee of the Whole House. This will be followed by resuming debate on Bill C-48.

● (1510)

[*Translation*]

If we complete study of Bill C-50 this evening, tomorrow we will resume the debate on second reading of Bill C-48 entitled an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, in the hope of completing it tomorrow and referring the bill to the standing committee of the House. Should a vote become indicated tomorrow, as we have agreed, it would be put off till after the Christmas break at whatever time we then agree upon, that is, till after January 12.

Should we manage to complete study of Bill C-48 tomorrow, then we could resume the debate on second reading of the bill on January 12, when we come back and during that week.

I want to take this opportunity to designate immediately, Wednesday, January 14, as an allotted day. Once again, if we have completed study of Bill C-48 before January 12, we can then proceed with Bill C-24 relating to fiscal transfers to the provinces.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, with respect to the Customs Act, I understand there may be a requirement later for an order with regard to the reference to the standing committee. That is quite in order. It is my expectation that we will be able to complete consideration of that bill in the House as the hon. gentleman has indicated.

Mr. Knowles: Madam Speaker, there are one or two points concerning which the government House leader stated that there has been agreement. I should like to confirm those arrangements. First, with respect to Bill C-50, the bill having to do with the Customs Act, it is agreed there will be only one speaker per party at second reading. It is also agreed that after second reading the bill can be referred to the Standing Committee on Finance, Trade and Economic Affairs instead of to Committee of the Whole. I also confirm the agreement that if consideration of Bill C-48 is completed some time tomorrow and a vote is called for, the taking of that recorded vote will be deferred until we return in January.

While I am on my feet and while we are dealing with House business, I should like to make two or three suggestions to the government House leader. I make them very urgently. After today's discussion, surely he must realize that the House will be expecting some economic measures in January to deal with the situation the country faces. I hope that serious consideration will be given to that fact by the government.

Second, I hope that some time early in the new year the freedom of information legislation will be brought forward. That has been dangled before the House and the country for a long time. It is time for action on that piece of legislation.

My third suggestion to the government House leader is that he talk very seriously to the Acting Minister of Veterans Affairs about bringing in the necessary legislation to shorten the phasing-in period in the act under which widows of disabled veterans get pensions. That six and a half year phasing-in period is one that all of us in this House dislike. I hope we can look forward to that phasing-in period being eliminated, or at least shortened, early in the new year.

Mr. Pinard: Madam Speaker, when Parliament was called back early in October we publicly stated that we wanted to deal with three major issues facing the country, namely, the constitution, the economy, and energy. That is what we have been doing since then and what we intend to do when we return January 12. That is why I stated we will again deal with the energy bill if debate is not completed tomorrow. Following the energy bill, we will have budget bills and tax measures. As the hon. member well knows, we will also deal with the constitution. When the resolution comes back from committee, the House will deal with that as well.

I say to the hon. member that we will continue dealing with legislation related to the major issues in the country, as we have done since returning in October. Beginning January 12, we will therefore deal with the energy bill, budget bills, and, in February, the constitution. In so far as access to information is concerned, I have said before, and I repeat, that we are willing to bring that bill before the House for discussion if we can have an assurance that the bill will be sent to committee after a very short period, that is, less than one day's debate. I am certain the NDP will agree to that. However, there were indications on the floor of the House that the Tory party, as is their right, will have more than one speaker. I have no assurance that this will get to committee within a day. It is very difficult for the government to cope with energy matters, economic matters and the constitution and, at the same time, deal with some of the other bills on the order paper.

Finally, in so far as the hon. member's request with regard to veterans is concerned, I know he has directed these questions to the minister responsible. I will talk with the minister and see what he has to say on this subject.

Mr. Baker (Nepean-Carleton): Madam Speaker, with respect to the reference to the freedom of information bill, or access to information as it is called, I will avail myself of this opportunity to speak to the accusation that somehow or other we may be unreasonable. I hope that was not in the mind of the government with respect to speakers. I indicated on the floor of the House that we would agree to a short debate, but not limited to one day or one round of speakers. If I recall correctly, I think I said there would possibly be five speakers from our party. That remains the case today.

It should be made clear that the bill introduced by this government is different in two ways from Bill C-15, which I had the pleasure of introducing, and which was given approval. First, it combines two things, it combines freedom of information or access to information and a bill with respect to privacy. It is a much more expanded bill.

The other significant difference is that, notwithstanding the existence of the judicial review concept in it, by virtue of the wording and the broadening of the exemptions, this bill marks a return to rather than a retreat from, ministerial discretion. We want to use the short debate prior to the bill going to committee to outline to the government and the country where this bill differs, and where the cause of freedom of information is not served as well as it could have been by the other bill. I want that to be quite clear because it is important to those groups in the country and in this House who are interested in access to information.

Mr. Pinard: Madam Speaker, I repeat that the freedom of information or access to information bill and the second reading stage of it are under discussion. There will be other stages where the bill will be studied, and where there may be 40-minute speeches. If the Conservative party has five more speakers with 40 minutes each, that will represent much more debate at a preliminary stage. We are willing to discuss an agreement to shorten speeches so that the bill can be sent to

committee in a day. It will be discussed in committee. If this arrangement were made, we could deal with the bill very early in January or February and send it to committee.

ROUTINE PROCEEDINGS

[*English*]

FRESHWATER FISH MARKETING CORPORATION

TABLING OF FEDERAL-PROVINCIAL COMMITTEE REPORT

Mr. George Henderson (Parliamentary Secretary to Minister of Fisheries and Oceans): Madam Speaker, under the provisions of Standing Order 41(2), I wish to table, in both official languages, the report of the Federal-Provincial-Territorial Committee of Officials on the Freshwater Fish Marketing Corporation.

• (1520)

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

THE ECONOMY

EFFECTS OF RISING COST OF LIVING AND INTEREST RATES

Mr. Edward Broadbent (Oshawa): Madam Speaker, I ask leave, seconded by the hon. member for Broadview-Greenwood (Mr. Rae), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the economic crisis in Canada reflected in today's announcements that: (1) the cost of living increase is at the highest level since March, 1975, more than five years ago, and, (2) the Bank of Canada interest rate increase today to 17.36 per cent has broken through all previous levels.

Given the onerous burden and impact on all Canadian families and on every economic sector caused by these horrendous increases, and the fact that Parliament will not reconvene until Juanary 12, it is vitally important that this emergency debate take place today.

Madam Speaker: Order, please. I also have received notice of a motion from the Right Hon. Leader of the Opposition (Mr. Clark) and I would call upon him now to present some of his reasons.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, you have a motion which would have been moved by myself, seconded by my colleague, the hon. member for Nepean-Carleton (Mr. Baker), under the same Standing Order 26, with the same purpose. We too, as I indicated in my notice to you, believe that the people of Canada cannot be left in a situation where they are forced to face, without any response by the Government of Canada, a very serious economic crisis. I will not bother rereading the letter to you. I think your ruling on the motion introduced by my colleague, the hon. member for Oshawa (Mr. Broadbent), would also relate to the motion that I would seek leave to introduce. We believe this is a matter of the utmost gravity, and the two parties which now sit in opposition do not want the people of Canada to be left without support and left without response to this grave and deep economic crisis.

Madam Speaker: Hon. members have heard the submissions by both the hon. member for Oshawa (Mr. Broadbent) and the Right Hon. Leader of the Opposition (Mr. Clark). I heard them in the order in which I had received notice. They are essentially the same, as the Right Hon. Leader of the Opposition has just said. I am referring, in saying this, to the terms of the notices I received in my office at the required time.

I have given very careful consideration to these notices, to the provisions of the Standing Order, and to decisions rendered in similar circumstances by my predecessors.

There is no doubt in my mind as to the importance of the subject to all members of this House, but I must admit that the Chair is faced with a difficult problem in defining the meaning of "genuine emergency" as is referred to in the exact terms of Standing Order 26(16)(a). It is difficult to define the meaning of "genuine emergency".

The Chair has on other occasions tended to resist applications dealing with matters that appeared to be of a chronic or continuing nature as opposed to sudden or unexpected occurrences. As late as last week I declined an application under Standing Order 26 on the subject of rising interest rates on exactly those grounds.

In this case both hon. members have drawn my attention to the juxtaposition of circumstances of rising interest rates, the rising cost of living index, the rising rate of inflation, and the decline in the dollar.

The hon. member for Oshawa pointed out, moreover, that because of the Christmas adjournment there will be no opportunity to debate any of these matters for a period of three weeks.

I am also aware that from time to time my predecessors permitted debate on matters which, although essentially of a continuing nature, had reached a stage which might be described as acute. For example, on February 22, 1978, Mr. Speaker Jerome accepted an application, on the decline in the Canadian dollar, and there are other precedents by predecessors to Mr. Jerome to this effect when they accepted applications for debate. In doing so Mr. Jerome said, in part, the following:

> However, as I have also said many times in the past, there is one very important aspect of debates pursuant to Standing Order 26, and that is that they are always on a topic that is immediately relevant, of attention and concern throughout the nation, and therefore provide members of this House with an opportunity to discuss matters of importance at a time when they are immediately relevant and on the mind of the Canadian public.

Therefore I am reluctant to take too restrictive a stance in such a way as to frustrate the operation of the rule, for I have said in the past that if a rule is on the books it obviously means there are occasions on which it must be permitted to precipitate a discussion. Yet, in order to do so, I am called upon to make a value judgment, it seems to me, as to whether or not a situation is an emergency.

I am faced today with exactly the same necessity, that is, to make a value judgment in this case, and, while I recognize that any one of the elements referred to might be considered chronic, I recognize also the added relevance of the juxtaposition of a number of such elements in the applications before me.

Additionally, I am required to have regard, and this is perhaps not as strong as the conditions laid down by the Standing Order, to the probability of the matter coming before this House within reasonable time. We are adjourning tomorrow and there will be no opportunity to debate this matter, as was possible in different circumstances and when I had to look more restrictively at subsection (16)(a) of the Standing Order. I am, therefore, inclined in these circumstances to give the benefit of the doubt to the member and to accept the application of the hon. member for Oshawa whose notice I received first.

Does the hon. member have leave to proceed?

Some hon. Members: Agreed.

Madam Speaker: Therefore the hon. member will be allowed to proceed at 8 p.m. this evening.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,748, 1,749, 1,755, 1,756, 1,761 and 1,764.

[*Text*]

DEPARTMENTAL ADVERTISING EXPENDITURES

Question No. 1,748—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of External Affairs for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) $80,000; (b) $2,199,000; (c) $3,082,000.

Question No. 1,749—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Finance for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Pierre Bussières (Minister of State, Finance): In so far as the Department of Finance is concerned: *(a), (b) and (c) $4,227,000.

*NOTE: Projected expenditures for media advertising, free or subsidized publications and other information cannot be separated so one total amount only can be provided.

Question No. 1,755—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Labour for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Gerald Regan (Minister of Labour):

Labour Canada	Fitness and Amateur Sport
(a) $11,000	(a) $15,000
(b) $290,164	(b) $237,900
(c) $69,675	(c) $347,200

Question No. 1,756—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of National Defence for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence):

(a) DND's advertising is oriented entirely toward the recruitment of personnel. Media advertising consisting of radio, television, newspaper, magazines, yellow pages etc. is estimated for 1980/81 to cost $3,875,000.

(b) Free or subsidized publication such as posters, pamphlets, brochures, film clips etc. is estimated to cost $375,000.

(c) Other information such as the magazines *Sentinel* and the annual *Defence Review* are principally for internal information although a quantity is also distributed to external publics. The projected expenditure is $300,000.

Question No. 1,761—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Ministry of State for Science and Technology for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): In so far as the Ministry of State for Science and Technology is concerned: the Ministry of State for Science and Technology projects the following expenditures for the current fiscal year.

(a) Nil;

(b) $136,267;

(c) $144,000.

Judges Act

Question No. 1,764—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Transport for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): (a) $1,157,000; (b) $866,000; (c) $552,000.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

JUDGES ACT

MEASURE TO INCREASE SALARIES OF JUDGES

The House resumed from Friday, December 12, consideration of the motion of Mr. Chrétien that Bill C-34, to amend the Judges Act and certain other acts in consequence thereof, be read the second time and referred to the Standing Committee on Justice and Legal Affairs, and on the amendment of Mr. Knowles (p. 5730).

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, the portion of the bill I should like to address my remarks to, and which I began the other day, is that portion making provision for 20 new judiciary positions. The reason I am anxious to address my remarks to this section in particular is partly that it has not yet been considered, but chiefly because it is of great importance to the women of this country.

At the moment there are 657 federally appointed judges in Canada, of whom 20 are women, that is, 3 per cent are women. Of the 20 who are women all but two have been appointed since 1971. During this same period since January 1, 1971, almost a ten-year period, the total number of judges appointed has been 418. The 18 women constitute 4.3 per cent of the number of judges appointed by the federal government in the past ten years. Of these 18, plus the two others who were appointed before 1971, eight are county and district court judges, eleven are superior and supreme court judges in the provinces, and one is an appeal court judge. That one, of course, is the most senior of the 20 and, as hon. members know, is the hon. Madam Justice Claire L'Heureux-Dubé of the Quebec Appeal Court.

● (1530)

None of the appointments which were made in the decade of the seventies were to the Supreme Court of Canada. Since the origin of the Supreme Court of Canada in 1875 there has been an absolute male preference in the 59 appointments which have been made.

The first woman in the British Empire actually to be admitted to the practice of law was admitted in Canada, in Ontario. She was Clara Brett Martin. She was admitted to the practice of law in Ontario in 1897. Since that time no woman lawyer has been appointed to the Supreme Court of Canada, something which led the Royal Commission on the Status of Women in its February, 1970, report to recommend that the federal government name more women judges to all courts within its jurisdiction. Even since this recommendation, as I have already pointed out, so few were appointed that of all the appointments made in the 1970s only 4.3 per cent were women, and of the eight appointed by the federal government to the Supreme Court of Canada all have been men.

I would like also to point out that there are at the present time no women superior or supreme court judges in six provinces. Those provinces are Newfoundland, Prince Edward Island, New Brunswick, Manitoba, Saskatchewan, and Alberta. The amendment in this bill to the Judges Act providing for 20 additional judicial positions can go a long way toward rectifying this situation at least in three of the provinces where there are now no women judges in the superior or supreme courts, because for Manitoba there will be one additional judge on the Court of Queen's Bench. For Saskatchewan provision is being made for two additional judges on the court of appeal and two additional judges on the Court of Queen's Bench.

For Alberta there will be a new position of associate chief justice of the Court of Queen's Bench, and there will be four additional justices of the Court of Queen's Bench. The other new provisions for judges are one additional district court judge for Newfoundland, one additional superior court judge for Quebec, three additional country and district court judges for Ontario, one additional judge on the British Columbia court of appeal, two additional county court judges in British Columbia as well as an additional judge on the supreme court of the Yukon Territory and one additional judge on the supreme court of the Northwest Territories.

During the meetings of the Standing Committee on Justice and Legal Affairs a few weeks ago the Minister of Justice (Mr. Chrétien)—and I am glad to see that he is in the House—said that more women are becoming lawyers but that there are often no qualified women candidates when judges are needed. I wonder if the Minister of Justice really examined the very large number of outstanding women who are qualified for judicial appointments because, if he had examined the number and their qualifications—even taking into consideration the ten-year rule, that is to say, one should have been practising law for ten years before being appointed a judge—he would have found a very large number of women in every province of Canada who are qualified.

Indeed, there are outstanding women. When the minister said that there are no qualified women candidates when judges are needed, I wonder if what he meant was that there are not

enough past presidents of the Liberal party who are women because, if that is what he meant, then that is true too.

It is particularly interesting to look at the minister's own department, the Department of Justice, and to see the number of women in the department who are lawyers. I think there were 574 people in the LA occupational group in the public service in 1979, the vast bulk of whom were in the Department of Justice. Women constituted close to 20 per cent of that group. There are clearly, then, in the minister's own department a number of very highly qualified women, so I suppose it is only when the minister looks outside his department that he makes the decision that there are no highly qualified women in the practice of law.

I am glad to put on the record another very interesting statistic. Of the new appointments made in 1979 to the LA occupational group from outside the public service, 40.3 per cent were women. I find this to be one of the most encouraging developments in an otherwise often gloomy scene for women in the public service in professional groups.

The minister went on to say that he would not name a woman "just because she is a woman". But that is exactly why he should appoint a woman. Let us look at the history just of Supreme Court decisions alone in the past decade when there have been no women on the court. Indeed, there are still none on the Supreme Court of Canada. We could go back even earlier to the famous "persons" case of 1928. As the minister knows, the Supreme Court of Canada decided that women were not persons. Then, during the seventies, the Supreme Court of Canada decided that discrimination against Indian women in the Indian Act does not violate equality before the law; that Stella Bliss was not discriminated against because she was a woman but, rather, a pregnant person; and again in the Bliss case that there was no discrimination because not all pregnant women were denied benefits under the Unemployment Insurance Act.

The Supreme Court of Canada also decided that Irene Murdoch had no claim to a share in the ranch on which she had for 20 years done the haying, raking, swathing, mowing, driving of the horses and tractors, the de-horning, vaccinating and branding of cattle as well as the keeping of the house and the raising of four children because she had done "no more than what a normal farm wife would do".

What I am in fact wanting to emphasize as strongly as I can is that the absence of women in the judiciary has itself had an enormously important bearing on the treatment of women in the sex equality cases which have come before the court.

It is interesting that the government is most anxious to ensure that there be civil law justices on the Supreme Court of Canada because of the importance of ensuring that questions relating to the civil law of Quebec are determined by judges trained in that law and, indeed, in the government's proposed constitutional amendment bill of 1978 there was a provision for an 11-member Supreme Court of Canada, four of whom would have been appointed from Quebec. This is something that is quite logical.

● (1540)

If judges lack the requisite skill and expertise required to decide civil law cases, then you do not have fairness given in those cases. But surely the same principle, the same analogy, applies exactly in the case of women. In other words, can it not also be argued that male judges may lack what Paul Weiler has called "the essential trait of judicial attitude", namely, "impartial and impersonal judgment" when deciding cases where sex inequality has been alleged by women?

It is generally agreed by the scholars who have done research in this field that there are two main reasons why men may lack impartiality in sex equality cases. First, the men never experience the deprivations from personhood which women face during their lifetime, nor is it sufficient for a male judge to experience vicariously the deprivations of the women with whom he is on close terms. The distance between being and perceiving can never be completely bridged, even by the most sympathetic male judge.

Two very interesting studies have been done recently, and both were referred to in the paper presented by the Canadian Advisory Council on the Status of Women to the constitutional committee. One was a study of American cases carried out in 1971 by two middle-aged, white, male, law professors, and this their self-characterization. They analysed a representative selection of American judicial opinions in which the judges were responding to allegations of sex discrimination. Their conclusion was that the performance of American judges in sex discrimination decisions ranged from "poor to abominable." The judges "failed to bring to sex discrimination cases those judicial virtues of detachment, reflection and critical analysis which have served them so well with respect to other sensitive social issues". The authors found particularly noteworthy the contrast between judicial attitudes in the sex discrimination cases and those in the race discrimination cases. I found this particularly interesting when they reported:

> Judges have largely freed themselves from patterns of thought that can be stigmatized as "racist"—at least their opinions in that area exhibit a conscious attempt to free themselves from habits of stereotypical thought with regard to discrimination based on colour. With respect to sex discrimination, however, the story is different. "Sexism"—the making of unjustified (or at least unsupported) assumptions about individual capabilities, interests, goals and social roles solely on the basis of sex differences—is as easily discernible in contemporary judicial opinions as racism ever was.

Then the American study proceeded to offer suggestions as to the reasons why American male judges should have difficulty perceiving the harmful effects of sex discrimination. The initial reason was the judges' lack of knowledge and awareness of the injurious effects of sex discrimination, a lacuna which might be compounded if the judges over generalized from their personal experiences because those women with whom the judges were in daily contact were likely to appear happy and satisfied.

The study went on to suggest that even if male judges could understand the harmful effects of sex discrimination, their personal attitudes might deter them from granting the appropriate relief. It is the likelihood that these personal attitudes might consciously or unconsciously intrude, that provides the

second reason why male judges may lack impartiality in sex equality cases.

As we all know, a person is conditioned to conform to the social role expected of his or her sex. The process starts at birth with the question: is it a boy or a girl? It sometimes seems as if the nine months before birth—I am continuing with the report prepared by the council—is the only period in which it is really acceptable to ignore the dictates of social sex roles in favour of at least a female-male duality kind of personhood, if not a common status of personhood.

The conditioning process for one sex role is tantamount to rejection of the other sex role for any one person. If the impartiality expected of judges includes empathizing with both parties, then in sex equality cases judges would be required to fight their own sex role conditioning in order to empathize with female complainants. When the issue concerns not the secondary sex role differences of equal pay and equal opportunity, but the inherent sex differences of the sexual activity of marriage as in the Lavell case, or of pregnancy as in the Bliss case, then the barriers, the study concluded, to male judicial empathy may be insurmountable.

The second study referred to is a British study called "Sexism and the Law", and it goes even further. It adopted the approach that "judicial pronouncements about females masked specific and discoverable material interests", and that such hidden material interests provided a better explanation of the survival of the values of masculine supremacy "than the mere cultural inertia suggested by socialization theory". The specific material interest which caused men to resist equality between the sexes, this study found, was an "interest in keeping women as head servants at home and keeping them out of the ranks of competitors at work". The implication of this conflict of material interest explanation for the judiciary is that changing the situation would require more than re-educating the male judges. It would require the appointment of women to the bench, and in our case above all to the Supreme Court of Canada as the court of final appeal, in such numbers that they would be representative of the number of women in Canada.

In short, these studies have provided very solid explanations for why the judiciary in Canada has not yet been able, despite the words "equality before the law", and partly because of those words, to see women as genuinely equal with men. If the process of adding women to the courts, proceeding at the rate of the 1970s where the number of female federally appointed judges only went up from 3 per cent to 4.3 per cent, continues, then it will be decades and decades, well into the next century, before women can be assured that there will be on the judiciary at all levels judges who are themselves also women.

In view of what I said earlier about the outstanding pool of lawyers which is now available, I do not have the exact figures, but I would estimate that in 1980, for Canada as a whole, the number of women lawyers who have been practising actively for ten years would constitute close to 15 per cent of the total number of lawyers—and in 1980, given the numbers in the law schools and recently emerging from the law schools, that might well go to one-third of the total eligible applicants for the federal judiciary—right today there are many more than the minister or the government seem to be aware of.

I would therefore suggest that when this bill goes to committee, very serious consideration be given to an amendment which would provide for the appointment of women initially in the 20 positions which are being added in this bill. Even if all 20 new positions were filled by women judges, the percentage of women to men in the judiciary would rise only from 3 per cent to 6 per cent. I want to impress upon hon. members that it is not good enough to say, "Well, perhaps one or two". I am afraid we will never make progress if that attitude is taken.

● (1550)

Some hon. Members: Hear, hear!

Mr. Howard Crosby (Halifax West): Mr. Speaker, I am glad of the opportunity to make some remarks on Bill C-34 to amend the Judges Act. Let me review very briefly the purpose of this bill as described by the Minister of Justice (Mr. Chrétien) when he introduced it.

In brief summary the bill has five main objectives. First, it provides an immediate increase in the salaries of judges of an amount, designated for a two-year period in 1979-80 and 1980-81, of $13,000 for superior court judges and $15,000 for district or county court judges. This would be in addition to the salaries they are receiving at present which were fixed, as I understand it, in 1975. The result of the immediate increase proposed by the bill is that with respect to superior court judges across Canada, excluding the chief justice of the superior court and the chief justices and judges of the Supreme Court of Canada and the Federal Court of Canada, the basic salary would be $67,000 for superior court judges and $52,000 for district or county court judges.

The second purpose of the bill is to provide a system for automatic increases in the salaries of judges on an indexing basis. This would commence April 1, 1981. I understand the indexing would probably provide for an increase in the range of 7 per cent.

The third purpose of the bill is to vary the pension benefits now provided for judges. I want to speak more carefully about that aspect of the bill later, but for the moment, the pension benefits will be varied in some cases to provide for contributions by the judges. There still remains very much a part of the pension plan for judges in Canada a non-contributory aspect which is of great concern to many people.

The fourth purpose of the bill is to increase allowances for judges in relation to representation and other matters.

Finally the bill provides for an increase in the number of judges which the federal government can appoint to the various courts in Canada. I understand that increase amounts to approximately 20 judges.

Let us look at some of the more general facts which are relevant to the five proposed changes in Bill C-34. As I understand it, there are approximately 650 judges in Canada.

My colleague just mentioned that the exact number was 657. Also, as I understand it, there are approximately $35 million in salaries paid to superior court judges who are appointed by the federal government and this increase in their salaries will amount to approximately $4.5 million. This is exclusive of the other increases and benefits to pensions and changes in the allowances provided for judges which are also a part of this bill.

I have given those round figures so that the House will know the basic dollar value with which we are dealing in the bill. As I said, the increases amount to something approximating $4.5 million, and we are talking about a total expenditure on the salaries of judges at present of $35 million. These figures taken alone are very impressive. They involve great and vast amounts of money, but if we think of some of the other expenditures of the Government of Canada, they pale by comparison. Just to throw one figure out for the record, we were informed in the House the other day that Mirabel airport lost $192 million over less than a five-year period. When we are talking about the current amounts of judges' salaries and the amount they will receive if the bill receives passage, we are talking about a relatively small amount in relation to the kinds of expenditures carried out by the Government of Canada. I do not mean that in any way to minimize the matter, but simply to put it in the perspective of all government expenditures. We all know that at present the government spends approximately $61 billion on various government services. In that sense and in that context, we are dealing with a relatively small amount of money.

I should like to look very briefly at the background of the Judges Act, and why we are dealing with this matter. I want to point out to those members who are not already aware of it, although it has been pointed out in the debate, that the British North America Act, our constitution which is receiving so much attention as a result of the resolution introduced in the House, makes very specific provisions for judges. Section 96 of the act requires the Governor General, acting on the advice of the federal cabinet, to appoint all the superior, district and county court judges in each province. That provision was put there very purposely. It was to ensure that the appointment power in respect of superior, district and county court judges across Canada remained in federal hands, even though the work carried out by these judges is basically done in the provinces of Canada. The provision was designed and intended to ensure an independent element in the judiciary. I believe it is very important to our system that the independence of the judiciary be preserved. I want to look at the bill in that context, the independence of the judiciary in Canada.

I should like to add to my remarks with respect to the British North America Act. Section 100 provides that the salaries, allowances and pensions of judges of the superior, district and county courts must be provided by the Parliament of Canada. Under section 100 of the British North America Act, the Parliament of Canada has the obligation to fix and provide the salaries, allowances and pensions of the judges of Canada. I want to deal with that aspect of the matter a little more carefully when I talk about pensions, but I say for the moment—and I want it recorded and underlined—that this provision was passed by the Parliament of the United Kingdom in 1867. In 1867 the Parliament of the United Kingdom said that the Parliament of Canada must provide pensions for the federally-appointed judges of Canada.

At that time I do not believe there was in force in the Public Service of Canada a pension scheme such as the one of today, nor in private industry, nor in other provincial governments. When the Parliament of the United Kingdom enacted, with the consent and concurrence of the Fathers of Confederation, that the Parliament of Canada must provide salaries and pensions for the judges of Canada, we must consider the context in which that provision was made. It was not in the context of current pension plans.

I believe this was a benefit and a consideration made in respect of the judges of Canada to ensure independence of the judiciary. I want to return to that point and underline it, because I think it is a very important consideration and one that, in all fairness to the judiciary of Canada, should be brought not only to the attention of the House but to the attention of every Canadian citizen. We are dealing with more than just a matter of money. We are dealing with a very important constitutional principle. The independence of the judiciary of Canada is very much a part of our governmental system in this democratic nation.

Mr. Baker (Nepean-Carleton): That is precisely the case.

Mr. Crosby: Let me look at the background in another context and explain the judicial system of Canada very briefly, so that we can consider this bill in that context. We have in Canada a system of judges which involves federally and provincially-appointed judges. To use the term which is generally applied, we have superior courts in Canada and inferior courts. The manpower of the superior courts are the judges appointed by the Government of Canada pursuant to the provisions of the British North America Act, and they are superior court judges. On the other hand we have in each province provincially-constituted courts and provincially-appointed judges, who are generally called inferior court judges. That name in no way implies a lesser level of judicial service. It is just a distinction, a term which is used to distinguish between superior courts on the one hand, the judges of which are federally appointed, and inferior courts or provincial courts on the other hand, the judges of which are provincially appointed.

• (1600)

This immediately has an important reference in relation to salary, because at the present time the salary of a superior court judge, federally appointed, is $54,000, and in the province of Ontario, as a result of statutory revisions involving indexing, I understand that this year, and at this very moment, provincially-appointed judges are receiving approximately $57,200. So we have a paradox here before us wherein the provincially-appointed judges in Ontario, and I believe also in Quebec and possibly other parts of Canada are, in fact, receiving a greater salary than the federally-appointed superior court judges. That alone makes the case for Canadian judges.

I would like to add one or two points with respect to the considerations of the salary level of judges at present in Canada, bearing in mind that in some provinces, as I have already pointed out, provincially-appointed judges receive more funds. It has been said that a federally-appointed judge, married and with two dependants, who receives this increase will pay approximately 47 per cent of that increase directly in income tax. So what we are doing here, if we pass this amendment to the Judges Act and provide these additional funds to judges, is simply giving the judges two dollars and taking back one. I think that is a valid consideration when anybody in this House stands and says that this is a giveaway to the judges of Canada, since in most cases the federal treasury will be receiving back at income tax time approximately one of every two dollars it gives away.

We should also look at the salaries of our federally-appointed judges in the context of the federal public service. I am told, and I believe, that the deputy minister classification, the highest classification, which is DM-3, provides at the highest level a rate of pay of $78,000. That rate of pay is substantially more than a superior court judge would receive under this bill. That is, there are now deputy ministers in the Public Service of Canada eligible to receive $78,000, whereas this proposal before us in these amendments to the Judges Act would provide a superior court judge with a salary of $67,000. So when I make that comparison, and on the basis of my experience, I have little difficulty in supporting this increase, when I think that people like the great Michael Pitfield and some of our other dedicated bureaucrats are in a salary range higher than our superior court judges. And they do not have the restrictions placed on them which our superior court judges have.

There are other considerations which I could bring to light with respect to this. We have all received from time to time information on the salaries paid to corporate executives in Canada, for example, to the president of Petro-Canada and other people in the public service as opposed to the private sector. I firmly believe that the private sector can pay whatever salaries it pleases to its chief corporate officers or other executives. But in the public sector there ought to be an element of public justification and concern. However, I feel—and I will not deal with the matter any further—that the levels of salary proposed in relation to the whole of the federal public service can be easily justified.

It is enough to say, Mr. Speaker, that under this very bill, and throughout the federal statutes, many public servants' salaries are related to the salaries of the federally-appointed judges. The salary of the Commissioner of Languages is one, and the Chief Electoral Officer's salary is dictated by the provisions for federally-appointed judges. That is to say, they receive the same salary. So the principle is established and it is not new to this House or to the public service in attempting in this debate to justify the increases provided by the bill with respect to judges.

Let me make this clear. I know all about people on low incomes in Canada. I am well aware that senior citizens receive old age assistance and guaranteed income supplements which give them an income of $4,350 a year. In the province of Nova Scotia, where the only NDP member was recently defeated, there are 36,000 unemployed, which is approximately 10 per cent of the total work force. Those unemployed are in my constituency, as they are in every constituency in the province of Nova Scotia.

For five years of my working life I worked at Legal Aid and I helped the people of Canada in my constituency and across Nova Scotia by providing free legal services. I know all about their concerns and their problems. I do not have to be told by anybody in the NDP or anyone else in Canada about the problems of poor people. But we will not solve the problems of the poor in Canada by depriving the judicial officers of this nation of the kind of salary and benefits which they ought to have in order to preserve the independence of our judicial system. What is the point, Mr. Speaker? If the $4.5 million increase which is provided to judicial salaries were applied to the increase granted recently by this government to the guaranteed income supplement, which provided to persons who receive it $35 a month extra—and what can you do with that, can you buy a car, a summer cottage, a condominium or a loaf of bread?—that $35 will buy nothing—we would have given them only 35 cents more a month. If we wiped out the judges' increase and gave it to the senior citizens we would be giving them 35 cents more a month.

So, I have walked the walk and I can talk the talk, and I do not hesitate to say there is nothing wrong with providing to the judiciary of Canada a salary and a benefit which will allow them to carry out their very important, even vital functions, in a manner which ought to be the manner dictated by our society.

We must have some sensible, objective means of providing salaries to judges and judicial officers in the future so that we will not have this problem in Parliament next year or the year after. I do not think any sensible member of this chamber could deny the advantages of providing a formula for future increases for judges. Indexing, under a formula, makes sense. That conforms to the standards now practised in the public service and it ought to be acceptable not only to the members of this chamber but to all Canadians.

There is one point I wish to make very clear with respect to the current increase now provided for judges, that is, that it ought to be based on the same formula. In this bill we should not be dealing with lump sum increases for judges, whether it is over a two-year period, or a shorter or longer period. We ought to be dealing with the application of a formula to cover those periods. I hope, when this bill goes to committee, it will consider that alternative. Frankly, I have gone over the figures and it will not result, I believe, in any substantial difference in the lump sum payment provided for judges under this bill. It will simply put it on a rational and sensible basis, that is to say, the judges will receive a retroactive increase based on the same kind of formula which will determine the increase annually in their salaries in the future. I do not see how anybody can complain about that change.

Mr. Speaker, much has been said in this debate with respect to the matter of judges' pensions. I refer in particular to the non-contributory aspects of judges' pensions. I can certainly understand why members and why the general public would complain about increases in judges' salaries, and I can understand even more why they would complain about pension benefits which were beyond those prevalent not only in the public service but in the private sector, with respect to the contributory aspects. That is to say, the judges are not required to contribute to their pension plans and programs in the same way as private citizens and public servants.

• (1610)

Again, I would point out and underline the provision of section 100 of the British North America Act and the point in time when that provision was established and enacted. I say pensions for judges are entirely a different thing. It may well be right and proper to review the pension benefits of judges in light of the current situation in 1980, but at the same time I think it is unfair to take advantage of those who hold a judicial office in Canada by saying that their pension benefits ought to be similar or comparable to pension benefits in the public service or in the private sector when, in fact, there is a constitutional provision requiring the Parliament of Canada to provide pension benefits for judges.

Having said that, I think it is right and proper that this bill and any anciliary legislation that may be required in the future does bring the pension system into a sensible formula so that judges appointed by the Government of Canada can look forward to some security and, at the same time, that the financial program which provides the security be based on sensible economic facts. To the extent that the people of Canada cannot possibly afford as rich a program as is now being provided without some contribution, and to the extent that the judges of Canada realize the need for contributions, I think the provision is justifiable and a step in the right direction. However, I do not think it is a step that needs any greater justification than that Parliament is fulfilling its responsibility under section 100 of the British North America Act, to provide pensions for judges.

Let me deal very briefly with the need for more judges. No one who practises before the courts of Canada is unaware of the workloads now experienced by most of those courts in all parts of Canada. It is well known that justice delayed is justice denied, and the failure of the courts of Canada to deal expeditiously with the cases which are brought before them causes injustices to our citizens. That is not a matter which can be smarmed over and not regarded by the Parliament of Canada. It is our obligation to ensure that the judges of Canada are sufficient in number to provide justice to those who come before them, not only in the final analysis, which is in terms of the letter of the law, but in terms of the speed with which a decision is reached.

I personally have experienced delays before the courts that I believe have led to injustices. The excuse was always given that the workload of the judges was too great and that more judges were required. That is not a matter which any of us in this House can deal with individually. It has been represented time and again that more judges are required. So any method to increase the number of judges available to work in the courts and provide the justice which is required by so many people, ought to be very carefully considered by this House and by the people of Canada.

There is one aspect of the appointment of judges which must be brought to the attention of this House, and that is the allegation which is made, with some merit, that the appointment of judges in this country involves political partisanship. I do not know how one changes this practice which has gone on probably since the beginning of Canada, but it is certainly a practice that ought to be changed. I do not mean that it should be changed through any token references to the Canadian Bar Association or token appointments of persons whose political faith is different from that of the government in power. I mean that it should be changed by some sensible method which would provide judges across this country whose qualifications are recognized by all those who are knowledgeable, and accepted by all those who come before those judges, and whose qualification is not the political party with whom they had been associated in their pre-appointment life.

I have spoken and had the occasion to make this representation to the Minister of Justice, and I asked him to consider the establishment of some group, body, or organization representing all the people of Canada—not the lawyers of Canada and certainly not the Canadian Bar Association—who would pass some judgment on proposals for judicial appointments. I think it is a great failure of our system—and I do not mind saying it here because I have said it in many other places—that we do not have greater control among the public over the appointments to our superior courts. I say very simply to the Minister of Justice that such appointments should be made with the approval of the people of Canada. I do not have any special objection to the minister as a person, but I do not think he should wield that kind of power in this country, and I think that because there are matters of grave public importance which come before the courts.

Right now we in the province of Nova Scotia are vitally concerned with the question of ownership of offshore resources which the Government of Canada has seized and taken away from the province under the oil and gas legislation which is now before the House in the form of Bill C-48. That matter may have to be decided by the courts of Canada and, if so, we want definite assurances that the members of that court do not hold any political allegiances which might affect their judgment.

Let me say, in closing, that while there are many provisions of this bill to which members of this House have raised very legitimate objections, there is in this bill the provision which I think will help ensure a truly independent judiciary in Canada. It is the pith and substance of this bill, and it ought to be given the most important consideration in this House, and that is that our concern ought to be for the independence of the

judiciary as a very important element of our constitutional government in Canada.

I stand behind that provision. I know it is very easy to compare the salaries being paid to judges to the amounts being paid to our senior citizens and to the amounts being paid to our 36,000 unemployed in Nova Scotia under the unemployment insurance program, but I say that there is a principle involved which we cannot afford to overlook if we want a nation that is strong and in which justice is preserved.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, I listened with great deal of attention to the distinguished speakers who have spoken before me this afternoon and also, I believe, on December 1. Most of them have covered the subjects in which I was interested in pursuing, and it would be pointless for me to go over or try to summarize again what they so eloquently said to this House. I want to assure hon. members that I will not speak for very long, because I recognize the feeling in this House that it is time we sent this bill to committee.

I just want to put on record my own feelings with respect to the judiciary, who are among the most, indeed, if not the most, important members of our society when it comes to preserving the structure of our society. Our judiciary, as the hon. member for Saskatoon West (Mr. Hnatyshyn) pointed out in his speech, has a separate and autonomous power, and pursuant to this a good judge has truly a unique role in our society. Simply put in layman's language, it is to do the right thing.

Sometimes politicians, as much as we might like to think we are doing the right thing, cannot do so for political reasons. Sometimes lawyers, because of their obligations to their clients, cannot do the right thing. But it has become well recognized that the strength of the judiciary is that a good judge can do the right thing. That is the highest mandate which a person can have in our society.

I was interested in the reasoned and eloquent argument put forward by the hon. member for New Westminster-Coquitlam (Miss Jewett) about the efficacy and, indeed, the appropriateness of appointing more women to the bench. I could not agree with her more, but I think that in her approach she may have left a tiny cloud on the judicial ethic by suggesting that women, if appointed to the bench, might tend to favour their own cause because of matters of gender or sex. I am sure that that is not the case. Women have sufficient intellectual capacity and other attributes not to allow this to happen.

● (1620)

One can always refer good-naturedly to the never ending battle between the sexes and say that no one will ever win that encounter because there is too much fraternizing with the enemy. One could also say that from time to time men have justifiable complaints about the dominance which they attribute to women. Of course, with tongue in cheek, for example, when a boy is born people ask about the mother. When a man is married, people exclaim about the beautiful bride, and when a man dies the question asked is how much did he leave? We do not want these kinds of motives involved in our judiciary. There are now sufficiently large numbers of highly qualified women lawyers who will soon take their place on the benches of this country, whose presence will enrich the whole judicial and legal structure. I am sure the hon. member did not intend to say, by advocating more women on the bench, that this would automatically change to any extent the traditional concept of justice applied to litigants regardless of their gender.

I think judges themselves would welcome a committee taking a look at some of the pension provisions as soon as possible. Most members have mentioned this point. Judges in Canada recognize their need to be held in complete respect by their peers and by the people they judge. Judges would not want, indeed if it were possible, to be in a position which would put them on a different standard, making them unique within the way they contribute to their pensions. We have only to look at other members of our Canadian community, for instance, people in the diplomatic service, the military, the police and others who provide an important service to their country. They have the opportunity, and welcome it, to contribute to their pension plans. I believe our judiciary would want to do the same thing.

Probably when this matter goes to committee there will be real consideration given to some of these matters and to the projections made by the hon. member for Edmonton West (Mr. Lambert) in his excellent speech of December 1. He pointed out that with the provisions implicit in this piece of legislation, as reported in *Hansard* at page 5227, referring to Supreme Court justices:

> Their finishing salaries will be somewhere around $215,000 in 1995.

That figure may be appropriate or it may not, but it would not hurt the committee to have a look at some of the matters which the hon. member for Edmonton West raised. The committee can have the benefit of his long experience in the House and his experience of having practised at the Bar for many years.

I have two or three representations to make to the Minister of Justice (Mr. Chrétien) who is here this afternoon. I recognize that some of these matters involve provincial jurisdiction. I give them to the minister in the hope that some day we may talk about it and he may see fit to refer to them. I have been of the opinion for a long time that there are many disadvantages in appointing people to the bench from a political environment when there are other more qualified people available. I am thinking of people who have never left the practice of law and are therefore more current in their legal thinking and expertise and less politically motivated and conditioned. This is one of the points which the hon. member for Halifax West (Mr. Crosby) raised in his excellent speech. In the future I would like to see fewer appointments to the bench from legislatures and parliaments, including ex-members of Parliament and ex-members of legislatures, until these people have resumed the practice of law for a few years and have been able to update themselves. In this way they would have left an environment which is not always conducive to being impartial.

I would like to see the Minister of Justice and his provincial confreres give some consideration to merging the county and supreme courts in the provinces. I understand this has been done in the province of Alberta.

In some provinces, in particular the province of Ontario, I understand there is a law society rule which inhibits judges from returning to private practice at the Bar, as opposed to being a solicitor, if a judge resigns from the bench. Some judges who were appointed when quite young and who have served on the bench with distinction might have the inclination to return to private practice and, indeed, enrich private practice by their presence. I would like to see that done, without any reservations.

I suggest to the Minister of Justice that he consider the concept of rotating judges between appellate and trial levels. This would give judges broader experience and it would serve to break down the hierarchy found within the system where one judge feels he is more superior than another. In other words, a judge should be a judge, should be a judge, when a person reaches that level.

Finally, there might be more written advocacy in leave applications to the Supreme Court of Canada and other appellate courts with a view to assisting in their case loads. This would save costs for litigants who have to pay extra for the attendance of counsel to present oral submissions, in addition to their briefs. Some of these oral submissions are not always necessary, but litigants have to pay for the attendance of counsel under the present practice. Perhaps at the high appellate court level we could look at the type of system used in the United States where *certiorari* is used for leave to appeal and only written material is considered. Perhaps the Minister of Justice on some occasion can comment on my observations.

I trust this bill will go to committee now, will be handled expeditiously, and that the amendments will come back and be passed into law. When they are, I hope they will be looked upon as being fair, not only by Canada's judges who, we should make sure, retain their independence and their financial security, but also fair vis-à-vis the status and the situation relating to all other Canadians.

[*Translation*]

Mr. J.-Roland Comtois (Terrebonne): Mr. Speaker, my comments on Bill C-34 to amend the Judges Act will be brief. First, I want to congratulate the Minister of Justice (Mr. Chrétien) who, like his predecessors, supports the independence of our judiciary. I think that what is proposed in this bill will indeed help achieve this independence.

I have always supported the independence of Parliament and since my coming to the House I have championed the cause of the independence of members as well as of senators. The only thing in this bill that I do not favour is the non-contributory pension. I would like to draw a parallel with what was proposed in the Standing Committee on Management and Members' Services to the effect that not only the salaries but also the pensions of members should be increased, with a 10 per cent contribution.

I do not think that the hon. member for Winnipeg North Centre (Mr. Knowles) will say that we have been exceedingly modest with this proposed contribution. I do hope that when the government decides to implement the recommendations contained in the McIsaac-Balcer report, it will do so with the same considerations it now has in mind to ensure and guarantee the independence of the judiciary. It should, in my opinion, act along the same lines to guarantee also the independence of members of Parliament.

Mr. Speaker, I think that by referring the matter to committee we could solve the problem. I know the bill also deals with widows' pensions and corrects anomalies in this regard. The main question at issue here is that we will have in Canada a special category of pensioners because judges will not be contributing, except to a very small extent to cover indexing of their pensions. I do not intend to vote against the bill at this stage because I think the government will respect the opinion of the majority of members that this clause should be amended, but I shall reserve judgment for third reading in case the issue has not been settled to the satisfaction of all members.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Mr. Speaker, I would like to speak briefly on this issue before we vote on the two motions now before the House. The government motion is to refer the bill to committee, and I want to assure the House that when we reach committee stage I will be prepared to discuss all aspects of this bill. If there are appropriate changes to be made, we will do so.

● (1630)

[*English*]

I would like to explain some aspects to the House. I am sure everyone agrees there is no controversy regarding the fact that we must increase the compensation to judges. Since 1975 they have had only one increase of 7.5 per cent. There is a section in the constitution which forces the House of Commons to deal with only that class of salaries in Canada. Therefore, we should not deprive that sector of society which some claim is well compensated.

Some members tell me that I should seek the best minds available to become judges. I agree. However, the best people will not always accept these assignments because it involves many sacrifices.

One incentive to help persuade people to become a judge is the generous pension plan. No one denies that. It is the main incentive for many of them to accept this important appointment. Until recently the judges did not make a contribution to their pension. We now have two classes of judges, and this puts me in a very difficult position. I introduced these pension contributions when I was president of the Treasury Board and

I now want to withdraw them. One reason is that this creates two types of judges.

Second, when I became Minister of Justice I soon realized we were faced with an urgent matter. I looked at the file of the previous administration which had written to the Chief Justice of Canada and all other judges telling them the problem was to be cured, that cabinet had decided on a certain course of action.

I had to swallow my own policy and accept the policy proposed by the former minister of justice, Mr. Flynn, in his letter to Chief Justice Laskin in December, 1979. There had been long negotiations. In August, 1978, the CBA made a report on that. In November there was the committee on judicial compensation which made a report. There was also the Dorman report. There were a lot of studies.

Following that, my predecessor proposed a package which was substantially accepted and put to this House. I will be appearing before the committee which will be reviewing all aspects of this. That is a better place to look at this problem. I know hon. members are preoccupied more with the pension plan than any other aspect of the bill. I will be delighted to discuss that in committee. We will see if we can find a solution. If not, we will come back here and make a decision.

I ask hon. members not to make this a controversial aspect. If anyone is in a difficult position it is I because I am being forced to contradict myself on the pension contribution aspect. It does not make my life very easy. I hope the bill can be referred to committee and we can find an appropriate solution to this problem.

A lot of other aspects have been raised in this House. I will not take the time to deal with them. I might comment on them in committee, if asked.

The system of appointments is complex. Since 1967 not one appointment has been made which has not been approved by the Canadian Bar. The legal profession claims the Canadian Bar is not the best mechanism. I can sympathize with that. I come from a rural area. I know of members of the Quebec Bar who worked very hard in the Gaspé Peninsula, St. Maurice valley, and the Lac St. Jean area, who were not well known by members of the Canadian Bar because they did not attend the same meetings and so on. That is a problem, and there should be some improvement.

I am seeking to make the best appointments possible. Some are suggesting the appointment of more women as judges. There has been an improvement, but we still have to name judges according to their ability. If women can be found, that is an extra asset, no doubt about it. In the last three series of appointments I made in the last two months, I was pleased to name three women. The problem is that there are not all that many who have been admitted to the Bar lately. In connection with an appointment I am trying to make now in one of the provinces, I contacted a woman. She thanked me, but stated that she felt she was not yet ready. This person is a top notch lawyer. I do not know her politics. I did not ask.

Some hon. Members: Oh, oh!

Mr. Chrétien: The first appointment I made to the Superior Court of Quebec was the human rights commissioner in Quebec City. I had never met him in any political arena. However, it does not hurt if someone serves one party or the other. Members of different parties have been appointed, including members from the other side. One hon. member stated that we should not appoint members of Parliament directly to the bench. I am not sure I agree.

In the past, a member of the Canadian Bar who had been in this House serving the Canadian people and making laws for 15 years, was disqualified. I do not think that is fair.

Mr. Baker (Nepean-Carleton): I agree.

Mr. Chrétien: Not too long ago Mr. Justice Gilbert, a former NDP member, was appointed to the bench. He is a good judge and is serving very well. We named Thomas Berger, who is not a Liberal, directly from the B.C. legislature to the Superior Court of British Columbia. The fact that he had been a politician was not a negative factor.

I am not looking for a job for myself. I enjoy politics too much to become a judge. However, I do not think a person should be disqualified because he has served his country as a member of Parliament. The former deputy speaker from Nova Scotia was appointed by the Nova Scotia government to the provincial court directly from this House. Our former speaker, Mr. Jerome, was named to the Federal Court where he is doing an excellent job. I am told that when one leaves this House, he becomes much less partisan compared to when he came here.

In any event, there are these problems and I am willing to discuss them in committee. We will look into the pension question. It is a difficult problem and there is no easy solution. The commitment made to the judges in December, 1979, is what caused me to keep the same system. As I said, I had to swallow my own words. When I was president of the Treasury Board, I made a lot of enemies among the judges because I forced some to make contributions and not others. Although it was difficult for me, I put my pride aside for the good of the judiciary in Canada.

• (1640)

[*Translation*]

Anyway, Mr. Speaker, the bill will be referred to committee. I hope we can dispose of it quickly, that it will come back to the House and be passed because, traditionally in Canada—and a very worth-while tradition it is, to my mind—the matter of the remuneration of judges has never been the subject of a political debate. The constitution stipulates that we must set the remuneration of the judiciary; they are the only group of citizens whose salaries are discussed specifically in the House, which makes it a very delicate situation, I feel.

I am sure everyone in Canada agrees that we have a judiciary that works very well. It poses very few problems. All those who have accepted the appointment, whatever their

political hue, if any, have always set aside political considerations to serve justice. In Canada, we have three orders of power: the executive, the legislative and the judiciary. In the best tradition of our public administration system, generally speaking, all the judges appointed always proved equal to the task. Very few were forced to resign. There have seldom been any unfortunate cases of scandal. I feel it is our responsibility, as members of Parliament, to ensure that the status given the members of the judiciary, that special status in our society whereby they are completely separate from the legislative and the executive orders, must be respected, the division of powers in Canada must be respected and the matter of their remuneration must not be made the topic of a political debate.

When we have looked into the matter in committee, as rapidly as possible, when we come back to the House in January, I trust we can proceed with third reading of the bill and settle the matter; after all, the judges have had only one increase of 7 per cent in six years, and it would be unfair for us not to face our responsibilities and settle the question quickly.

[*English*]

Mr. Robinson (Burnaby): Mr. Speaker, I wonder if the hon. minister would permit a question. My question relates to a subject matter raised by a number of members, and that is the appointment of a woman to the Supreme Court of Canada. I was very pleased to hear the Parliamentary Secretary to the Minister of Justice (Mr. Irwin) state that there are many women in Canada who are presently qualified to be appointed to the Supreme Court of Canada Bench. In view of that fact, I wonder if the minister is prepared to give this House the commitment that he will at the time of the next appointment to the Supreme Court of Canada very seriously consider appointing one of these very well qualified women to the Supreme Court of Canada Bench?

Mr. Chrétien: Mr. Speaker, I will make the commitment that if there is an opening in the Supreme Court I will be delighted if I can name a woman as the first woman to be a Supreme Court judge in Canada. In fact, when I had occasion to name only one, the last appointment to the Supreme Court from Quebec, I thoroughly looked at the possibility of naming a woman. Of course I will not name a person just because she is a woman. I will name the best available person to be a judge. If it should happen that among three or four or five very well qualified persons one was a woman, of course, I would give the preference to the woman. I would be delighted to be the first Minister of Justice to name a woman to the Supreme Court. Apparently I am a good enough politician to do that, but I will not just name a woman because she is a woman. I will appoint a judge because that is the best person to be filling that position.

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Is the House ready for the question? The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the amendment will please say yea.

Some hon. Members: Yea!

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

Some hon. Members: Nay!

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

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

The House divided on the amendment (Mr. Knowles) which was negatived on the following division:

(*Division No. 39*)

YEAS

Messrs.

Althouse	Jewett (Miss)	Ogle
Benjamin	Keeper	Orlikow
Blackburn	Knowles	Rae
Blaikie	Kristiansen	Riis
Broadbent	Lewycky	Robinson (Burnaby)
Comtois	Manly	Rose
Deans	Mitchell (Mrs.)	Skelly
de Jong	Murphy	Young—27.
Fulton	Nystrom	
Hovdebo		

NAYS

Messrs.

Allmand	Clark (Yellowhead)	Domm
Andre	Clarke (Vancouver Quadra)	Dubois
Appolloni (Mrs.)	Collenette	Duclos
Axworthy	Cook	Dupont
Bachand	Cooper	Dupras
Baker (Gander-Twillingate)	Corbin	Elzinga
Baker (Nepean-Carleton)	Corriveau	Epp
Beatty	Cosgrove	Fennell
Beauchamp-Niquet (Mrs.)	Côté (Mrs.)	Ferguson
Bégin (Miss)	Cousineau	Fisher
Berger	Crosbie (St. John's West)	Fleming
Blais	Crosby (Halifax West)	Flis
Blenkarn	Crouse	Forrestall
Bloomfield	Cullen	Foster
Bockstael	Cyr	Fox
Bossy	Darling	Fraser
Bradley	Daudlin	Fretz
Breau	Dawson	Frith
Bujold	De Bané	Gamble
Bussières	de Corneille	Garant
Campbell (Miss) (South West Nova)	Demers	Gass
Campbell (LaSalle)	Deniger	Gingras
Cardiff	Dinsdale	Greenaway
Carney (Miss)	Dionne (Chicoutimi)	Guilbault
Chrétien	Dionne (Northumberland-Miramichi)	Gustafson
		Halliday
		Hamilton (Qu'Appelle-Moose Mountain)
		Hargrave
		Harquail
		Hawkes

Messrs.

Henderson
Hervieux-Payette (Mrs.)
Hnatyshyn
Hopkins
Hudecki
Huntington
Irwin
Jarvis
Jelinek
Johnston
Joyal
Kelly
Kempling
King
Lajoie
Lalonde
Lambert
Lamontagne
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
La Salle
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lonsdale
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacKay
MacLaren
MacLellan
Malone
Marceau
Massé
Masters
Mayer
Mazankowski
McCain
McCauley
McCuish
McDermid
McGrath
McKinnon
McLean
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Murta
Neil
Nicholson (Miss)
Nickerson
Oberle
Olivier
Ouellet
Paproski
Parent
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (St. Catharines)
Roberts
Robinson (Etobicoke-Lakeshore)
Roche
Rompkey
Rossi
Savard
Schellenberger
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Simmons
Smith
Stollery
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Turner
Vankoughnet
Veillette
Watson
Weatherhead
Wilson
Wise
Yanakis—184.

● (1710)

During the vote:

[*Translation*]

Madam Speaker: It is clear that Mr. Comtois is opposed. I am sorry, I mean it is clear that Mr. Comtois is in favour of the amendment.

Followed by:

I declare the amendment lost.

The question is now on the main motion.

Agreed to on division.

[*English*]

Mr. Knowles: We want a recorded vote.

The House divided on the main motion (Mr. Chrétien) which was agreed to on the following division:

(*Division No. 40*)

YEAS

Messrs.

Allmand
Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blenkarn
Bloomfield
Bockstael
Bossy
Bradley
Breau
Bujold
Bussières
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Cardiff
Carney (Miss)
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Collenette
Comtois
Cook
Cooper
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Dinsdale
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Duclos
Dupont
Dupras
Elzinga
Epp
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Foster
Fox
Francis
Fraser
Fretz
Frith
Gamble
Garant
Gass
Gingras
Greenaway
Guilbault
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Harquail
Hawkes
Henderson
Hervieux-Payette (Mrs.)
Hnatyshyn
Hopkins
Hudecki
Huntington
Irwin
Jarvis
Jelinek
Johnston
Joyal
Kelly
Kempling
King
Lajoie
Lalonde
Lambert
Lamontagne
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
La Salle
Lawrence
LeBlanc
Leduc
Lefebvre
Lewis
Loiselle
Lonsdale
Lumley
MacBain
MacDonald (Miss)
MacEachen
MacGuigan
Mackasey
MacKay
MacLaren
MacLellan
Malone
Marceau
Massé
Masters
Mayer
Mazankowski
McCain
McCauley
McCuish
McDermid
McGrath
McKinnon
McLean
McRae
Munro (Esquimalt-Saanich)
Munro (Hamilton East)
Murta
Neil
Nicholson (Miss)
Nickerson
Oberle
Olivier
Ouellet
Paproski
Parent
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (St. Catharines)
Roberts
Robinson (Etobicoke-Lakeshore)
Roche
Rompkey
Rossi
Savard
Schellenberger
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Simmons
Smith
Stollery
Tardif
Taylor
Tessier
Thacker
Tobin
Tousignant
Towers
Trudeau
Turner
Vankoughnet
Veillette
Watson
Weatherhead
Wilson
Wise
Yanakis—186.

NAYS

Messrs.

Althouse
Benjamin
Blackburn
Broadbent
Deans
de Jong
Fulton
Gauthier
Hovdebo
Jewett (Miss)
Keeper
Knowles
Kristiansen
Lewycky
Manly
Mitchell (Mrs.)
Murphy
Nystrom
Ogle
Orlikow
Rae
Riis
Robinson (Burnaby)
Rose
Skelly
Young—26.

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

[*English*]

Madam Speaker: Before hon. members disperse, I would like to announce that since the House will be sitting unusual

hours today, I, unfortunately, have cancelled the reception to which I had invited hon. members for this evening. I will hold it tomorrow after the adjournment of the House, if there are any of you left.

• (1730)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*Translation*]

Madam Speaker: It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions (papers), private bills and public bills.

Motions Nos. 1 and 22 are allowed to stand by unanimous consent.

[*English*]

FRESHWATER FISH MARKETING CORPORATION

The House resumed from Thursday, July 10, 1980, consideration of the motion of Mr. Siddon:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, telegrams or other documents exchanged between the government, its departments and agencies and the governments of Ontario, Manitoba, Saskatchewan, Alberta and the territorial council of the Northwest Territories, since January 1, 1978, relating to the review and restructuring of the Freshwater Fish Marketing Corporation.

Hon. James A. McGrath (St. John's East): Mr. Speaker, I wonder if we could have a few minutes for the House to settle down.

The Acting Speaker (Mr. Blaker): Order, please. I wonder if hon. members would agree to hold their caucuses in the lobbies so that the hon. member for St. John's East (Mr. McGrath) may proceed.

Mr. McGrath: Mr. Speaker, I would like to say a few words on the motion which has been placed on the table by my colleague. I will commence by indicating that hopefully one day we will have a freedom of information act operative at least within the federal jurisdiction which would make these kinds of motions unnecessary. I see no reason why the government should take the position which it normally takes on these motions for the production of papers. I realize that we are dealing with areas of federal-provincial responsibility which would involve correspondence between the federal government and the provincial governments in this case but, notwithstanding the usual consent which one endeavours to obtain from provincial governments with regard to the tabling of such correspondence, I believe that there is no reason why the government should not accede to these normal requests to have correspondence, papers and documents relating to various subjects, tabled.

That is particularly so in the case of the motion placed before the House by my colleague. While I am not about to divulge any of the discussions which went on between provincial ministers and myself while I had the privilege of being the minister of fisheries and oceans for Canada, because that would be a breach of trust, I can say without breaching any confidences that, in my view, there is nothing in those exchanges which would not withstand the scrutiny of the public or examination by members of this House.

Having said that, I think I must also say that today the Parliamentary Secretary to the Minister of Fisheries and Oceans (Mr. Henderson) laid upon the table of the House, under Standing Order 42, the report of the federal-provincial territorial committee of officials on the Freshwater Fish Marketing Corporation. Obviously we have not had an opportunity to examine that report, although I have had a chance to glance through it. I would suggest that in the absence of the other related documents, the correspondence and various papers connected with the study, hon. members will be at a considerable disadvantage, especially members of the constituencies in which the Freshwater Fish Marketing Corporation plays a role in serving the needs of the fishermen.

The report which was tabled today arose out of a meeting which was held about one year ago between the federal minister of fisheries and oceans and the five ministers of the provinces involved. Arising out of that meeting we commissioned a study by officials of federal, provincial and territorial governments. The result of that study is the document which was tabled in the House today. I wonder why it has taken so long to table that report. The report was scheduled to be presented to a meeting of ministers in Winnipeg which was planned for last April. At that meeting in April the two levels of government were to make a definite decision on the future of the Freshwater Fish Marketing Corporation.

While there have been a number of meetings at the officials' level, the meeting of the ministers has yet to take place. Perhaps the minister, if he participates in this debate, will tell us why this meeting has not taken place, and will explain why it has taken so long to lay upon the table of the House and to make public the results of the study.

I believe that the Freshwater Fish Marketing Corporation has served the fishermen of western Canada and the territories well. But the fact is it has in the last while lost the confidence of some of its clients and, hence, we had the meeting of ministers one year ago which resulted in the study now on the table of the House. I am not so sure that the problem will be solved merely by tabling the study. We must address ourselves to the political problems involved. For example, there is the problem arising out of the fact that there was, one year ago, no consensus on which way the corporation should go, how it should fulfil its mandate, whether or not it should be privatized, whether or not it should be placed under provincial jurisdiction, or whether it should remain as it is, essentially a federal Crown corporation.

• (1740)

I have more than a passing interest in this corporation, not only from my previous role as minister of fisheries and oceans

but because it is a sister corporation to the Canadian Saltfish Corporation. I believe the corporation is working very well and that it is doing an excellent job in serving the needs of the saltfish sector and the fishermen who salt and cure their fish in Newfoundland and Quebec. I still feel, however, that all is not well with this corporation. I believe the problem has to be addressed sooner or later. I say to my successor that the problem will not go away nor can he force it to go away by somehow sweeping it under the table and pretending the problem does not exist.

I find that it would be improper for me to go into any of the details of the discussions I had when I was minister, but that is for my successor to decide; that is his responsibility. I hope that the minister will accept my advice when I say to him that, in my view, there is nothing in the correspondence or in the documents which could not stand the light of public scrutiny. If these documents and letters were released, it would help members of the House who have a special interest in this corporation in trying to arrive at a determination as to exactly what future the corporation should have.

Mr. Rod Murphy (Churchill): Mr. Speaker, I believe the Freshwater Fish Marketing Corporation is an important corporation for many people in northern Manitoba, as well as northern Ontario, parts of Saskatchewan, Alberta and the territories. A previous speaker mentioned that approximately 1.5 million square miles of Canada are covered by this act. Of those 1.5 million square miles, 176,000 square miles are in the Churchill constituency. People involved in the fishing industry in my riding are very supportive of the Freshwater Fish Marketing Corporation. Last fall there was an attempt by the Conservative government of Manitoba to privatize that corporation and to set up the old system of fish buyers coming in and running the fishing industry in northern Manitoba.

Throughout northern Manitoba fishermen living in small communities expressed their concern to the Conservative government of Manitoba. They told the government why they did not want the privatization of FFMC. Later on, the Conservative government in Manitoba tried to privatize not the buying and selling end, but the actual fishing end of the industry in northern Manitoba.

At the present time many fishing licences in northern Manitoba are operated on a community basis. For example, four fishermen from the native community of Cross Lake get a licence. Licences are normally given to the same four fishermen year after year. These licences are passed on to sons and daughters or to others in the same community—they may not be related at all—who will learn the fishing industry. What the Conservative government of Manitoba tried to do was to give individual licences to fishermen in Cross Lake telling them the licences were theirs, and they did not belong to the other 4,000 people who live in Cross Lake. The government told them they could sell their individual licences to one of their group, to someone who has never fished, or they could sell their licences outside of their native area, perhaps to someone from Winnipeg, Toronto or Montreal.

These fishermen, the majority of whom were native, had a series of public meetings throughout the north in which they expressed their concern about attempts to privatize fishing in northern Manitoba. That situation happened during the federal election. Those of us who were concerned about fishing attended those meetings. The provincial minister in charge of natural resources eventually had to withdraw his package.

The previous speaker mentioned he had received certain representations last fall from those who would like to privatize the industry. I would suggest the hon. member was getting those representations from the Manitoba government. There were others concerned about the direction in which FFMC was going, but those who wanted to privatize the corporation were basically people representing the government of Manitoba. I would say now that that same Conservative government in Manitoba, having spoken to the fishermen, would not dare to try to dismantle the Freshwater Fish Marketing Corporation at this time.

People in that industry, without any lobbyists one way or the other, have made up their minds. They knew how things went in the early 1960s prior to the introduction of the Freshwater Fish Marketing Corporation, and they know what is happening now. They know which system is better. These people know they are better served by a marketing commission which will make sure that American buyers do not come in and run the industry. They know they are better served by people in the community who actually fish and whom they can elect to the board of directors for the FFMC. They know they are better served when they can get some initial prices early in the season, and if there is a profit at the end of the year that the money will come back to the fishermen.

Many of our fishermen were becoming serfs on our lakes under the system in 1964-1965-1966. The fishermen would be working for a fishing company. They would buy their goods from that fishing company and the company would give them whatever price it felt like. People were not receiving 50 per cent of the total price. They were receiving 40 per cent of the total price, if they were lucky. They were paying higher prices for the goods they were buying from these fishing companies which had a near monopoly in northern Manitoba. The hon. member who introduced this motion called the Freshwater Fish Marketing Corporation communistic. By doing that he will make a lot of the fishermen in northern Manitoba think that communism is a great thing because they happen to like the Freshwater Fish Marketing Corporation.

People know there are some problems with the corporation. They would like to see a more aggressive selling policy and more work done in the local communities. Certainly there is always room for improvement and I would not disagree with the presentation of these papers but let us not be fooled by what the mover of this motion said.

The people who are really involved in fishing want that corporation to be strong. They want that corporation to sell their fish and to provide initial funding for them. They do not want members from B.C., who do not understand the Freshwater Fish Marketing Corporation, to pretend to be experts. They

want those people to go to the north and listen to those who are actually fishing.

Just as the provincial minister from Manitoba did when he went north and found that he could not get one single fisherman to support his attempts to privatize the industry, I think the mover of this motion and others in this House who have that same dogmatic, privateering ideology, would find out that the fishermen want the FFMC. There is definitely a need for improvement and definitely many things could be done, but I say to hon. members not to tell the fishermen they are not looked after by the FFMC.

Mr. Siddon: All we want to do is break the monopoly.

Mr. Murphy: Yes, break the monopoly. We have heard that before. I spent this morning in the transportation committee. CN has let some of the CN Express business go to privateers. These are pool carriers. They have taken off the cream of the crop. Do hon. members know what CN is saying now? CN is saying they will have to count on the CN Express service to northern Manitoba because the cream of the crop has gone to these privateers. If that is the same thing as what the former member is asking for in the fishing industry, we will end up with a system where the fishermen will not get a good price for their product. We will end up with a system where the profitable markets are taken by those in a position to run them. Licences will no longer be owned by the fishermen or people living in the communities, but by others. We will have economic serfdom on the lakes of Manitoba.

• (1750)

An hon. Member: Sounds communistic.

Mr. Murphy: If that is communistic, I guess every fisherman in Manitoba is a communist. However, they do not think that. These people live off the land, trying to get a good income with their traditional way of life. They want organizations, whether it is the Freshwater Fish Marketing Corporation, CN or whatever, to help and not hurt them in that endeavour.

[*Translation*]

Mr. Michel Veillette (Champlain): Mr. Speaker, I would like to bring my humble contribution to this debate and speak about the Freshwater Fish Marketing Corporation. It is a well known fact that our country has the largest natural supply of freshwater in the world. The figures are impressive. Of the nearly ten million square kilometres which make up the Canadian territory, about 8 per cent, or over 750,000 square kilometres, are made up of lakes and rivers which retain the annual runoff of approximately seven million and a quarter tons of water in the form of rain or snow. This is a physical reality. It is an abundant and renewable natural resource which we have the responsibility to monitor and preserve.

According to various estimates, this abundant fresh water supply represents either one-tenth or one-quarter of world fresh water supplies. This shows how lucky we are in this regard. But there is more. The major part of this water is made up of cold water, which means the proliferation of a fish fauna which has relatively little variety, but as all experts will point out, it is extremely vigorous and prized for its excellent sporting and combative spirit.

This is why our country is known as the paradise of sports fishermen, and we should obviously be the last ones to complain about this.

I have talked, Mr. Speaker, about the fish fauna and the combative fish which proliferate in our lakes and rivers. We naturally think in this regard of salmon and trout, and we readily recognize that the reputation of these two species attracts every year hundreds of thousands of visitors, who are all eager to practice their favorite sport of fishing. This has brought us an enviable reputation for tourism. But once again, there is more.

Since the beginning of our history, freshwater fishing has provided fresh fish to the inhabitants of our country in the same way as our lakes and rivers have offered easy, abundant and varied access routes to our explorers. Because trout and whitefish get together for the spawning season, the first settlers were able to harvest large quantities of these species in the fall to salt and store them for winter.

In 1867 at the beginning of confederation, we are told that 1,700 commercial fishermen were taking 3.5 million pounds of freshwater fish in Canada. Considering the constant development of urban centres, the demand from domestic and foreign markets, the interest shown in some species such as pickerel, pike, sturgeon, freshwater fishing has gradually developed to become a lively and viable industry. The condition of commercial freshwater fisheries vary from one province to another and we are going to deal with some aspects of the administrative skills required in their operation. This reminder is valid because it is based on constitutional sharing under the British North America Act. According to the Canadian Constitution, the federal government is fully empowered to legislate in the area of offshore and continental fisheries in Canada and any legislation aimed at protecting, conserving and developing fisheries is passed by Parliament. Fisheries as such are managed with the co-operation of provincial governments which are entrusted with administrative responsibilities. For example, the Department of Fisheries and Oceans assumes its responsibilities for freshwater and saltwater fisheries in Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, as well as in the Yukon and the Northwest Territories.

On the other hand, in Ontario, Manitoba, Saskatchewan and Alberta, the fisheries are administered by the provincial authorities. In Quebec, following a decision of the Privy Council in 1922, that was added to in 1943 and finalized in 1959, the provincial government has jurisdiction over both saltwater and freshwater fishing, while the inspection of the fish and its products intended for the market outside the province is a federal government responsibility. From all we have seen till

now, it is obvious that commercial freshwater fishing is limited to the central Canada area.

Indeed, if we sum up the situation as briefly as possible, we get three large natural fishing areas, namely, the Atlantic region, that takes in the provinces of eastern Canada, including Quebec, which is the object of special jurisdiction, the Pacific region consisting of British Columbia, and central Canada which includes the freshwater areas of Canada. On closer examination, Mr. Speaker, we can define that area even more accurately. As expressed in a working paper prepared for the first ministers' conference on the economy held from the 27th to the 29th of November, 1979, in Halifax, and I quote:

The annual production of our commercial inland fisheries (Manitoba, Saskatchewan, the Northwest Territories and Ontario) exceeds 32,522 metric tons. The catch comprises over 20 species, taken from over 800 lakes scattered over three million square kilometres of land located in central and western Canada.

May I call it six o'clock, Mr. Speaker?

[*English*]

The Acting Speaker (Mr. Blaker): Order. The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock this evening at which time the House will proceed to a motion seeking the adjournment of the House pursuant to Standing Order 26.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

THE ECONOMY

EFFECTS OF RISING COST OF LIVING AND INTEREST RATES

Mr. Deputy Speaker: Order, please. Leave has been granted to the hon. member for Oshawa (Mr. Broadbent) to move the adjournment of the House, pursuant to Standing Order 26, for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the economic crisis in Canada.

Accordingly, the motion is as follows: It is moved by Mr. Broadbent, seconded by Mr. Knowles:

That this House do now adjourn.

Mr. Edward Broadbent (Oshawa): Thank you, Mr. Speaker. The Deputy Prime Minister and Minister of Finance (Mr. MacEachen), who is sitting there smiling this evening, said this afternoon in response to my suggestion during the question period that we are now faced in Canada with an economic crisis, that I was the one who was being irresponsible, and I quote the minister.

What is the economic reality, the human reality that led me to describe the current situation as being one of crisis, which the minister denies?

• (2010)

I ask the minister before he speaks tonight to consider the following and then make his assertion once again that we are being irresponsible when we describe the Canadian economic and human situation as being in crisis. First, we learned today of a jump in the cost of living which is the greatest in five years. Some five years ago, in 1975, there was an increase in the cost of living which was less than the one we face today, and at that time the Liberal government of the day said there was a crisis and brought in a wage control program. However, apparently today's much greater increase does not constitute such a crisis.

Second, we learned just before question period that we now have, at 17.36 per cent, the highest level of interest rates in the history of Canada announced by the Bank of Canada.

Third, the official statistics which the Minister of Finance was so proud to quote today indicate that 853,000 Canadians are unemployed. As my colleague, the financial critic for our party, correctly pointed out in a rejoinder to the minister's claim that there are not more than one million unemployed Canadians, we contend that if we look at figures beyond the government's statistics and include all those men, women and young people who would like to work but are not included in the official statistics, there are some 1.3 million unemployed Canadians, the highest number since the great depression.

Fourth, bankruptcies among businesses across Canada from St. John's in the east to Victoria in the west in the first 11 months of 1980 number over 6,000. With respect to housing, in virtually every large city across Canada, the vacancy rate in apartments is at zero, and housing starts are down, not up. In that sector alone there is a crisis.

Finally, I come to another area of comment by the minister in the House this afternoon, and that is the manufacturing sector of the Canadian economy. It is running at only 78 per cent capacity. Turning that around means that some 22 per cent of capacity in the economy is not being used, which is one of the worst records of all industrial countries in the world.

There you have it, Mr. Speaker. I ask you and the people of Canada to judge who is describing the reality correctly, the people on this side of the House or the government of the day, when we say there is a crisis. We have massive inflation. We have massive unemployment. There are massive numbers of bankruptcies, and the minister says we are irresponsible in saying there is an economic crisis.

We do not attempt to hide the reality. We do not sit in smiling lack of concern about what is happening to the people of Canada. We see as our responsibility bringing these facts to the attention of the government and demanding action. We say that we are not irresponsible. It is the Government of Canada that is irresponsible in this reality.

Some hon. Members: Hear, hear!

Mr. Broadbent: The reality is there for everyone but the Liberal government to see, and it is there for Canadians to experience, regrettably.

Let us look at these statistics and compare them with what the Liberals promised to do when just over a year ago they voted to bring down the government of the day, the then Conservative government, whose budget, I say in passing, was in our judgment every bit as bad as the Liberal budget which succeeded it. What did the Liberals say in the context of the debate then which led to the bringing down of the government in the election campaign? We know that the Minister of Industry, Trade and Commerce (Mr. Gray) said that if interest rates went up, he would go down. He said he would go out. We wish he had gone out because interest rates have certainly gone up.

In one of his few pledges, the Prime Minister (Mr. Trudeau) said that if the Liberals formed the Government of Canada again they would help first those who are most in need. I will not trot all the Liberal promises out because, as I indicated, there were not many, but they tried to demonstrate in their rhetoric some concern about the average and the poor in this land. The Prime Minister said, in two statements that I and my colleagues have quoted in the past ten days, that if he were elected not only would interest rates in Canada stay where they were but also that the Liberals would work to ensure that they would come down, and that the Liberals would produce an expansion in the economy and not a restriction, which the Conservative government at that time was bringing about.

What is the record following these election promises of the government? First there was the budget in October. What did the budget do? Did it help those most in need? Not at all. The Minister of Finance said with a great deal of pride that he would not announce any increases in the personal income tax. That is true. There was no increase in the personal income tax. But there were increases in the kinds of taxes which hurt the average person most. Those are indirect taxes, and there was a whole range of indirect tax changes.

As a result of the Liberal budget the average family will have to spend some $500 more in lost family income. Second, as a result of that budget alone, and because of what I have just mentioned, the cost of living for the average Canadian will go up instead of down, as the Liberals promised. In the budget an increase in unemployment levels was forecast instead of programs designed to bring unemployment down. Instead of the implementation of an industrial strategy which the Liberals trotted out in the concluding two weeks of the campaign after Mr. Goldfarb told them that it was very popular to start talking about a made-in-Canada policy and an industrial strategy which this country has needed for decades, we did not even hear mention of an industrial strategy. In sum, the October budget hurt average income and poor people wherever they live instead of helping them. Instead of forecasting an improvement in the economic and human situation for the majority of our people across the land, that budget forecast an increase in their misery.

Economic Conditions

Now I come to the interest rate crisis which has hit this Parliament day after day for the past couple of weeks. If anything, the cynicism of the Liberal party is even more clearly revealed in this respect. In the election campaign on at least two occasions the Prime Minister promised a made-in-Canada interest rate policy, but instead of implementing that policy and instead of extricating our interest rate policy from that which is established south of the border, the Liberal Party of Canada has followed the same roller-coaster policy of Milton Friedman monetarism which has been implemented in the United States, and it has had the same devastating effect on Canadians as it has had in the United States. That was another betrayal of an election promise.

I do not want to quote statistics in this context. I could quote the new rate, which I have already indicated is the highest in Canadian history, but I want to say that the interest rate has a direct and profound impact on Canadian men and women wherever they live and in whatever occupation they find themselves.

As we are debating in the House of Commons, on this very day families are declaring bankruptcy in terms of their houses because they cannot afford to renew mortgages which they now have to pay at 17 per cent to 20 per cent as a result of this government's interest rate policy.

Farmers on our prairies and elsewhere in Canada are seeing their debt loads increase to monumental levels because of the high interest rate policy now being pursued by the Liberals. Young would-be farmers who would like to pursue the occupation which has been followed by their families, in many cases for generations, are no longer able to do so because they are unable to bear the debt loads required to start new farms.

● (2020)

Fishermen down in the area where the Minister of Finance lives on the east coast, or on the west coast of Canada, are suffering unbearable burdens in terms of financing costs of ships and other aspects of their operations. Auto workers, whether in the province of Quebec or in the province of Ontario, or indirectly those who work for auto dealers in every town and village across Canada, are being laid off in record numbers today because of the high interest policy of this government, because Canadians can indeed put off buying an automobile from this year to next year if they cannot pay the interest charges, and that is precisely what is happening.

Then there are food costs. The figures that are out today show a year over year increase of 15.2 per cent. How does the government of the day respond to that kind of data, because that is, even more directly, I suggest, in some of the occupations I have just noted, of immediate and pressing concern to low-income Canadians? What does the Prime Minister do when he is confronted with questions coming from the Conservative party and from our own, as he has been in the past couple of weeks, on food prices? The Prime Minister's, scintillating, condescending and ultimately uncaring advice to people hit by these unacceptable food prices is that they should change their priorities. I would like to see the Prime Minister talking to a pensioner who lives in downtown Vancouver or

talking to a working Canadian in Halifax who is a non-trade unionist and who is working at wages perhaps below the poverty level or, better still, talking to an unemployed Canadian anywhere in our land and telling that Canadian, whether a man or a woman, who has to pay these prices that he or she should change their priorities. I say it is time the Prime Minister and the Government of Canada changed their priorities in dealing with the economy, and with food prices in particular.

Some hon. Members: Hear, hear!

Mr. Broadbent: The point is that interest rates have a profound human impact on almost every aspect of existence in our land. They are not something abstract in their effect, and a caring government would respond with care and concern for the people who are being harmed by these interest rates.

Having made this criticism, having stated that, contrary to what the Minister of Finance has said today, we do have an economic crisis in Canada, I want to suggest to the minister that for once he not only listen but that he open his mind just a bit to opposition suggestions for change for improvement. He does not need to be, as he said this afternoon "driven into panic reaction" by us in the New Democratic Party. Instead, he should be driven into action by recognizing the economic reality faced by Canadians. I say in this context that the minister, who is so interested in having his government follow interest rate policies in the United States, should read the business section of *The Globe and Mail* today. It might have been brought to his attention already, in which case he would be aware that a senior aid to president-elect Reagan has said that the president-elect of the United States is contemplating declaring "a national economic emergency" as soon as he assumes office in January. He intends to make that declaration—and that is serious in American politics—to indicate that the economy and its effect on the Americans is his number one concern. I say it is time the Government of Canada declared we face an economic emergency situation now requiring emergency action.

Some hon. Members: Hear, hear!

Mr. Broadbent: Here are some specific suggestions, and I would like to hear the minister respond to them with something more than rhetoric, to use his favourite phrase of today. First, we should call an end to jacking up our interest rates right in step with what happens in the United States. We should have—and the minister knows the term very well—a clean float with the Canadian dollar, and we mean that with all its implications because in this party we do not believe in a policy which will just have some short-run effects for two weeks or three weeks. I say to the minister in this context that we would acknowledge, if we had a clean float with the dollar instead of using interest rates to prop it up, that there would be, in the short run, some negative impact on the cost of living. I acknowledge that, but we say that in the long run the effects will be positive, as has been seen in other countries. If we have a clean float and the dollar is allowed to seek its own level, it would mean for Canada an immediate increase in export sales, it would mean that Canadians would start buying more goods and services produced in Canada, it would mean that the Canadian economy would ultimately become more efficient and competitive, and that should be the major objective of economic policy. It is time the Minister of Finance recognized it.

Some hon. Members: Hear, hear!

Mr. Broadbent: Second, we say that the three-week recess we are now going into should be used as a time for the minister to sit back and think about his budget which turned out to be inaccurate in all its major forecasts, which turned out to be a totally inadequate instrument in terms of responding to what is taking place in the U.S. economy and elsewhere, and promise the House that when we come back on January 12 he will present us with a new budget which will deal with the economic crisis. That is the kind of commitment we are looking for tonight from the Minister of Finance. We are saying that in that budget there should be a cost of living tax credit which will enable low and middle-income Canadians to keep up with the cost of living—perhaps not get ahead of it but to keep up with it. I say to the Minister of Finance that he should know better, and he does know better, instead of talking nonsense as he did in the question period today, he should talk economic reality and acknowledge that a tax reduction for middle and low-income people, when the economy is operating at less than 80 per cent capacity, will indeed cause an increase in demand in the economy. When these middle and low-income people get a tax break and can cope with the cost of living by buying goods and services produced in Canada, not only will they benefit because of the tax concession but the men and women who are currently unemployed across Canada will be hired and put back to work, and that is good because they want work and not handouts.

Some hon. Members: Hear, hear!

Mr. Broadbent: Finally, as another specific suggestion among a number of suggestions one could make, we have recommended the establishment of a fair prices commission. We say that this is constitutionally within the power of the federal government, just as bringing in the wage control program some five years ago was within their power. They could use the same power this time, instead of controlling the wages of Canadians, to do something about the prices affecting Canadians, and they should act on it.

I want to conclude with the following observation. It is time the Government of Canada realized that continued inaction is disastrous economically and morally. It is an indefensible policy. It is time the government admitted that we are in a crisis, that we must declare that rebuilding the Canadian economy and its attendant consequences, the human reality in Canada, is our number one priority. It is time the government recognized that new ideas and policy suggestions are indeed possible. They are vital if we are to deal seriously with the real

crisis which affects Canadians wherever they live. Finally, it is time the Government of Canada showed some concern for the people of Canada.

• (2030)

Some hon. Members: Hear, hear!

Right Hon. Joe Clark (Leader of the Opposition): Mr. Speaker, we are meeting in emergency debate tonight, a week before Christmas, in a season which is usually, and should now be, characterized by generosity and sharing, but in a season which for literally hundreds of thousands of Canadians will be characterized this year by bitterness, by deprivation and by a deep fear about their security and the ability of themselves and their children to find jobs and the rights which should be part of the birthright of people of a country as naturally fortunate as our own.

That problem, that bitter Christmas which faces the people of Canada now, does not arise because of any weakness in the country. We are one of the blessed countries of the world. It is exclusively because we have a government today which has not only failed for a decade to plan the kind of economic policies which could bring growth, comfort and security to the people of the country, but a government also led by a Deputy Prime Minister and Minister of Finance (Mr. MacEachen) who used to call himself compassionate; a government which is not prepared to do the smallest single thing to help low-income Canadians, to help the poor, and to help those Canadians who will be most damaged by the economic circumstances we face this Christmas.

Some hon. Members: Hear, hear!

Mr. Clark: The hon. member for Oshawa (Mr. Broadbent) talked about a crisis; the minister said that there is none. The hon. member for Oshawa is right. We are facing the worst economic crisis which Canada has seen since the 1930s. Earlier this afternoon the Minister of Finance refused to accept that word. I say to him that a starting point for him and his government must be to start being honest with the people of Canada. They should not depend upon advertising campaigns to try to change their minds. They should not try to fast-talk them out of the deprivation and the problems Canadians know they face. They should just start being honest. As difficult as it might be, they should start being honest with the prople of the country because they are the people to whom the government is responsible.

Some hon. Members: Hear, hear!

Mr. Clark: The fact is, we have had virtually no economic growth in 1980 and the prospect for next year is for virtually no growth again. By the minister's own estimate, almost 1.5 million Canadians will be out of work next year. In November, living costs were rising at an annual rate of 11.2 per cent. That was before the latest round of energy price increases, and it was before a new surge in food costs which the Retail Council of Canada forecast will approach 15 per cent next year. We know that the bank rate is at its highest level in history today. The Canadian dollar is worth barely 82 cents American, its lowest level in 47 years. Bankruptcies are up over 20 per cent from a year ago, as soaring credit costs cripple our small businessmen and individual Canadians. If that is not an economic crisis, then I would ask the Minister of Finance, when he finds his feet, to describe what to him constitutes an economic crisis. It might not seem like a crisis to him, but it seems very much like a crisis to hundreds of thousands of Canadians to whom he is responsible.

Some hon. Members: Hear, hear!

Mr. Clark: The minister said that he is doing everything he can, that there is nothing more he can do, that it is all the fault of the Americans. That is the economic action plan of the Liberal government—complain to the United States. Well, the Minister of Finance is deceiving Canadians when he says there is nothing he can do. The problem is not that he cannot do things; the problem is that he will not take actions which are available to him right now that could help Canadians who are in need, Canadians who will be facing a deeply bitter Christmas because this Minister of Finance and this government just do not care about low-income Canadians.

One thing he could do would be to bring in a shelter allowance, as we suggested this afternoon. Another thing he could do would be to bring in an energy tax credit, as we suggested last year and incorporated in our budget. Another thing he could do would be to help Canadians faced with the burden of paying mortgages or property taxes. Another thing he could do would be to exempt from some of his taxes the heating fuels which Canadians have to pay. He says that if he does those things it would lead to a deeper deficit. I point out to the House and to the minister that last year our government brought in an energy tax credit; our government was proposing and had ready for passage mortgage and property tax credits; our government had exempted heating fuels, and we were still projecting a budgetary deficit which was some $3 billion lower than the deficit this government is bringing in.

Some hon. Members: Hear, hear!

Mr. Clark: What we are dealing with here is a question of choice. The government can spend its money on propaganda advertising, as it has, or it can spend its money to help low-income Canadians in need, as we did and as this government refuses to do.

It is a matter of choice between whether one wants to keep the people of Canada dependent upon high-cost Saudi oil, or whether one wants to follow realistic policies which will move us toward self-sufficiency but which will also include help to those low-income Canadians who will need help as prices inevitably increase.

To the degree that we are limited by world circumstances, how did that happen in a country like Canada? How did that happen to this degree in a country which once was strong enough to stand on its own economically, to set its own course, to not have to cry to the Americans to bail us out whenever there was a turn in economic fortunes? What is happening here tonight, what is happening to this country now, is that we

are seeing a decade of overspending come home to haunt the government of the people of Canada. We are seeing a decade of bad Liberal policies coming home to roost, coming home to hurt the people of Canada, particularly low-income Canadians.

I look across the House and I see ministers of the Crown smiling as we describe the plight of low-income people who put them here, the low-income people to whom they are responsible. While those people face the prospect of being out of work or face the prospect of freezing this winter, their ministers, their government, sit in the House of Commons and smile and laugh at them. That is totally unacceptable in any kind of democratic system.

Some hon. Members: Hear, hear!

Mr. Clark: We have in this country these outrageously high interest rates now because a decade of Liberal financial mismanagement and economic neglect mean that we must attract hot money to prop up the Canadian dollar. The solid, long-term investment which used to balance our international accounts has simply lost faith in Canada as a place to invest.

We are paying out almost $4 billion in oil import subsidies because seven years after OPEC the government still refuses to take seriously the need to make Canada self-sufficient in energy. Only yesterday, Sheik Yamani, the dancing partner of the Prime Minister, suggested that imported oil could cost $80 a barrel by the end of next year, yet still the government clings blindly to an energy policy which drives Canadian investment out of the country. It drives out of this country the people who find Canadian energy in Canada. It drives away from here any climate which would attract the kind of people who would make it possible for us to realize energy self-sufficiency here in our own country.

● (2040)

An hon. Member: It follows policies.

Mr. Clark: It follows policies, as my colleague from Nova Scotia points out, which have the result of dividing this country, setting Canadians against Canadians and creating in western Canada the same kind of alienation as a former Liberal government created in the province of Quebec, giving birth to the separatist movement there.

Mr. Breau: Nonsense!

Mr. Clark: It would be bad enough if the Liberal government were simply doing nothing today to solve the real problems of the real people of the country. It would be bad enough if the government were doing nothing to plan for future growth and future strength for our economy, but what is worse, their priorities are so backward and so screwed up that they are pursuing policies today which will bring more damage to Canada tomorrow.

[*Translation*]

Mr. Speaker, we are now experiencing an economic crisis whether the Minister of Finance admits it or offhandedly denies it. It is the most basic responsibility and duty of this government as the national Government of Canada to give a steady economic direction to this country. This government which is demanding more powers entirely refuses to assume its responsibility and ensure the economic welfare of Canadians. This government has no political economic policy and worse still it has no economic priority.

[*English*]

Mr. Speaker, Canadians today, worried as they are about their immediate prospects, have a right as they look ahead to ask what will their prospects be tomorrow. Everybody with a family in this country which depends upon the income that man or woman brings home, has a right and a cause to say now: What about my job? Is my job going to be secure? Is my job going to be menaced by the economic policies which have already driven so many of my fellow Canadians out of work? What about the jobs of my children? Are they to look forward to growing up in a secure country? Are they to look forward to growing up in a country where there is more and more insecurity, a diminishing prospect of being able to find the kinds of jobs, the kind of future that this country holds as its potential? Many more Canadians know that while their neighbours may be out of work today, while unemployment might be rising in the rubber industry in Kitchener because of the policies of this government, it could affect them tomorrow. That direct threat to the job security of Canadians, to the ability of people to secure the incomes their families need, flows from the failure of this government, not only to plan for the future but to call a stop to the economic and energy policies which are creating more problems for Canada. These policies, instead of solving our economic problems, are aggravating them.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, what this government is doing through the actions it is taking, and what it chooses as its priorities, is to give us a constitutional package which divides the country and an energy package which drives investment out of the country. It is an energy package which drives jobs out of Ontario, Saskatchewan, British Columbia, Alberta and Quebec. What it is doing is introducing a series of policies which threaten the very industrial fabric of our country. In so doing they have already placed in jeopardy the jobs of thousands of Canadians. They have dashed the hope of possible employment to the million Canadians who are already out of work. They have done this in the energy sector, which has been the single healthy sector in the Canadian economy. It is the one potential locomotive which could pull our economy out of recession. This energy sector has, as a direct result of this government's action, seen an unprecedented decline in production, in jobs, together with an unprecedented flight of investment—not foreign investment, the foreign investment stays; with this Liberal policy they get subsidized to stay. The people who are leaving because of this Liberal policy are the Canadians, the creative ones who want to go out and find things to make the economy grow.

Some hon. Members: Hear, hear!

Mr. Clark: Yesterday in the House I referred to a survey made by *The Calgary Herald* in which it was reported that some 376 Canadian drilling rigs will move to the United States. That will lead to at least 22,500 Canadians losing the jobs they already have in Canada. It will lead also to a dramatic reduction in exploration. Already 60 such rigs have moved, or are moving, to the United States. It is not easy for those Canadian companies to decide to pull up their roots and move away from their future in Canada. It will be much less easy for them to come back once they have left.

In Saskatchewan, Hudson's Bay Oil and Gas Company have suspended their 1981 drilling plans in the Lloydminster heavy oil pool. The company had planned to spend $50 million drilling 300 wells, and half of its Lloydminster workers will be laid off. There is no representative of Lloydminster, or from anywhere in Saskatchewan, of the government side. But what is happening to Saskatchewan today as a result of these policies could happen to Cape Breton tomorrow, to Kitchener the day after that or to any community in Quebec the day after that, because we are setting in train now a series of policies which will cause deep and continuing economic damage to this country.

A typical oil rig, while assembled in Edmonton, contains switchgear—the small motors and electrically powered gadgets that help convert the various functions of a rig—which comes from Brantford, compressors from Stratford, steel from Welland, Sault Ste. Marie or Hamilton, and generators which come from Peterborough. In the rubber industry of southern Ontario alone, 300 or 400 jobs will be lost over the next year alone as a direct result of the dramatic decline in oil exploration.

The oil industry is one of the major purchasers of heavy trucks, trucks that are made in Ste. Thérèse and Windsor. When the oil industry shuts down or winds down, so do jobs for Canadians on the assembly line in Ste. Thérèse and on the assembly line in Windsor. As a result of this government's policies jobs which should be going to Canadians are going to people who live in the United States of America. Well, that is not Canadian policy. That is not a sensible policy. That is a policy which denies a Canadian future.

Some hon. Members: Hear, hear!

Mr. Clark: There is one point I would like to make here with respect to some Liberal members here who have to support what the cabinet does, even though they are not part of it. This economic disaster, this social disaster, this energy disaster which this government has brought in, is not the exclusive responsibility of the people who sit on the ministerial benches. Every Liberal backbencher here, every Liberal member of Parliament who gives his or her support to this kind of policy will have to go home and answer to the low-income Canadians who are denied an energy tax credit. They will have to go home and answer to the rubber workers or to the other citizens thrown out of work by this government's policies—their policies which deliberately throw Canadians out of work. Mr. Speaker, that is an absolutely unacceptable policy for any government. It is absolutely irresponsible for any member of Parliament to blindly, blithely accept and support that kind of policy, betraying the interests of the men and women across this country who sent those Liberal members of Parliament to this House.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: Has the minister, who comes from an area which has known human sufferings as a result of financial difficulties, become so unrealistic that he has forgotten how real is human suffering? According to the data which he has provided, 250,000 Canadians will soon be added to the number of unemployed. Those individuals and their families will pay 61 per cent of their income for a very simple house if they get the maximum unemployment insurance benefits. What will they do if they have other payments to meet, if they have children to feed and clothe or if a member of their family becomes ill? The minister knows what happens. Those Canadians will go bankrupt or will be faced with financial problems for several years to come.

[*English*]

Mr. Speaker, perhaps the minister knows that the poorest Canadians, the 20 per cent at the bottom of the income scale, spend 83 per cent of their income on the bare necessities of food, clothing and shelter. Those are the Canadians the Prime Minister tells to switch their priorities. Switch their priorities to what, Mr. Speaker? Perhaps the Minister of Finance can tell us what he wants the poor to switch their priorities to. When the Prime Minister comes down from the swank portions of Outremont and tells the poor to budget better, perhaps the Minister of Finance can explain to those Canadians who are out of work or who face the prospect of being out of work just what they can economize on when they have to pay higher fuel costs, higher food costs and other increased costs about which this government cares nothing at all.

Some hon. Members: Hear, hear!

Mr. Clark: The government says there is no crisis. Well, perhaps there is no crisis for him or his colleagues. Not yet, anyway. But has he talked to the 159 workers laid off at Caravelle Carpets in Cornwall, represented inadequately by the Minister of State for Trade (Mr. Lumley)? Has he talked to the 80 employees of Crowe Forestry of Cambridge? Has he talked to the 227 workers at Montrose Mills in Granby? Has he talked to any of them, individual Canadians with families, with lives of their own, who have been let go during this past month alone? Surely the minister, if he has no economic answers for the country, if he has no willingness to come to grips with the need to set an economic policy which will build for the future of Canada, should at least find some compassion for those Canadians who face a bitter Christmas because they have been abandoned by their government.

• (2050)

The hon. member for Oshawa has suggested that the government take advantage of the Christmas holiday. It is a government that likes deadlines and likes to impose deadlines on Parliament, the provinces and the people. Let it take a deadline for itself, the deadline of January 12 when this House of Commons will resume, and let it come back at that time with an economic policy that is not only compassionate and not only helps those Canadians who are in need, but is also one which looks to the future, so that Canadians will not have to worry about whether their job will be secure, whether their children will find a future in this country which should be full of promise, instead of blaming it all on the Americans, instead of saying there is nothing the government can do and instead of telling the poor to budget better.

The Government of Canada should come back in 1981 with an economic policy, an economic statement and some economic honesty so that the people of Canada will be served, instead of deceived, by the government that now rules.

Some hon. Members: Hear, hear!

Mr. Clark: Where is the Minister of Finance?

Miss MacDonald: The Minister of Finance is afraid.

Mr. McGrath: He is hiding behind his desk.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, the Minister of Finance (Mr. MacEachen) continues to be silent. This Minister of Finance is Canada's most silent minister of finance, but he has the most reason to be silent. He is not able to stand up and defend his lack of policies when the Leader of the New Democratic Party (Mr. Broadbent) and the Leader of the Official Opposition (Mr. Clark) speak out against them.

For the past nine months and 18 days we have had a slough of drift, of mistaken, politically-inspired attacks by this government on the provinces, the oil and gas industry, the private sector in general, foreign investment and domestic investment and that is why we have today a Canadian dollar which is hovering between 82 cents and 83 cents, the lowest in 47 years. That is why we have today a Bank of Canada rate of 17.36 per cent, the highest in our history. That is why we have today a prime rate of 18.25 per cent, the highest in our history, three times what the usurious rate was ten years or 12 years ago when the Bank Act stipulated that 6 per cent was the maximum interest rate at which banks could lend. Tonight the prime bank rate is 18.25 per cent.

All this has occurred under the Minister of Finance. That is why we have an inflation rate of 11.2 per cent today, just six weeks after the minister predicted that it would be 9.7 per cent this year and 10.2 per cent next year. We have 787,000 people unemployed. The minister's own projections show that 1,026,000 people will be unemployed next year. If we take the real unemployed, those who have given up trying to look for jobs because there are none to be found, then the unemployment rate would be well in excess of one million.

That is why we have a current account deficit of $6.2 billion, which is what the minister estimated for this year. That is why the Canadian dollar is so low, because for seven years under the neglect, the politicizing and politicking of this government we have had a current account deficit and for seven years Canada has been living off the rest of the world. Canada's deficit with the world over the last seven years has amounted to $30.8 billion. Is it any wonder why the Canadian dollar is now under attack and so weak and why we must follow U.S. interest rates? It is because we have a government which is old, tired, cynical, smug, a travelling government of good old boys. They are too busy scratching one another's backs while in power to worry about what is happening to the Canadian public in the ten months they have held office.

We have had nine months and 18 days during which the government has forgotten about the tenants about whom last fall they were so concerned and forgotten the home owners, the potential home owners, the young, the elderly, the unemployed, the regionally disadvantaged. Where are these groups today, long forgotten by this government? This government has forgotten that down in Newfoundland one-twelfth of the total income comes from unemployment insurance. It has forgotten that, while at the same time it is trying to crush the government of Newfoundland because it is standing up for its right to offshore oil and gas and its rights in the constitution. It has forgotten the regionally disadvantaged and the hungry. The Prime Minister (Mr. Trudeau) advises them to spend less on transportation, rent and mortgage interest and more on food. That is his advice to the hungry and the elderly.

Everything which this government said in opposition last fall, it has since ignored. It created the expectation that it could cure everything. For the few short months they were out of power the economic conditions of the past 12 years which came to fruition while we were in office were all our fault. They raised the expectation that they could cure these things. How did they raise that expectation? They said things such as the finance critic of the opposition stated in the House of Commons on November 6, 1979:

> The Liberals and I generally want action taken now to prevent the hardship this Conservative high interest rate policy is creating for millions of Canadians and their families.

Do hon. members know what the interest rate was then? It was 14 per cent. The Liberals' hearts were bleeding for Canadians and the hardship that rate of interest was causing, and today it is 18.25 per cent. So what is the government going to do about it now? We responded with a small business development bond, with a mortgage interest and property tax credit scheme to help the home owner and an energy tax credit to help lower-income Canadians. But at that time the Liberals wanted action taken to prevent the hardship caused by the Conservative high interest rates. By March 10, 1980, the finance critic in opposition had become the Minister of Industry, Trade and Commerce, (Mr. Gray) and at that time he said he was pleased with the new floating interest rate policy of the Bank of Canada. Is he pleased today that the rate is

17.36 per cent? It is floating on the inertia and the ignorance of this government.

On November 13, 1979, the present Minister of Energy, Mines and Resoures (Mr. Lalonde) said that the PC government seems to have "adopted Mr. Volcher's economic Malthusianism approach in the United States". Who in the last few weeks has been here squirming around trying to find an excuse? He said he blindly had to follow the U.S. interest rates. Rates which were imposed by whom? By the very economic Malthusian who they did not like last year, Mr. Volcher. Those are just some of the expectations. On November 6, 1979, the finance critic of the Liberal party said:

It is right and necessary for Liberals to take a new approach and a new look at interest rate policy.

When will they do that? When will they take on that new look? Is the new look and the new approach an 18.25 per cent prime rate? The finance critic, now the Minister of Industry, Trade and Commerce, said on October 30, 1979, when the Bank of Canada rate was 14 per cent—not 17.36 per cent:

—it will mean the loss of thousands of jobs, increases in the cost of living, it will bring the housing industry to a halt, it will put housing industry to a halt, it will put housing beyond the reach of most middle and lower-income Canadians, it will hurt small business and it will hurt farmers, and will add to the cost of food.

Has that all changed in the last few months? Have interest rates which are now 4 per cent more than the rate of last fall not had these results? Finally, who said this:

I don't think that allowing the dollar to have some downward adjustment would do as much harm to our economy as our present high level of interest rates.

It was the same finance critic of the very same party that is now in government, that is now doing nothing and does not appear to be doing anything. The bleeding heart Minister of Employment and Immigration (Mr. Axworthy) as housing critic for the Liberal opposition said on October 29, 1979:

If there is a requirement to raise interest rates, there is an equal requirement to help those people who are hurt by those interest rate increases.

That was when the Bank of Canada rate had gone to 14 per cent. The minister is the colleague of the Minister of Finance, who will do nothing to help people who are hurt by those interest rate increases. Why does that minister not resign? Because he is a hypocrite, a total hypocrite, a teetotal hypocrite. If he cannot persuade the Minister of Finance to carry out his commitments and promises of last year to help those who are hurt by high interest rates, then he should resign. The whole government should resign.

● (2100)

The cause of the higher interest rates is not just that U.S. interest rates are higher. There are many other countries in the world, unlike Canada, which have an independent interest rate policy and as a result their interest rates are not affected by the United States. They do not have to worry about what happens in the United States. The minister says it is the U.S. interest rate which has caused Canada's to go up. Why is it, then, that in the last few weeks interest rates in the United Kingdom went down from 17.5 per cent to 15 per cent? Why is it that the Swiss interest rate is 5.75 per cent? Why is it that the West German interest rate is 11.5 per cent and it has not gone up because U.S. interest rates have gone up in the last month or two? Why is it that Japanese interest rates are 8.85 per cent and have only gone up two-tenths of 1 per cent in the last month or two? Why is it that only Canada's have gone burgeoning up with the interest rates in the United States? It is because the Canadian economy has been weakened almost fatally by the policies of the government opposite during the last 12 years. If it is higher interest, that is why. The minister says that this year we are going to have a deficit in the current account of our international account of $6.2 billion. Last year it was $5.8 billion. That means we have to get $6.2 billion from the rest of the world to survive here in Canada. We are consuming more than we can produce. We are living off the rest of the world, and we have been led in that direction for the last seven years by the Liberal government and by the finance minister, by his predecessor, Mr. Chrétien, by his predecessor, Mr. Macdonald and by Mr. Turner who started the whole thing and who is now hiding out in Toronto trying to escape the responsibility of it all. Our external debt now is a net $75 billion. That is why the dollar is in the shape it is in, and because this government has a policy of attacking the private sector, because this government is not fighting inflation, because this government will not help governor Bouey and the Bank of Canada fight inflation. It talks a hard game but it does nothing. It does nothing because it knows that to do anything will cause pain. To correct this situation will cause pain and that party over there does not want to pretend that it is causing any pain, so it does nothing. But the pain has cost Canada. There will be a fatal heart attack for the Canadian economy because it will do nothing in the meantime. Instead it is the attack on the provinces and the attack on the oil and gas industry and the threats of FIRA. This is why investment is leaving Canada, because of this misshaped and misbegotten Marc Lalonde energy policy, forced, we hope, on the Minister of Finance, who does not have enough guts or gumption to say to the Minister of Energy, Mines and Resources that he has to change his policy and get an agreement with Alberta. Our interest rates are following the U.S. because of the weakness of our economy. They do not follow them anywhere else in the world. There are no criticisms being made in other parliaments of the world, Japan, West Germany or the U.K. about American Federal Reserve policy because they know the United States has got to overcome its inflation or the whole of the western world will be ruined. It is only this minister here trying to exculpate himself who gets up in the House with his mealy-mouthed criticisms. He does not think they are doing quite the right thing in the United States, although they are doing the same thing as Mr. Bouey is doing here at the Bank of Canada. The time has come for him to get out of office if he is not prepared to take some responsibility.

Let us look at the Canadian dollar, Mr. Speaker. It is at its lowest ebb since 1930 or 1931. Interest rates are up 5 per cent since the budget. The extra cost for oil alone because of the weakness of the dollar is $109 million since March. This government is importing more and more oil. It would sooner

import oil from Saudi Arabia and pay Sheik Yamani $40 than pay our own brother Canadians more than $16 per barrel. Is it any wonder that the rest of the world is frowning on the Canadian dollar and does not want to put assets into Canadian dollars? In fact, people are bailing out of their Canadian dollars because of the kind of policy they see here.

Unemployed people get $189 per week maximum compensation. There are 787,000 of them now officially admitted. There will be one million unemployed this winter. These people are below the poverty level. They spend over 67 per cent of their compensation on food, shelter and clothing and they are told to somehow switch that and spend more on food. That is the policy of this government. That is the MacEachen policy.

Real wages are going down 4 per cent. This year they will go down 2.2 per cent and next year they will go down 2.4 per cent. Every worker in Canada will have less in real income this year and next than he had last year. That is the policy of this government.

Real growth is at minus 1 per cent this year. Our gross national product, that is, goods and services, is declining 1 per cent this year under this government. Next year it is forecast to go up only .5 of 1 percentage point. The Economic Council of Canada had to revise its projections downwards because of the minister's budget. It was the most disastrous budget in Canadian history. It was the most rapidly dissolved and the most reprehensible and the most rapid budget to be shown to be worthless of any budget ever to be brought down in Canadian history, this misbegotten aborted budget of October 28.

What is the only solution for Canada, apart from a change in government? If hon. gentlemen opposite have an ounce of shame in their bodies, tonight they will get out because of the way they have fooled the Canadian people. In the Economic Council of Canada's 1980 report entitled "A Climate of Uncertainty", we find at page 33:

> In last year's review two driving forces in the Canadian economy could be identified; the world, and particularly the U.S., outlook even though it appeared modest at the time; and high domestic energy investment.

That was their economic prognosis last year. This year they say "because the world outlook is bad, because the U.S. outlook is bad, it cannot do anything for Canada." It is not going to fire up Canada. The U.S. outlook is even worse than our own. The only thing left for Canada is high domestic energy investment. Again at page 33 of the Economic Council of Canada's report, we read:

> Now only the latter remains to move the Canadian economy forward in the 1981-1983 period.

What is this government doing? It is doing the exact opposite. It is putting the death knell on energy investment in Canada. There will be nothing left to move the Canadian economy forward. No fewer than 735,000 jobs in the 1980s will be gone. The tar sands is stopped. The heavy oil project is stopped. Judy Creek is stopped. The offshore is stopped. Why has this happened? Because this government is in confrontation with all of those provinces, with the private sector. It is trying to get more power here in Ottawa and trying to extend state control and state domination. The government is doing the exact opposite of what its own economic body is saying. The only thing we have to depend on in Canada are the massive energy projects in the next ten years. I believe the figure is $1.2 trillion which will be needed in investment. Of that at least $16 billion a year will have to come from outside of Canada yet this government threatens to sick Herbie Gray on to anyone who invests a dollar here in Canada and have Herbie tell them whether they are running their business properly or not. We know what Herbie is doing. We are seeing what his record is with Chrysler and with Massey-Ferguson. They are the sick pups. Luckily, he is not here tonight.

The other day I quoted what Mr. Otto Eckstein had said. Mr. Eckstein is an American economist. The Minister of Finance laughed. He had never heard of him. That shows his immense knowledge of economics. This prominent American economist of Data Resources Incorporated said this: "The collision between a stubborn inflation and moderate money supply targets is producing interest rates that will stop the economy's growth in early 1980-81". That is exactly what is happening here. It is a collision between the stubborn inflation and the moderate money supply targets which will stop everything dead here in Canada. We can forget home building, construction, consumer spending. We have 18.25 per cent bank rates here today. The unemployed can forget about being re-employed in the next year or two to come. The elderly can forget everything also. Where is the assistance which was promised to the seven million home owners last year? The tenants were particularly close to the hearts of gentlemen opposite. They voted against our mortgage interest proposition. They said it was shocking and that it would only help home owners and they wanted to help renters and tenants. How have they helped them in the last ten months? They have turned their backs on them. Hon. members opposite are conscienceless, or they would resign tonight.

We are waiting to hear from the minister. What is his plan of action? On October 28 he brought down a budget with an energy policy. Since then everything in Canada has gone downhill. In question period in the House one day, when I quoted an economist who said there would be one million unemployed next year, the minister said that was totally wrong. His own figures in the document which he produced, the medium-term prospects for the Canadian economy, show there will be 1,026,000 unemployed next year. In his own document he said there will be "mild appreciation" of the Canadian dollar this year. Its value will go to 86 cents U.S. in 1980 and 87 cents in 1981. How can the minister even sit here after making those kinds of projections just six weeks ago, Mr. Speaker? This government has turned its back on the one million unemployed. It has turned its back on several millions of elderly people. It has turned its back on the Atlantic provinces and on seven million home owners. It has turned its back on the regionally disadvantaged. It has turned its back on Alberta. It has turned its back on Ontario where unemployment is steadily accelerating.

• (2110)

My advice to this group and this minister is: Resign and be gone. Give Canadians a break. Get off their backs. Have some conscience. Let someone else with new approaches take over, someone else who will help and try to put the private sector ahead, give them room to expand, encourage investment, someone else who will worry about lower-income people and the unemployed, not the cold, calculated, cynical Liberals who have been here and have kept Canada in the state it has been since 1963. As was said by Leopold Amery in the United Kingdom parliament some years ago, "In the name of God, go". You have nothing more to give to the Canadian people. All you can do is damage them. The question is, will you damage them irreparably or not?

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, the records of this House will show that over the last 23 years that I have been here, on numerous occasions I have tried to indicate to this House that my sympathy has always been for the ministers of finance in this Parliament. During my experience here, I have watched not only the humiliation of Walter Harris, Donald Fleming, Walter Gordon, one of the greatest Canadians who ever sat in this House, John Turner, Donald Macdonald and Jean Chrétien. I have deliberately left out two. In every case I have stood in my place in the House and said that my sympathies went with the men who had to serve in this portfolio. Some of the older members will be witness to that.

Tonight I cannot say this for the present minister. He has no sympathy in this House because of a simple unalterable rule. He was so pleased with himself at his ability to trick and defeat a government barely in office nine months that, since the House met last fall, he has not been able to get the smile and the laugh off his face. This meanness of mind that led a Minister of Finance to make fun of a party that he defeated, particularly certain individuals in that party, shows up over the national television of this nation to the disgrace of every member of this House.

This minister has no sympathy from this House because he let his meanness of mind and soul show. This must never be done. If this House is going to operate, there has to be the assumption that the other person is a human being still striving and always striving to do something for the people of this country.

The issue tonight is essentially interest rates. It is to that subject that I want to devote my remarks. There can be no better subject for all Canadians to unite on. Ever since men joined together in cultures and groups, the one thing that always brought them together was the abuse of interest rates. Going back to the ancient civilizations in the Middle East, over to Rome, Greece and Egypt, there has always been this question of interest rates. When it was abused, it united the people. Even Christ threw the money-lenders out of the temple.

We now have a situation where interest rates are deliberately being used by a minister with full knowledge of the economic debate which has been going on for 30 years in North America. He is following policies proven wrong by quantitative analysis, knowing in full measure the harm he is causing to every single citizen in the nation, particularly the ones who produce wealth, whether they be farmers, small businessmen, or the great and mighty Massey-Ferguson.

The small businessmen, large businessmen and producers are being destroyed because of the level of interest rates. There is no use standing up and saying you believe in low interest rates when you refuse to send a directive to the governor of the bank straightening him out as to the government's intentions. We cannot have sympathy for a minister who refused to allow the opposition and members of the backbenchers of the Liberal party to meet in a standing committee with the governor of the Bank of Canada before that committee and for the minister himself to appear before that committee to answer questions from those ordinary laymen representing the people of Canada.

That was done in December, 1979, by the Clark government. All parties, Liberal, NDP and Conservatives united in that committee, not to tear down the bank governor or the minister of finance, but to try to put positive and constructive suggestions forward. All we asked of those two gentlemen was, would they listen to those suggestions and, if they had merit, advance them to the bank governor to see whether he could straighten out the obviously wrong policy in monetary and fiscal stance.

Politically the situation has changed since last December. The NDP made the mistake of moving a motion of no confidence in a new government. The Liberals took advantage of the situation, broke their honour to members who were not able to come to that debate and defeated a government only nine months in office. The democratic procedure is to give any government a fair chance. When you break the basic rule of law of democratic parties in government, you are witnessing the destruction of democratic government.

Now that they have won the seats of the mighty on that side of the House, these people find themselves being destroyed by their arrogance and their breach of ancient traditions. The NDP are in a particularly desperate position. Not only did they go along with the defeat of that new government without sufficient reason; after the new government got in place, they negotiated a formal written contract of marriage between the two and got into bed with the very people who are out to destroy them.

Now we have a divided NDP with all the western members of the NDP in grave danger of being held to this agreement by their leader, even at the risk of losing every NDP seat west of the lakes. If this Parliament has not learned a lesson two or three times before in our history, they will learn it again. If ever you want western Canadians to unite, whether they be Social Credit, Progressives, United Farmers, Liberals or Conservatives, just mention the subject of interest rates.

This subject was an issue before the First World War. Alberta was solidly Liberal then, as was Saskatchewan and Manitoba. The farmers and the city people got together, cleaned out the Liberals and Conservatives in western Canada

and put in 65 Progressives. When they came here, they did something about interest rates. They altered the Bank Act and put in a ceiling of 6 per cent. It was only a few years ago that parliamentarians even dared to remove that ceiling.

When you want to unite western Canadians, just bring up this subject of interest rates. I am not just talking on a political level tonight. I think the government sense that we on this side feel very deeply. I imagine they feel just as deeply themselves. However, I want to put before them some quantitative arguments to show that you can have a committee such as the one the government barred from operation in this Parliament. That indicates the seriousness of stubbornly following an economic theory which no longer holds water. Practical common sense is much more superior on this question of interest rates than any amount of theory.

• (2120)

Let me give the House some facts. One of the great arguments used by the bank governors is that if you let the dollar's value fall 1 per cent, it will cost us a little bit more for imported goods. We are importing, as a general rule, around $50 billion worth of goods a year. Even that 1 per cent adding up to a 1 per cent increase in cost would only come to $500 million a year, which is admittedly inflationary.

What is the cost if you use the technique of the interest rate to keep the dollar up? Take a 1 per cent increase in interest rates applied to over $500 billion. That 1 per cent of $500 billion is $5 billion. So even though the experts of finance say that the inflationary effect of goods being imported is only .4 per cent or .2 per cent—let us call it 1 per cent and make it five times bigger—which comes to only $500 million more a year. That is a lot of money but it is very small compared to the $5 billion it cost each year to raise interest rates 1 per cent. Keep these figures in mind.

I have in front of me a chart showing the bank rate of our central bank over the last four years. Just taking this last year the dollar has probably reached a high point of 87 cents, and a low point of roughly 82 cents, a 5 per cent difference. That 5 per cent times $500 million means that this depreciation of the dollar down to 82 cents is inflationary and is costing us five times $500 million, or $2.5 billion per year. That is a heavy cost and is inflationary.

What is the cost when you apply that same rule to interest rates? Interest rates, according to this chart, have climbed from just above 10 per cent last summer to over 17 per cent now, a full increase of 7 per cent. Remember, every time you raise interest rates 1 per cent it costs the Canadian people $5 billion a year, and $5 billion times seven is $35 billion a year. This route followed by the governor of the bank and by the Minister of Finance has added $35 billion in the last six months to the annual cost of trying to hold up the Canadian dollar. Even if it had gone down 5 per cent, it would cost us only $2.5 billion, so if you have to choose between the two you would know the choice to make.

Nine out of every ten economists in the English-speaking world would agree with what I have just said. Why, then, do we have this stubborn minority, this professional clique that exists in the Department of Finance, holding the view that: By God, that is the theory we learned in school, and by God, that is what you are going to swallow? That is the real crux of the issue.

Some hon. Members: Hear, hear!

Mr. Hamilton (Qu'Appelle-Moose Mountain): Do not blame this on the bank governor. Theoretically he is independent, but in practice he knows where the power lies in this country. It does not lie with the minister and it does not lie with the Prime Minister (Mr. Trudeau). The governor is forced to be a lackey to these mandarin cliques. I think I have said this in plain terms.

The minister is paying a heavy price for his arrogance and meanness of mind; but in the interest of fair discussion, this view I have just put forward is not only the view of the hon. member for Qu'Appelle-Moose Mountain, It is the view of some of our leading economists and intellectuals in the world.

I hold in my hands a copy of probably the most credible intellectual magazine for economists and serious minded students of government in the English-speaking world. It is called *The Public Interest*. At the present time it is not in the Library of Parliament. There is not too much demand by parliamentarians for intellectual magazines. This is in the national library and certain individuals around town get this publication. I would like to read from a special edition published last month called "The crisis in economic theory". I am turning to an article entitled "Economic theory and policy in disarray". This particular article is written by James W. Dean and is called "The dissolution of the Keynesian consensus".

Remember, Mr. Speaker, I am quoting from a magazine published in, of all places, New York. Very few copies get into Canada, but otherwise it is read in every English-speaking country in the world. The day will come when the literacy of Canada will rise to the point where people will seek out this type of intellectual discussion. I am going to read just six sentences. Remember, as I said before, this magazine came out last month. This is what it says in the opening line:

On December 13, 1979, the Government of Canada fell.

Imagine mentioning Canada in an intellectual magazine; wonders will never cease. The article goes on:

For just six months the Conservatives had governed with a parliamentary minority, and they were defeated on a vote of no confidence. The issue was their first budget—a budget that rejected Keynesian economic policies, replacing them with radically different recommendations. Unemployment and slow growth were to be fought not by increasing the federal deficit but by reducing it.

That was a complete and radical revolution of economic theory. The article states:

This was a turnabout in what the Conservatives themselves had recommended when sitting in opposition just the year before. Their turnabout mirrored that of much of the economics profession throughout the English-speaking world. It was the decade's last dramatic reflection of a dissolving Keynesian consensus.

Whenever I read of an intellectual magazine published in a foreign country using Canada as an example of something new and wonderful that has happened, I know that within a few

years the idea, the thought, will be all through the academic thinking of all nations.

Here we sat in the Parliament in 1979 and defeated a budget because of a greed for power on the part of a small, defeated rump representing the Canadian people. That party used a policy of fear to convince the people into believing that to save their nation they had to bring in a government which had turned its back on them a few months before. Now the minister, who in his earlier life as a politician used to consider himself a bit of an economist, has been caught in all these answers in the last few weeks in the House about the theory of his budget doing what no good politician should ever do; zigging when he should have been zagging.

• (2130)

The Minister of Finance (Mr. MacEachen) has been a failure not only on moral principle and decency in this House, but also in his own disciplined economics in going the wrong way at a time when the nation desperately needed a government that would open its eyes and go the right way.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I have listened to three speeches by members of the official opposition, and I wondered whether they were attempting to deal seriously with the Canadian economy or were attempting to express their personal and political frustration at the results of a vote which took place in the House of Commons last December and the vote of the Canadian people last February. Because throughout the whole contribution of the three hon. members of the official opposition there ran that bitter expression of personal frustration which has led them to make intemperate remarks in the course of what ought to have been a serious discussion of the economy.

I must say that the last speaker on the opposition side did not add to his stature in the House of Commons by his most recent intervention.

Miss MacDonald: You surely have diminished yours.

Mr. MacEachen: I have no intention of responding to the hon. member for Kingston and the Islands (Miss MacDonald), who is speaking now from her seat and who will be permitted to speak later, if that is her inclination.

I want to take advantage as other hon. members have done to address what to me is a very serious economic situation facing not only the world but Canada as well. I have never hidden from the House of Commons or from the Canadian people the fact that I regard the difficulties facing the country as serious difficulties.

Mr. Broadbent: But not a crisis.

Mr. MacEachen: That was made clear in the budget. It has been made clear in every response I have given to questions in the House of Commons. The situation is serious, and there are a number of factors which account for its seriousness. I have been attempting as well as I can to deepen the understanding of the nature of the problem facing not only the world economy but also that of Canada.

The first point I would like to make in reminding the country and the House of the current situation is that not only is Canada, in a sense, reacting to the effects of a severe oil price shock which took place in 1978, but also every industrialized country in the world is reacting to it, with inflation running at the very high level of just about 11 per cent, with unemployment running very high and with a decrease in real output. That is the situation.

At the first meeting of the International Monetary Fund which I attended as Minister of Finance in the spring, the managing director of the fund told all the finance ministers from the industrialized countries assembled that the outlook for the world economy is decidedly grim. That is a fact, and we have not yet recovered from the oil price shock which is inflicting inflation upon the world. We may be working our way out of it, but I warn hon. members that if there is a further shock from protracted hostilities between Iran and Iraq or other difficulties in the Middle East, the world will be further attacked by this kind of difficulty.

Mr. Clark: What a fraud.

Mr. Nowlan: Blame it on Polish sausage.

Mr. MacEachen: I remind you, Mr. Speaker, that hon. members on this side of the House sat quietly while three members of the opposition made their speeches. There was no heckling. There was no berating. Hon. members opposite are obviously afraid to be confronted with reason and objectivity, and they want to deal with personal and political frustrations.

Some hon. Members: Hear, hear!

Mr. Nowlan: You are the most deceitful Minister of Finance we have ever had.

Mr. MacEachen: There is nothing Canada can do—unless accept the advice of the Leader of the Opposition (Mr. Clark), which is to drop off the planet; that seems to be his proposal—because we are being influenced by these forces throughout the world, and we have to cope with them.

Hon. members opposite have talked about the U.S. interest rate crunch. They have said that I have been blaming our difficulties on the United States. I think it is rather unbecoming for the Leader of the Opposition and his former minister of finance not to pay at least some attention to the analysis which has been provided to us by the governor of the Bank of Canada, publicly yesterday and privately before the provincial ministers of finance. He has talked about the interest rate crunch. He has talked about the impact it has had on Canada.

Mr. MacEachen: The governor of the Bank of Canada has been quite candid in saying that this problem does not originate in Canada. Let me read the two full sentences.

In the present case, the rapid run-up of U.S. short-term interest rates to such high levels is bound to have a major impact on Canada through increases in interest rates here or through a fall in the foreign exchange value of the Canadian dollar, or some combination of the two.

That is the analysis of the governor of the Bank of Canada.

Mr. Clark: That is two sentences of his analysis.

Mr. MacEachen: The next sentence reads as follows:

The problem does not originate in Canada—

I repeat, the problem does not originate in Canada.

—and the bank has no way of dealing with it that will not affect either the level of interest rates or the exchange rate or both.

That is a fact which was confronted by the ministers of finance yesterday in our meeting. There can be a difference of opinion as to whether we ought to take that pressure on the exchange rate or take it on interest rates. The governor of the Bank of Canada has chosen—I think wisely—to blend the two approaches as well as he can.

I believe he has managed extremely well in this present circumstance. Yesterday after the meeting was over, the minister of finance of Quebec, Mr. Parizeau, said that it was appropriate that we take this pressure on interest rates, and the Ontario minister, Mr. Miller, said that in his view we ought to take it on the exchange rate. Well, I happened to point out both to Mr. Miller and to the hon. member for Oshawa that it is a conceivable policy to look forward to a further decrease in the exchange value of the Canadian currency, a decrease which has been very deep already. The dollar has gone down very recently from about 87 cents to 82.5 cents. It has strengthened today, fortunately. I would ask the Leader of the NDP to reflect upon the very deep impact that a further depreciation of the Canadian currency would have on inflationary pressures in Canada. He recognizes that, but he has made his choice and I disagree with him because I am more afraid of the inflationary thrust which would come from further depreciation of the Canadian currency.

● (2140)

The governor of the Bank of Canada has made a choice, and I support him in that choice because there is no easy way of getting around the unpleasant situation originating in the United States, which the country faces at present. I must say to the Leader of the NDP that it is a bit of an oversimplification for him to talk about Canada following in lockstep with the United States rates. Obviously the United States is the most powerful industrial country. It is closely linked to the economy of Canada because of historical factors, and what happens in the United States is bound to influence what happens in Canada. But the fact of the matter is that at a certain point this summer Canadian interest rates were about two percentage points higher than they were in the United States.

Mr. Crosbie: And they will be again.

Mr. MacEachen: At present they are three to four percentage points lower than they are in the United States. So much for the charge that we are moving in lockstep with the United States; we are not.

Some hon. Members: Hear, hear!

Mr. MacEachen: We are managing our own affairs as an independent country, but nobody can conceal the fact that we are part of an international economy, part of a world economic system, part of an international trade and payments system, and there is no way that we cannot be influenced by what happens in the United States.

Mr. Crosbie: What about the U.K.? What about Germany and Japan?

Mr. MacEachen: I was appalled at the juvenile questions which were put by the former minister of finance in the course of his speech. He asked why the situation is not the same for the pound sterling and the yen.

Mr. Crosbie: That is right.

Mr. MacEachen: No wonder he is on the other side of the House if that is his understanding of very simple economic facts—

Mr. Crosbie: Explain.

Mr. MacEachen: —comparing the pound sterling with the U.S. dollar and the Canadian dollar. What could be more juvenile? What would more better illustrate the need for a personal tutor for the hon. member for St. John's West (Mr. Crosbie)? I do not intend to become his personal tutor; I do not have the time to spend.

Mr. Crosbie: Try to answer. There is unanimous agreement to having you answer.

Mr. MacEachen: That is the situation, Madam Speaker, with respect to the interest rate crunch that we are facing in this country at present. I want to acknowledge the fact that inflation is a very serious problem for the country.

Some hon. Members: Oh, oh!

An hon. Member: What a profound statement!

Mr. MacEachen: You know, Mr. Speaker, I am also prepared to say that I find it increasingly difficult to accept the readiness of the official opposition to take advantage of the courtesy provided to them by members on this side, and when a reply is being made they refuse to listen but are heckling and barracking every time.

Mr. Clark: Coward. Answer the question, coward.

An hon. Member: Relax, Joe.

Mr. MacEachen: The Leader of the Opposition is showing his personal bitterness, his personal frustration, his personal humiliation every day in the House of Commons. I ask him not to continue, please, the kind of conduct which he has shown in the House of Commons in the last half hour, because he is not going to get away with it, I assure him.

Mr. Clark: Answer the question.

Mr. MacEachen: Mr. Speaker, we are facing a serious problem of inflation in this country; there is no question about that. There is no question about the fact, also, that the prospects for inflation have deepened and darkened since the budget itself because of increases in food prices, for example. The most recent estimates of the food price outlook for 1981 are now three or more percentage points higher than the 12 per cent in the budget. Livestock prices, for example, are expected to increase, the Canadian dollar has depreciated, interest rates have gone up, and that is bound to affect costs and prices in Canada. The rate of inflation in the United States has edged up, and all these factors are bound to have an impact on Canada.

When hon. members opposite ask the government, rightly so, I think, to be concerned about the impact of increasing inflation, particularly upon low-income Canadians, I want to point out, as I pointed out in the question period today, that at present—and I believe the hon. member for St. John's East (Mr. McGrath) is ready at least to listen to reason—a large number of programs are in effect which are protecting low-income Canadians against inflation. I talked about the old age security, the guaranteed income supplement, the spouse's allowance, the family allowance, the child tax credit, unemployment insurance benefits, veterans' allowances, Canada Pension Plan benefits. All of these are fully indexed, and this year the income tax system as well is indexed to the cost of living. Together these programs in 1980 will provide an additional $3 billion worth of protection from inflation to the groups affected. That is a very important protection offered which is fully indexed. The value of the guaranteed income supplement which was provided by this Parliament earlier this year in the amount of $35 a month will not erode. Its full purchasing power in terms of 1980 dollars will be fully maintained, and that protection will be available to the neediest people in this country. So I do not think it is fair or reasonable or humane for hon. members to hold up the fear that this particular pension is eroded, because it will be fully protected.

I have been asked by hon. members opposite to bring in another budget. I would consider that possibility if I had failed to recognize the chief threat facing this country in the budget of October 28. The turn of events, the additional inflationary pressure which has arisen since the budget, has confirmed my judgment that I had taken the proper approach in framing budgetary strategy.

Some hon. Members: Hear, hear!

Mr. MacEachen: I remind hon. members that the main element of that budgetary strategy was, first of all, to maintain government expenditures within the rate of growth of the economy. Today I have been asked by the official opposition and by the NDP to launch new programs which would add to the projected expenditures and to the deficit. I cannot understand how it is that the hon. member for St. John's West and his colleagues, who have complained vigorously and determinedly against deficits and have called upon this government to reduce its deficit, ask every day for more spending. I do not intend to go beyond the spending limits which have been prescribed in the budget because I am deeply concerned about inflation.

● (2150)

Some hon. Members: Hear, hear!

Mr. MacEachen: I propose, as I outlined in the budget, to seek a steady reduction in the deficit and financial requirements because I am concerned about inflation. I propose to avoid, as well as I can, corporate and personal income taxes because I am concerned about inflation. I propose continued support for the Bank of Canada in holding down the pace of monetary expansion because I am concerned about inflation. If at any moment in the next period of time the basic analysis upon which the budget has been built is changed by events, then I will be prepared to change the basic strategy of the budget. But the budget has an anti-inflationary posture and will contribute over time to a reduction in inflationary pressures in this country. I cannot tell members of the House of Commons that there is an instant solution to the inflationary pressure in Canada.

Mr. Broadbent: Who said there was?

Mr. MacEachen: There is none. It will take a lot of time, and I am sorry to tell the hon. member for Oshawa (Mr. Broadbent) that at this time tax cuts such as he is proposing would do nothing but add further to the deficit.

Mr. Broadbent: Why?

Mr. MacEachen: Because the member is not advocating at the same time that we cut expenditures. It would do nothing but add further to the deficit, add further to the borrowing, add further to pressure on interest rates, and add further to inflation. Also I should like to tell him that his call for new programs of spending will do nothing but add further to inflation in the country. I differ from him very, very definitely on that approach to current problems in the country. As I have said frequently during question period this week, I intend to monitor carefully the impact of inflation upon unprotected groups in the country and to take action when action may be decided to be necessary.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. It would be my intention to recognize the hon. member for Capilano (Mr. Huntington).

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): Order, please. As hon. members will realize, I just entered the chair a few moments ago. I know of no reason why that would not be the correct decision. If the hon. member for Broadview-Greenwood (Mr. Rae) is rising on a point of order because he may object, I will listen to whatever reason he may have for the Chair changing the order of recognizing hon. members.

Mr. Rae: Mr. Speaker can see whomever he chooses, and I recognize that. I simply point out that I was seeking the floor because it was generally understood that I would be rising at this time. There have been three speakers on the Conservative side in a row, and I do not think it is unreasonable for me to expect to be recognized at this point.

Mr. Flis: Mr. Speaker, I rise on a point of order concerning remarks which I believe were made by the hon. member for Annapolis Valley-Hants (Mr. Nowlan), if he is sitting in his right place. The hon. member used the words "Polish sausage". I happen to be of Polish heritage, and I ask the hon. member to withdraw those remarks or get out of this House. That is not parliamentary language. He is discriminating against me as a member of this House, and he is discriminating against over seven million Canadians who have Italian, Polish and Ukrainian backgrounds.

Some hon. Members: Shame!

Mr. Flis: He should not be sitting in the House. I ask Mr. Speaker to ask the member to withdraw his remarks or leave the House.

Mr. Nowlan: Mr. Speaker, I certainly would not want to insult Polish sausage after listening to the hon. member.

Mr. Clark: Well said.

Mr. McGrath: What is wrong with Polish sausage?

An hon. Member: Who said anything about Polish sausage?

The Acting Speaker (Mr. Blaker): Order, please. I will take a moment to explain. As far as I understand it, the hon. member for Oshawa (Mr. Broadbent) led off the debate. I will do the necessary minute mathematical calculations in terms of the proportions of the House, but I think I am correct in recognizing the hon. member for Capilano.

Mr. Waddell: That is unfair!

Hon. Ron Huntington (Capilano): Thank you, Mr. Speaker. My party has been here carrying on the debate and the other party has remained seated. I am prepared to follow the Deputy Prime Minister and Minister of Finance (Mr. MacEachen).

I was very impressed with an interview conducted by Mr. Jack Webster in Vancouver of Ilya Geral a journalist expelled from the Soviet Union some 18 months ago. He has made Canada his home for the last ten months and has developed a deep love for this country, but in commenting upon the politics of this land he said that Canadian politics were well behind those of Pakistan. After listening to the Minister of Finance tonight, I think the opinion this new Canadian has gleaned of our politics has been confirmed amply. This government rules by confrontation, not dialogue; it rules by passion, not reason. I am just amazed when they appeal to the reason of the people on this side of the House, and the Prime Minister (Mr. Trudeau) goes to Regina to tell people in the west to speak with reason and not passion, when it is the passion of this government and the passionate statements of this government which have riled the country to the point it is at now.

Also, the government rules by change, not continuity, and it is sudden change with which we are dealing tonight. If the words of Albert Schweitzer ring true, "Truth has no special time of its own; its hour is now and always", I should like to remind members on the government side that it is now time in Canada's history to return to the truth and face the truth of the issues before us now. There is no point in blaming it, as the Minister of Finance has just done, on the world and saying there is inflation all over the world. He blamed it on the oil crisis of 1978, yet countries with work ethics like Japan and Germany have been able to adjust and manufacture goods to offset the penalty they have been required to pay. They have paid a greater penalty than we have paid because they do not have energy sources such as ours.

Also I remind the Minister of Finance that the projections in the United States are that its inflation rate by 1984-85 will be down to the 4 per cent or 5 per cent bracket. The United States has already adjusted its economy to the world price of oil. These are the things we are not facing up to. These are the truths which the government refuses to face, truths which are aggravating the economic health of the country.

Many times I have pleaded in the House with the Liberals to give back to the business sector a decision-making base, a base which would return wealth-creating decisions to the boardrooms of the nation. What the boardrooms have given this nation is wealth. Now the government has given the wealth of this nation to the accountants and the lawyers who continue to try to get through the maze of confusion which has almost destroyed the private sector. Mr. Speaker, some time ago there was a call for the government to get out of the bedrooms of the nation. My call tonight is for this government to get out of the boardrooms of the nation and let the brains of the nation manage and create wealth and deliver something which will solve the problems of the nation.

● (2200)

Some hon. Members: Hear, hear!

Mr. Huntington: What we ask is for the government to set down the rules of behaviour expected by the business community. We ask the government to set down the objectives which

must be reached before an equitable quality of life can be reached, not only by Canadians but by our neighbours, all of our neighbours on planet earth.

The growing problem of poverty and people's anxieties can only be resolved through the creation of wealth. No country on earth has a greater potential to serve mankind than this country of ours. If only we had honest political leadership instead of a group of intellectuals using it as a laboratory for political revolution then this potential would be realized.

Some hon. Members: Hear, hear!

Mr. Huntington: Mr. Speaker, in place today we have a bureaucracy which honestly believes it knows better than the millions of people working in widely diverse activities under the rule of law. Our dilemma today in this country is the maximizing of the "take" from the wage earner to the point where the effort to add to the value of goods is no longer worth while. They have taken the incentive and the will to work away from the people. History is repeating itself. It is entirely possible that we are trapped in the inevitability of human frailty and human nature which has caused the failure of ten preceding civilizations. It is entirely possible, as the Prime Minister said some months ago, that "the enemy is us" and that we will not face the truth of our problems and our dilemma; we would rather play political games with an apathetic population.

As Sir John Glubb pointed out in the *Canada Law Gazette* in 1976 the stages of the rise and fall of great nations seem to be:

The Age of Pioneers,
The Age of Conquests,
The Age of Commerce,
The Age of Affluence,
The Age of Intellect—

We have just come through that age.
The Age of Decadence.

Decadence is marked by:
Defensiveness,
Pessimism,
Materialism,
Frivolity,
An Influx of Foreigners,
The Welfare State,
A Weakening of Religion.

Decadence is due to:
Too long a period of wealth and power,
Selfishness,
Love of money,
The loss of a sense of duty.

I think we see too much of that today in this country. Today, in 1980, we have a report from the Economic Council of Canada which is entitled "A Climate of Uncertainty." We have been warned of the consequences of removing decision-making base from the private sector. And here it is, we are facing it. We have a debate tonight on the economic crisis which this nation is facing.

Mr. Speaker, our troubles really started in that coalition government in the 1972-1974 period when we got that Benson tax legislation and that principle of a buck is a buck, is a buck. That was given to us in the guise of fair-sharing, more equity and delivery. Most of us accepted that there was some justification in that. But today we have very expensive dollars, or bucks, in the private sector. They are so expensive they cannot be risked; there is too much sweat and effort behind them. The bureaucracy use very cheap bucks which are printed by a machine—the machine of government. Those cheap dollars are being used to destroy the private sector. There is no way the private sector can create the wealth to compete with the power of take-over and buy-outs which the federal government has. The cry from the private sector is due to the reckless, irresponsible way the bureaucracy spends the sweat of labour, all under the guise of fair-sharing. People in this land are generally proud to pay their taxes, and are proud of the amount they pay. But they do object to it being wasted and squandered, used unwisely, which is the history of this Liberal government.

The federal government sees that $10 billion heritage fund in Alberta, which is set aside to build wealth-creating industry that will last long after the non-renewable resources are gone, as a sinful thing, and by hook or by crook they want it to squander as they have squandered the wealth of this nation over the last 16 years.

I am at some risk with respect to my next comments. The real tragedy started, I think, when we lost our great opportunity, when we failed to fully study and discuss the Mackenzie Valley pipeline. If we had gone ahead with that project we would have had a transportation system moving the energy of the North Slope down across this country and to our neighbour to the south, upon whom we depend for our freedom. As the Minister of Finance has stated tonight, we are closely tied, in economic terms, to our neighbour to the south. For $8 billion that transportation system could have been in place and that tax revenue would have been in place for the communities. The native people would have had the benefit of the schools which would have been created. The $22 million the federal government spent on the transportation system up through that valley would have been used to benefit those people. We would have had people working. We would have had steel mills working. As a result, we would have had wages and taxes and some $3 billion less unemployment insurance to pay. We would have had pumping stations and roads. And just as all that was phasing out, Mr. Speaker, we would have been able to start another tar sands plant. We would have been able to get on with the Cold Lake project. Where on planet earth is there a nation which has ever been given more opportunity than Canada? And what has this government done? They have squandered it and thrown the opportunity away. They have caused megaproject after megaproject to be backed up, with no action at all—nothing but confusion. There will be all of these megaprojects coming in at once and there will be

unbelievable shortages of everything: labour, steel, everything. There will be utter chaos.

Mr. Speaker, in the Christian belief you are supposed to forgive. I think somewhere in the Bible it was said: Forgive them, for they know not what they do. I have a great deal of trouble forgiving in this instance because I think they know what they are doing. They could not pull off the constitutional package and the energy package which the government is trying to pull off if they had a healthy economy. The opportunity was there and this government threw it away. Only under stress of economic chaos, duress and frustration could they ever get the Canadian population to the apathetic state in which it would accept the type of revolution they are imposing on us through their energy measures and through the constitutional debate, a struggle we are in the midst of right now.

I would like to turn, now, to Petro-Canada. Why is Petro-Canada not using the resource and the mortgaging power it has over the assets of this nation to increase the energy reserves of Canada? Why is it buying art for its walls? Why is it buying the downstream industry? Why is it buying out fully-owned Canadian independents in the distribution sector? Why is it joining the majors who have a stranglehold on the refinery gate price of oil? In Burnaby, B.C., Petro-Canada moved in and bought out Merit Oil. Merit Oil was a discounter serving the Vancouver community with 27.8 cents a litre gasoline when full service gasoline was 29.8 cents per litre. Yet Petro-Canada moved in and bought out that independently-owned Canadian operation.

Mr. Lalonde: They were bankrupt.

Mr. Huntington: They were not bankrupt. The Minister of Energy, Mines and Resources (Mr. Lalonde), that great guru of energy, says they were bankrupt. They were in trouble for only one reason, which was that the independents all across Canada, including those in the minister's own province, have been strangled by the people who own the refining sectors of Canada.

Mr. Lalonde: The multinationals.

Mr. Huntington: Who has joined the multinationals, Mr. Speaker? Petro-Canada is right in bed with the multinationals just in the same way as the NDP is in bed with the minister.

Some hon. Members: Hear, hear!

● (2210)

Mr. Huntington: Where are the resources of Petro-Canada being used to produce one new barrel of oil, explore, or risk money. Who in Petro-Canada can make a decision and say "The hole will go here"? Instead, they move in and take away the intellectual property of all those people who have taken risks in the high north, if they shift their major effort into the downstream petroleum industry.

I listened to the Minister of Finance tonight; I think he left the House still not understanding what was wrong. The government's priorities are all wrong. It does not know where to direct the initiative and the financial wealth which is under its control. Once again, they are wasting it. Let us look at the world price. The government refuses to move to world price. Consumers all across Canada are paying 135 per cent to 164 per cent of world price for consumer goods, but we go along with that because it is good for payrolls and industries in the central sector of Canada.

Yet, when one of the regions, one of the outbacks of the country, wants world price for one of its diminishing resources, all of a sudden that is not to be allowed. The consuming provinces want the resource for 50 per cent of the world price. What would happen to this country if we moved more rapidly to world price? It would open up new vistas of research and new opportunities which we have lost because they have all gone to Germany, Japan and the United States. It is the world price which has given them that opportunity, and as a result we will have to buy back those manufactured products and those technologies from those countries because we have been so slow on this issue.

We would have new reserves of energy and new alternative forms of energy if we had moved faster to world price. We would have had a conservation aspect which has been proven in the United States and which Canada does not have. We would have had a new vitality. We would have had new research and we would have reduced unemployment. We would have had a dollar at par and we would have lower interest rates. We would be one of the leading industrialized nations of this world using the God-given resources of this country, instead of squandering them under the policies of this government.

Some hon. Members: Hear, hear!

Mr. Huntington: With our dollar at par, we would have new purchasing power for our wage earners, and they would not have to demand so much in terms of the diminishing value of the dollar to maintain purchasing power. This is what is wrong.

I listened to the minister answer a question on research put to him by one of his colleagues today. I could not believe what I was hearing. The Liberal research and development policies of the past 12 years have delivered us into an $18 billion deficit in fully manufactured goods. The worry I have is that the bureaucrats serving the government side of the House truly believe they have a greater wisdom and ability to direct tax points and/or tax revenues into areas of risk and research and innovation.

It boggles my mind, because if the government delivered tax points for another $50 million in incremental expenses it could deliver tax points out to the business sector and allow those decisions to be made by the entrepreneurs, engineers, and scientists in the private sector, and suddenly we would be seeing activity and wealth starting to bloom in this country which we would never get from the halls over on Queen Street or the halls of this building.

We have an obsolete and archaic research and development policy that is perpetuated by the bureaucracy and the attitude

of this government. If I do one thing tonight I plead and appeal that it hear this message, crack that nut and give tax points out to this industry as has been requested by every responsible association in Canada.

When I hear the Minister of Finance speak, as he did tonight, about everything being the fault of everybody else in the world, about our inflation being the fault of the United States and the fault of the 1978 energy oil price increase, I have to say that it is not so. We are the most gifted nation on earth. We have an energetic, hard-working, brilliant people, but the policies of this government are causing the most valuable assets we have, our capital and our intellectual worth, to emigrate.

This has happened down through history when governments become oppressive and remove the incentives from the wealth-creating sectors of nations; it has gone on for ten civilizations and it is being repeated right here in Canada. But that does not have to be the case. There is a new challenge and a new awareness, and I ask the government to take that into consideration. Only then can we turn this country around and create a unified, hard-working nation. We must get rid of the dole, the massive unemployment insurance budget and get back to work again, back into the schools and back into the world community where we can serve it properly.

The Acting Speaker (Mr. Blaker): Before I recognize the hon. member for Broadview-Greenwood (Mr. Rae), courtesy requires that an apology be extended to the hon. member for Broadview-Greenwood by myself, by the Chair. I have reviewed what happened since the debate began at eight o'clock, and it is perfectly clear that the balance of representation is of considerable disadvantage to the party which proposed the motion.

By way of explanation, apparently in the early part of the debate, no members to my right rose to be recognized. In the future, and as I and my colleagues in the Chair move through debate during the evening, we will establish the proper ratio which may have gone wrong earlier as a result of my decision to recognize the hon. member for Capilano (Mr. Huntington).

The one thing that I do want to say is that if an hon. member does not rise in the party which would ordinarily be recognized, from either the left or the right, at the proper point in time, then the Chair would consider that opportunity lost to that party.

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, I had occasion to see two editions of the *Toronto Star* today. I saw both the second edition and the fourth edition. The second edition of the *Toronto Star*, which is known affectionately to its readers as "twinkle, twinkle, Liberal star; how I wonder what you are", had an article with the headline "Interest Rates May Soon Fall Rapidly: MacEachen". The fourth edition had an article with the headline "MacEachen: Higher Rates Inevitable". That covers Liberal policy and the *Toronto Star* from A to B.

Mr. MacEachen: Wait for the next edition.

Mr. Lalonde: Wait for the fifth edition.

Mr. Rae: The Minister of Energy, Mines and Resources (Mr. Lalonde) will be in the fifth edition of the *Toronto Star*, and I am sure that we will be reading about him on the editorial page tomorrow.

One of the things which in a sense has been missed in this debate is the continuity involved in the policy which has been followed by the Department of Finance, the Bank of Canada and the Government of Canada for a number of years. That policy is based on two assumptions. It is a policy which was—and I do not intend to make a partisan speech this evening in terms of whatever may or may not have happened in the last year or two years—followed by the government of the day, be it Liberal or Conservative; that Canada is a colony, that we have an essentially colonial relationship with the economy of the United States. The euphemism for this expression is to say that our capital markets are interlinked. If the American bank rate goes up, our rate has to follow. The second justification for our interest rate policy has been quite simply that control of the money supply by making money more expensive is the most effective means of fighting inflation.

● (2220)

This is not the first opportunity the House has had to discuss this question. This is not the first opportunity we have had to discuss the monetary policy which is being followed by the Bank of Canada and by the government. I am sorry the Minister of Finance (Mr. MacEachen) was not the finance critic at that time; perhaps if he were we would have seen more clearly and precisely the nature of Liberal policy, but the earlier opportunity we had in recent memory was in the committee which was established by the House last year when we had governor Bouey before us in order to study the question of interest rates. This is not the first time we have been inflicted with this disease. This is the third such fever we have experienced over the past 15 months. The first fever was in the summer and fall when the hon. member for St. John's West (Mr. Crosbie) was minister of finance. The second time was just as the Liberal government took office and the third time is today. The interesting thing about these fevers is that they are not all similar, as has been suggested. There is one very significant difference in the interest rate fever which has struck at the Canadian economy. Each time the peaks are higher and the valleys are higher. Each time the peaks get worse and get more severe.

What concerns me particularly is that nothing has changed. There is nothing in what the government has said today which will give Canadians any sense that the situation will be any different in six, eight or 12 months hence if a similar disease inflicts the American economy or if the United States decides the same kind of policy is the one they must follow. There is indeed a guarantee that the policy here will be exactly the same, but again, with a significant difference. The difference is, and I say this not in a particularly partisan way but simply as what many analysts have told us about what would happen, that is, the rates the next time will be even higher. At some

point one has to ask oneself whether the policy which has been followed, since it has produced three serious bouts of interest rate fever, and the imposition of even higher rates further restriction of the money supply and a policy of extremely conservative fiscal policy, are appropriate to the position in which we find ourself.

Again, I could make a partisan political attack on the inactivity we have seen from the government. I think the inactivity which we have seen calls for it. We have had an extraordinary performance by the Minister of Finance. I am thinking of president Kennedy's book called "Profiles in Courage". The Minister of Finance has neither a profile nor courage. There is no evidence that he is prepared to take his case to the Canadian public. There is no evidence that he is prepared to take his case to the western provinces or to the eastern provinces or to go to the people of Canada to explain the policy which the government is following. He has not done that. It is almost as if we have an invisible policy and an invisible Minister of Finance. The assumption is that the policy will somehow sell itself or that the problem will go away. Sometimes when we speak we reveal things we do not mean to reveal, and when the minister said, "This government has an anti-inflation posture", I thought it was a beautiful expression of the government's position. The government does not have a policy, Mr. Speaker, the government has a posture. It is with the posture and with the policy I want to deal. It is a common thread which unites Margaret Thatcher's England with Giscard d'Estaing's France with president Reagan when he becomes president of the United States. It is a similar policy. The minister can take comfort, as he often does when he comes into the House and says, "I went to a meeting of the IMF. Everybody is doing the same thing. They all agreed with us".

Mr. MacEachen: What about Helmut Schmidt?

Mr. Rae: The minister says, "what about Helmut Schmidt". I will deal with Helmut Schmidt momentarily, Mr. Speaker. But I ask, what is the unemployment rate in Helmut Schmidt's Germany? There is no comparison between the level of unemployment, the German economy and our own.

There is no comparison between the level of undercapacity in their economy and our own.

Mr. Lalonde: They ship them to Turkey.

Mr. Rae: The Minister of Energy, Mines and Resources says they ship them out. That was true in 1974, but it is not true today and the minister should know it. He should know better than to make that kind of a blanket statement with respect to the policy of the German government.

What is the nature of the problem? The nature of the problem in Canada is that essentially we have a colonial and a branch plant economy. The problem is simply being perpetuated and compounded by policies which the government is following. If we look at the importation of inflation and the underdevelopment of the economy, the fact that we do not have simply frictional unemployment or cyclical unemployment—unemployment which comes and goes with undercapacity in the economy—we find we have tremendous levels of structural, permanent unemployment and one has to look at the nature of the economy and the nature of the economic structure in order to get at the answer to those problems. That is not what the minister is saying. He is saying that if we continue on what he calls this middle path, doing a little bit here on the one side and a little bit on the other, somehow we will resolve these fundamental contradictions. But I do not see how that is possible. I do not think that it is possible. How is it going to be possible?

The hon. member for St. John's West pointed it out. We pointed it out to him when he was minister of finance. We pointed it out when he was in committee defending the policies of governor Bouey, we pointed it out when we went through the second fever. Of course, we have a huge current account deficit. Of course, we are in debt to the rest of the world. Why are we in debt to the rest of the world? There are two basic reasons. First, we import so much finished goods and machinery. In 1979 there was a $17 billion deficit. Second, we export so much of our dividends and debt payments out of the country. Why do we do that? We do that because essentially we have a colonial economy.

How do we break the pattern and the cycle? How do we engage in a new policy which will make it possible—not to find an instant solution because no one in this House is putting forward an instant solution. The minister cannot come in here and say there are no instant solutions or no easy answers. Of course not. But the question he has to ask himself is this: is there some hope that at the end of a policy which takes five years, ten, 20 or 25 years to plan for the future of our economy, it will lead to greater independence? None of us in this party whose roots are so international would think even for a moment about getting off the end of the world, which is the kind of rhetoric the minister talks about. That is not the question. The question is, how can we in Canada attain the same level of independence as they have in Japan, in Britain or in Germany? The minister was quite right when he said to the hon. member for St. John's West there is no comparison between our economy and theirs because their economy is much more independent of the American economy. They do not have this capital market interlink. They are not a colonial economy in that sense. All we can say is "Hear, hear!" The question is, how do we get to being that kind of an independent country with that kind of independent economic policy?

An hon. Member: Political will.

Mr. Rae: Political will is part of the answer. Part of the answer is to have a sense of monetary policy which allows you to break the cycle. How do we break the cycle? I suggest we break the cycle by following an interest rate policy which relates to the inflation problem in Canada and relates to the needs of Canadians and the needs of the domestic economy. If we follow an interest rate policy which will have an eventual effect of overvaluing the Canadian dollar, I suggest to the minister, although I know this is not a fashionable time to say

so when the dollar is lower than it has been, the basic concern has to be not that the dollar will be undervalued over time, but that the dollar will be overvalued over time.

• (2230)

The impact this is going to have on our exports and our ability to substitute for all that volume of machinery, heavy goods and finished products that we import will be devastating. The minister is aware of that fact. When the Minister of Industry, Trade and Commerce (Mr. Gray) was in opposition, he was not afraid to mention this. Indeed, it was the Parliamentary Secretary to the Minister of Finance (Mr. Evans) who served on that committee studying interest rates. He was one of the great advocates of an independent interest rate policy in order to reach the stage where we would have a lower dollar. His voice has become a little muddle since becoming Parliamentary Secretary to the Minister of Finance.

An hon. Member: Gagged.

Mr. Rae: If that was his policy then, why is it not his policy now when we have an opportunity to do that? The minister says if we did that, we would be fuelling inflation. I can only answer by saying we have recognized that if we have a lower dollar, it will have a temporary short-term impact on inflation. I will come back to that again in a moment.

One has to ask oneself, is it not better for the long-term potential of the Canadian economy that we make some imports more expensive in order to encourage the development of a Canadian economy. That development will not take place if you have interest rates which are so high that no manufacturer, Canadian, foreign or any other kind, will invest in secondary industry in Canada. That is the circle which has to be broken, because it does not make any sense.

It does not make any sense to have a high interest rate policy when our economy is running between 75 per cent and 80 per cent of capacity. It does not make any sense to think you can squeeze inflation out of our economy by increasing interest rates the way the government has done. It does not make sense to increase interest rates to the point where supply is so restricted that the inevitable result is inflation.

Why do we have inflation in the housing industry or in agriculture? There are many people here who know more about agriculture than I do. However, a simple understanding of the basic principle of economics teach one that if you restrict supply the farmer will inevitably charge more for his goods. Therefore, those goods will be more expensive to the consumer. If you charge higher interest rates to the home builder and he cannot afford to build any more, instead of building 15 homes he will build ten and charge more for them.

This is the most simple, elementary logic, yet we are told by the monetary geniuses of this world who have been applying leeches to the body politic much as medieval doctors applied leeches to a body suffering from a fever, that the application of high interest rates will have something to do with successfully fighting inflation. It is a nonsensical view. It does not make any sense.

The minister says these are all simple economic homilies that we on this side are putting forward. I will try homilies, questions, pleading, speeches, or anything to get the minister and the Department of Finance to recognize that the policy which has been followed by the government and the policy followed by the Bank of Canada under the previous government is simply going to compound the problems which he and the Bank of Canada say they want to solve. This is a point we have been putting forward at every opportunity.

I do not understand how the minister can say there is excess demand in the economy which is somehow producing inflation. I do not see how people in his department can say that when we have an economy working between 75 per cent and 80 per cent capacity that a stimulus to the economy in the form of a tax credit is going to be inflationary. That does not make any sense.

It does not make sense to reject out of hand as the minister has done the idea of a fair prices commission which would have the ability to deal with those large institutions which now set prices in the marketplace. The minister is supposed to be a sophisticated person. He knows the economy is not some kind of bazaar where you have millions of sellers and millions of buyers. There are many markets where there are a number of restricted sellers. Unless there is a government institution on a permanent basis empowered to investigate prices and roll them back where they cannot be justified, then the consumer, the average Canadian and average worker, is not being protected. You will get the inevitable result. The minister knows what that result is. Everyone will try to find their own private solution to a public problem. Every trade union will be properly attempting to do its best to protect itself. There will be a worsening in industrial relations and a worsening of the position of workers in the economy in their determination to find their own solution.

The government must be prepared to say to workers it is ready to enter into a social contract with the people of Canada, to take fiscal and tax measures so we do not find a few people getting off scot free, helped by a capital gains system which does not make sense and the lowest level of wealth tax of any country in the OECD outside of Italy.

The government must be prepared to make those changes for the Canadian people. It must be prepared to show some fairness, and see that pensioners are given something other that the moronic incantations of the Prime Minister about spending a little less on other things. On what does he want them to spend a little less? Foreign travel? It is nonsensical the way the Prime Minister talks to the people of Canada.

The Minister of Finance has an obligation not simply to sit in his chair as we rise here in the House in an attempt to get some indication from him as to what is the real policy of the government. The reluctance with which he stood up tonight was symbolic of his reluctance to defend the policies of this government anywhere in Canada.

Mr. Rose: You can't blame him.

Mr. Rae: My colleague says you cannot blame him. The minister has an obligation. Instead of presenting an energy policy which is neither fish nor fowl and then claim that that is his budget—

An hon. Member: Fowl?

Mr. Rae: Turkey I think is the word we are looking for. He has an obligation to present a budget which deals with the long-term problems in the economy, the fact that we are a colonial economy. Because we are a colonial economy we find ourselves in the position we are in today with respect to this fever of interest rates in the United States.

Unless we are prepared at some point to break that circle, cut that ribbon and see our way clear to a new and very different policy, we will be back here in six or eight months, just as we said to the minister before, and we will be faced with exactly the same problems, only they will be worse. The dividend outflow and debt outflow will be more serious. The level of interest rates will be upwards of 25 per cent or 27 per cent. There is no logic to it. There is a time to break the pattern. We argued before the committee a year ago that we should break the pattern and we argue again now.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member for Broadview-Greenwood (Mr. Rae) was questioning the fact that the Minister of Finance (Mr. MacEachen) waited to intervene in the debate this evening. It was not through fear or any particular concern about what he had to say. He was guided by the feeling that he should first hear something sensible from the opposition. Having listened to the Leader of the NDP and then three speakers in a row from the Conservative party, there was no light coming, so he decided there was no point in waiting further to see what would come from the other side.

For our part, we listened with great attention to what the Leader of the New Democratic Party and the Leader of the Opposition (Mr. Clark) had to say on this subject. We were not overly impressed with the crocodile tears of the Leader of the Opposition. We were certainly dismayed by the behaviour during the speech of the Minister of Finance. We can understand his frustration, bitterness and worries about the threats he receives not only from the backbench, but the front bench on his right and on his side while the various players jockey for position in the forthcoming leadership campaign. But certainly none of that was justifying—

● (2240)

An hon. Member: You have more potash on your face than the Minister of Agriculture (Mr. Whelan).

Mr. Lalonde: None of that was justifying the types of insults he threw at the Minister of Finance when he was speaking during his juvenile behaviour in that speech. I say this is sad behaviour on the part of the Leader of the Opposition.

We heard complaints tonight, especially from the Conservative side, about energy, and expressions of concern about higher fuel costs that Canadians are having to face. We share that concern. As a matter of fact, we have done something about it in the national energy program.

But, I want to tell the Conservatives that not only are their slips showing, having heard the hon. member for Capilano (Mr. Huntington), I would say they are walking stark naked, because what they really have been doing on this subject is a lobbying for big oil companies. In fact, in the last few days, having tried to argue the case of the oil industry as such, they have realized they were creating more and more problems for themselves.

Now they have tried to argue that the industry is going into a terrible decline and that, all over Canada, Canadians are going to find themselves unemployed.

We have heard about oil rigs in the last three or four days like we have never heard about them for years. What are the facts? From what we hear from some members of the opposition one would think there is a caravan of rigs starting from Edmonton right down to the border, every mile with a few rigs moving south. What are the facts? The latest available figures indicate that between 15 and 20 drilling rigs have been shipped to the United States since the end of October. Currently there are about 100 rigs idle; that is a big number, wouldn't you say? It is exactly the same number of rigs as were inactive in October of last year when the total stock of drilling rigs was 572.

What was the situation before the budget? Conservatives would like us to believe that it is only since the budget we have had to face events such as these. This should be put into its proper perspective. The facts should be given. Let me quote from an article which appeared in the *Edmonton Journal*, unless I be accused of going to a friendly source. I quote from the *Edmonton Journal* of December 10 which carried an article by Gordon Jaremko. He was covering National Energy Board hearings on oil supply and demand in the oil industry. What does the article say? It says:

> Oilmen call barren wells dry holes—and Conservatives may be drilling a political dry hole with their charges that the Oct. 28 budget is prompting an exodus of oil rigs.
>
> Submissions to the National Energy Board suggest that oilmen were looking elsewhere even before Finance Minister Allan MacEachen raised their taxes.

The article goes on to state:

> But briefs from the oil industry to the NEB's hearings on the outlook for energy supplies indicate that a slowdown was already in the offing last summer after four years of record-breaking activity.

Later in the article we find this:

> The industry survey . . . strongly suggests that Canadian oilmen want to drill where the markets are.
>
> Canadian prices were not considered to be a major restriction to growth, implying a willingness of the operators to exchange a portion of their per-unit revenues for increased total sales.

What is the real situation now? Hearing from the Leader of the Official Opposition one would think that Alberta is going into a great depression and is taking the rest of Canada with it. Again I turn to a source in Alberta itself. This is a quotation from William Barratt of the Edmonton-based Western Eco-

nomic Consultants. He put some perspective on the federal budget during a recent speech to an industrial relations conference in Banff. Let me quote:

—the potential economic implications of the federal energy policy for Alberta must be assessed against a backdrop of what must be described as a superheated economy . . . Although the rate of economic activity in Alberta will undoubtedly slow down from the hyper level of the past few years, the rate of growth and over-all level of economic activity will still be higher than the national norm and probably exceed that of most western industrialized countries—

That is what Mr. William Barratt had to say.

Jeff Sallot who was writting on this subject in Edmonton said:

A sector-by-sector look at the Alberta economy suggests continued real growth almost everywhere—forestry, manufacturing, petrochemicals, construction and even mining, a sector that includes the oil and gas business. Only the agricultural sector, hit hard by inflation, could have problems next year.

I would say a good part of the reason for that is high energy prices. Mr. Sallot went on to conclude:

In practical terms, the economic outlook means Albertans, who are already among the most prosperous people in the world, may have to lower their high expectations for a little while. It will be a bit tougher to get rich quick in 1981. But there will be no bread lines along Jasper Avenue, or cobwebs on oil refineries.

That is the situation as it is seen by people who live and work in Alberta and who are not guided by partisan views in reaching particular judgments on the present situation.

What is the situation in the industry? The Petroleum Monitoring Agency released a report as recently as yesterday. The hon. member for Broadview-Greenwood quoted from an edition of the *Toronto Star*. What do we find there from the Petroleum Monitoring Agency report? The heading is "Oil profits higher, but less goes into exploration". The article states, in effect, that for the first nine months of this year the profits of the oil and gas companies went up by 54 per cent over last year, which was again an increase in profits greater than the rest of the economy and the rest of industry. However, reinvestment in exploration fell, comparatively, from the first nine months of last year.

What have we seen since the national energy program was introduced? We have seen companies coming out announcing larger exploration budgets than they had foreseen. One of them was Norcen, a Canadian company. There may have been some multinational foreign companies who will be squeezed, relatively, out of some of their cash flow because of our taxes, but Canadian oil and gas companies, when you take into account the grants we are making available to those firms under our national energy program, are finding themselves better off than they would have been without the national energy program. That can be established by looking at the figures, firm by firm, and we have been doing this with a number of Canadian firms.

● (2250)

If we look at the average for the industry, what do we see? The Petroleum Monitoring Agency has reported, not in this report but in the one previous, that the industry's cash flow increased by 67 per cent in the two years between 1977 and 1979. A further increase of almost one-third is projected for 1980. If we include the incentive payments which are mentioned in our program, the whole industry's cash flow in 1981 is estimated, not to decline, but to rise by a further 7 per cent over 1980, despite the imposition of higher taxes. Even if those incentive payments are excluded and even if the companies decide not to apply for the grants which will be available, the 1981 industry cash flow is projected to be 28 per cent higher than in 1979. That is the situation of the oil and gas industry under the national energy program.

There are firms which may be relatively hurt, and I have said before that we are looking at those situations individually with the firms. We are trying to see whether adjustments are required so that those which would be unfairly affected and hurt would find themselves in a position to carry on their operations. We are doing this especially having in mind Canadian junior companies.

The figures with respect to the future of the oil and gas industry, and the future of the economy in Alberta in particular, are not the ones the official opposition has been trying to put forward in the last few days and weeks. What is their solution? They say there must be more activity in the energy field. As we saw in their budget, their solution was substantially higher prices than those proposed in our budget. Hon. members opposite proposed that the price of oil should go up to 85 per cent of the Chicago, or world, price by 1984.

Mr. Wilson: Would you repeat that?

Mr. Lalonde: I said 85 per cent of the Chicago, or world, price in 1984. That is what the Conservative budget provided last year.

Tonight the Leader of the Opposition mentioned that Sheik Yamani was forecasting that next year the price of oil might even go to $80 a barrel from the current $32 set by Saudi Arabia.

Mr. McDermid: And you would pay it to him.

Mr. Lalonde: Canadians would have to pay 85 per cent of $80 per barrel. That is $68, and the Conservatives want Canadians to pay that for all production, including Canadian production. They want Canadians to pay that very high price. Canadians have no choice but to pay that high price for the 15 per cent of our consumption which we have to buy on the world market. We have no choice but to pay those extremely high prices which the cartel called OPEC sets for 15 per cent of our net consumption. However, we as Canadians do not need to pay OPEC prices or anything like 85 per cent of them for domestic production which belongs to all Canadians and which should be used for the benefit of all Canadians.

The Leader of the Opposition talked about the fisherman, the farmer and the worker. What would that policy mean for the fishermen, for the farmers or for the workers who have to travel to work? It would mean tremendously higher prices. It would not mean jobs. It would mean more profit for some oil companies, more money in their coffers and billions and

billions of dollars in the hands of one provincial government. That is what it would mean.

That is what we have said should be challenged and reorganized to make sure that the profits will be shared in this country fairly and equitably between industry, the producing provinces and the national government on behalf of all Canadians. What the Conservatives proposed were prices which, even before the latest increases mentioned at the OPEC conference in Bali and before the potential figure of $80 per barrel mentioned by the Leader of the Opposition tonight, would mean for every single family which heats its home with oil and has a car, additional costs over the next four years of more than $800, and this does not take into account the recent increases which have been announced. That is the Conservative policy. Hon. members opposite say that they provided a tax credit. Big deal!

Mr. McDermid: It was a big deal for a lot of people.

Mr. Lalonde: Yes, indeed, it was a big deal; $30 per child, and this year it would have been only half that. In 1980, $30 per child was too high for Conservatives. It would have been $15 per child this year. That is a big figure, the figure of 86½ cents per child, to compensate for those large increases in the price of energy. That is Tory policy for you. That is what the Conservatives were offering Canadians in their budget. That is what they are trying to get us to swallow now.

Mr. Baker (Nepean-Carleton): What are you doing this year, Marc?

Mr. Lalonde: What we have put forward and what the Minister of Finance has presented in the budget is an energy program which will benefit all Canadians and which will be for all Canadians. The program will ensure energy security, and that energy security will be achieved not just by relying exclusively on higher prices and higher company profits. It will be achieved by helping Canadian consumers convert to something other than oil through grants of up to $800 per home to achieve that conversion. It will be achieved by helping Canadians conserve through the provision of more money to insulate their homes. That money will go to Canadian consumers all over Canada to help them meet the goals we have to meet in the field of energy. Ours is a program which is fair because it tries to distribute the profits and benefits of the oil and gas industry to all Canadians. We have a special program which provides $460 million to Atlantic Canada alone to make sure that people in the less economically active regions of the country will not be left by the wayside over the next few years. We will ensure that they have access to natural gas and be able to insulate their homes like anybody else in the country. Fundamental to this is a program of Canadianization of the industry. That program of Canadianization is part and parcel of achieving energy security because when we as Canadians control the Canadian oil and gas industry we will be able to control our future.

These are our objectives. They have been set out. We believe they are supported by Canadians, and we do not believe Canadians will be misled by the misinformation the Conservatives are trying to put forward.

Some hon. Members: Hear, hear!

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, we have been treated tonight to an oration by the very tired and grey Minister of Finance (Mr. MacEachen), whom time has totally passed by. He is totally out of his depth. I listened to him in the House tonight. I did not learn one thing from what he told us in terms of the interest rate policy or the economic policy he put forward.

• (2300)

He told us the budget has set out a medium-term program for fighting inflation. Well, Mr. Speaker, we have had a very good start because we are losing ground badly in that fight and it looks as though we are going to lose even further. I have listened to President Carter in the United States formulate what he has called his misery index. I have calculated this misery index, but I have added one significant factor because of a new program, a new policy which has been introduced by the minister and by the governor of the Bank of Canada. I call this the misery and failure index because he has added now the level of the Canadian dollar.

So what we are looking at here in this new misery and failure index is the unemployment rate, the inflation rate and the drop in the Canadian dollar. In March, 1980, by my calculations, the misery index was 30.78. The current figure is 36.10, that is about a 5.5 point increase, which is about a 15 per cent drop in seven months in power. That Mr. Speaker, is going to go higher, a lot higher, under the policies which this government has chosen to follow or not chosen to follow.

Canada has not yet experienced an oil price increase. I listened to the Minister of Energy, Mines and Resources (Mr. Lalonde) last Friday and this week talking about the amount of flexibility in this national energy program, which is the most ill-conceived energy policy this country has ever seen. The objectives, no one can deny, are good objectives, but they just do not work. They do not work and the minister knows it. He will have to change his policies in relation to price, he will have to change his policies with regard to exploration incentives, revenue sharing between the provinces, and the Canada Oil and Gas Act, if we are going to see this country achieve anything close to self-sufficiency. In doing that, we are going to suffer a greater price shock than would have been the case had the policies which the government of my colleague, the Right Hon. Leader of the Opposition (Mr. Clark), had agreed to with the province of Alberta last December been implemented. That price shock still has to come, and it is going to affect this misery and failure index even more. We will probably reach 40 points before we return to the House on January 12.

In the face of this, the Minister of Finance has thrown up his hands. He says it is OPEC, it is the Federal Reserve Bank, it is slow growth in the international economy. Well, Mr. Speaker, he can blame all those things if he wants, but we and

the people of Canada know that more than that is causing the problems which face us today. The Economic Council report which was released about two weeks ago—it is the report which, as the minister knows, was written prior to October 28—stated that last year the two driving forces in the Canadian economy were the world economy, which was still going up at that time, and energy development in this country.

I am sorry the minister is leaving.

Mr. Lalonde: I am going to have a drink, a sober drink, but I will be back.

Mr. Wilson: I want the minister's mind very clear for this. This year they are saying that the only thing that is left is energy development in this country. As I have said before, and you have heard me, Mr. Speaker, the budget of the Minister of Finance torpedoed that hope. That is why there must be changes in the national energy program if we are going to see economic recovery under way in this country which will ease the crisis we are debating today.

The Minister of Energy, Mines and Resources betrayed a sad misunderstanding of what is going on in this country and in the world today. He prefers to distort or to ignore the facts. He spoke about 15 per cent imports. Right now the oil imports are 25 per cent and they are going to grow to 40 per cent of our requirements. It is fine, it is a beautiful theory, to say, "Let us ignore the rest of the world, let us have a made-in-Canada energy policy, let us forget that things are happening in other parts of the world which have the effect of increasing oil prices." If we increase our oil imports from 25 per cent to 40 per cent, we know, and the National Energy Board has set out, that we will find ourselves in the same situation as the United States where, about ten or 15 years ago, imports amounted to about 25 per cent. Now they are 50 per cent and they have been forced to go to the world price as a result. Here we are talking about our import position of 25 per cent in the knowledge that imports will go up to 40 per cent, and we ignore the very sad and painful experience of the U.S. government. I am sorry the Minister of Finance is also leaving because I would like him to hear some of the points I am making.

Some hon. Members: Shame!

Mr. Wilson: We are not arguing the case for the big oil companies, the multinationals, as the Minister of Energy, Mines and Resources says we are. We are arguing the case for Canada and Canadians because it is the Canadian people who will suffer under the national energy policy set by this government on October 28.

The minister says he will do two things for all of Canada. The national energy program will save Canadians from the vast increases in oil prices which are occurring in other parts of the world. I say this is not going to work. The minister knows it. It will not work because he has allowed for very large increases further down the road. Politically it is nice to say, "Today we are going to have a low price increase to $4.50." He knows that down the road it will be $7, $8, or $10. Why not now? Because the minister will be out of this House in five years time when those larger price increases will come into effect. In the interval we will lose a valuable period of time in which to develop our own production in Canada so that we could reach self-sufficiency and put in place an energy policy divorced from other countries in the world based on a supply firm enough to allow us to do that. This will not happen under the present energy policy. It will only happen if the minister sees some sense in making the changes which I think he knows will have to be made because so many people are telling him so.

The minister talks about drilling rigs leaving this country. He said that 15 or 20 drilling rigs have left the country. Let me tell you, Mr. Speaker, that it requires 60 trucks to move a drilling rig. About six weeks have passed since this policy has been announced and the effects have not been felt directly by the people in the drilling programs. But we do know that the companies have announced their intention to send 60 rigs out of the country. We also know that very little business has been announced by the oil industry for the drilling rig companies next summer. At this time of the year you would expect that 75 per cent of the drilling rigs would have been spoken for. They have not, and there is a good reason. The reason is the chaos and the lack of confidence in that industry today which is calling on people to pull their horns in. They say, "Sorry, boys, there is no business." That is why these drilling rigs are going south. They are not going south because they want to go south but because the companies have to pay high interest rates and the rigs cannot sit idle with the expenses that have to be carried by the companies in this country when there is business to be done in the United States. About three or four weeks ago I spoke about an article called "Thank you, Canada" in which the author concluded that Canada had done more to develop the production of oil in the United States than all the bureaucrats and all the regulations of the U.S. department of energy. That is one of the things which is causing these drilling rigs to go south. Another reason is the much more favourable environment in the United States. The government of the United States knows that it must produce oil because its oil imports amount to 50 per cent, an import level which we will face by 1990 because of this policy. It is causing them to turn around, remove the regulations and restrictions, and build in incentives to allow them to reach the levels of production which are necessary in the United States. Another reason is that the incentives are there to encourage companies to move to the United States.

• (2310)

I should like to refer to just one figure. Prior to October 28, the netback in the United States was about $25. Some states were lower, some states were higher, but it was roughly $25. According to the minister's policy and the national energy program, in Canada it was about $9.70. The discovery rate is somewhat better in Canada than in the United States, but when we take into account the differences, it does not explain the total differences between $9.70 and $25. The returns, the

incentives, the whole environment and the attitude of government toward the industry are much more positive in the United States than in Canada. Those are the reasons for which companies are moving to the United States.

That started to happen before October 28, and I should like to remind the minister of that fact. He said that all this did not happen as of October 28, that things had started before. Sure, things had started before, but the reason was because the environment in the United States was better and the price relationship down there was better. The attitudes expressed by President-elect Reagan in relation to an energy program are much more positive than the national energy program. We will see a wider spread than the $15 one of today. It will cause even more companies to move.

The Prime Minister (Mr. Trudeau) talked about needing examples of companies suffering in Canada. We are not talking about companies which are suffering in Canada. The companies will make out because they will go south and find better places in which to invest their money. We are talking about the people in Canada who will suffer because they will pay higher prices down the road than they would have had to pay if the government had got its act straight.

The minister has received letters from various companies which I am sure he has read. I have copies of the ones from Oleum Exploration, Goodlands Drilling, Orbit Oil & Gas, Ocelot Industries, Hudson's Bay Oil & Gas and Gulf. Companies both large and small have announced specific reductions in their exploration spendings for next year and the years ahead. Some have indicated reductions of 25 per cent to 30 per cent, some as high as 50 per cent. The Gulf Oil Corporation announced a reduction in its spending program in the north, offshore and frontier areas from $400 million next year to $270 million. That is a one-third reduction or $130 million. I see the minister nodding; he knows this.

Mr. Lalonde: Wait a little while, they will be back.

Mr. Wilson: The minister indicates that they will be back. Under the Canada oil and gas act, they will not be back, they cannot afford to come back.

Mr. Lalonde: I have news for you.

Mr. Wilson: Has the minister listened to the companies? Has he paid any attention to them? There are two reasons why they are terrified by Bill C-48. First is the ministerial discretion in the hands of the minister which allows him to tell them when to drill, when not to drill; when to commence production, when not to produce oil. He can tell Petro-Canada when to take over the whole operation when it is only a minority shareholder in the operation. These are matters of concern to the companies. Another concern is that people will not have jobs in the north.

What happens if the $130 million which Gulf Oil talked about is not spent? It means that things will not be done, and this will cause people to lose jobs that are dearly needed in the north. The hon. member for Nunatsiaq (Mr. Ittinuar) and the hon. member for Western Arctic (Mr. Nickerson) are very concerned about this particular impact.

We are not looking for bailouts for the industry. The industry does not need bailouts. People know that the profit position of the industry is good. We are looking at a much more profound problem which arises if those companies leave. It is a very fluid industry; dollars, people and equipment can be moved. We are seeing this happen with the oil rigs, but other things can move as well. When they move, it means that things are just not being done in the country to help us reach self-sufficiency. I have asked the minister on many occasions whether self-sufficiency is the paramount objective of his energy policy. He claims that it is, but his actions betray that claim. His actions belie that claim because the tax policies, the pricing policies and the entire attitude of the government undermine the ability of the country to achieve self-sufficiency by 1990. Unless changes are made in the energy policy, we will not reach self-sufficiency by 1990.

I do not feel sorry for the oil companies when I stand here tonight, but I do feel sorry for the people in Canada who are looking for jobs and the people who are living with that misery index at 36 points and rising. I feel sorry for those people, and that is what we are talking about this evening.

Some hon. Members: Hear, hear!

Mr. Wilson: I should like to refer to some figures which will help put this into proper perspective. In a single drilling town with one rig working for a full year, $1.4 million of economic activity is produced. For food, it is $120,000; for diesel fuel, $300,000; propane, $30,000; parts and supplies, $150,000; water, $75,000; hotels, $20,000; entertainment, $70,000; communications, $30,000. These all affect the local communities, not the Gulf Oils, the Imperials Oils, the Shell Oils. Those companies are not affected. It is the people in those towns who are affected. They are mad at what is happening here because they see that it is being caused by people in Ottawa who are far, far away from where they are today.

Today we are in a recession. An article appeared in *The Globe and Mail* headlined: "The Longest Recession Since 1954 is Predicted". One of the key reasons for the recession is the intergovernmental squabble, the complete deadlock. The constitutional deadlock and the energy deadlock have resulted in slowdowns and, in some cases, in a cessation of economic activity in the oil industry which, as I have said many times in the past, affects all of Canada, not just the province of Alberta.

It is for these reasons that I appeal to the government to get on with the job of breaking the deadlock, to get the country going, and to get on with getting us out of the crisis in which we are today.

Some hon. Members: Hear, hear!

• (2320)

[*Translation*]

Hon. Pierre Bussières (Minister of State, Finance): Mr. Speaker, first of all I would like to say how surprised I was at the petty comments made by the Leader of the Opposition (Mr. Clark). Perhaps I should not have been surprised because these comments, even though they were petty, were worthy of the one who is now Leader of the Official Opposition. I am also surprised, Mr. Speaker, to see how certain elements of the economic situation can lead some people, for purely political reasons, to try to create a climate of panic and to suggest that we could pull on strings to bring immediate and magical solutions to the problems of inflation, unemployment and interest rates now facing our society. The hon. member for Broadview-Greenwood (Mr. Rae) will immediately point out that, as he stated himself, he does not believe in magical or immediate solutions, but rather in medium and long-term answers.

I believe that, in the situation now confronting the government, we ought to exclude purely circumstancial elements which are only in the short term or temporary, which are mostly related to events or economic phenomena to the south of us, and which affect us because our economy is interrelated or integrated with the larger North American economy. If we do exclude these purely circumstancial elements, we have to think in terms of answers to our problems and a reasonable policy. To my mind, that is the policy outlined this evening by the Minister of Finance (Mr. MacEachen) when he reasserted the major points of his budget speech.

It is essential to avoid falling into the trap of trying to solve the immediate problems by implementing extremist solutions, either to the right or to the left. We would be doing this if we believed that our interest rate problems could be solved, as suggested by the Leader of the New Democratic Party (Mr. Broadbent), by setting a "reasonable" rate, which remains to be defined, without thinking about the consequences that such a rate set artificially could have on our dollar and with the full knowledge that the possible effects on the Canadian dollar could bring about as unfavourable consequences for small businesses, for farmers, for the man who wants to build a house, which effects would be as bad as those of the interest rates that we now have and which correspond to the pressures put on the Canadian economy since they are set every Thursday at the auction of treasury bonds by the Bank of Canada. Other extremist solutions would be, for instance, to say: why not implement a cold shower policy? Putting aside the economic progressiveness practised by the Bank of Canada and restricting drastically the M-1 range, supporting this money supply restriction policy by a major tax increase to reduce significantly pressures on demand, whether for goods or for money, and creating a vacuum, which would quite probably bring about counterpressures or a depression and lower inflation rates, would not be a solution.

The former speaker mentioned a deep recession. I suppose that in speaking of a deep recession he rejects the cold shower polycy that would entail taking Draconian steps with regard to the M-1 range, by limiting the monetary mass, or by increasing taxes significantly. That solution must then be set aside. Going to the other extreme, someone spoke a while ago of the possibility of fixing the rate of interest. We saw what consequences that would have on the dollar, consequences that would also be as disastrous for the small businessman and the farmer, as for the person who wants to build a house at the interest rates we now have.

One could say that the government should implement a program to assist certain groups of society who face the problems resulting from high rates of interest, high rates of unemployment, the lack of income or available money. That would probably imply interest rate subsidies for those who have to carry an inventory, as well as major community employment programs or special projects to absorb the shameful unemployment in certain regions. They would however add to a deficit we already find extremely burdensome.

There is another extremist solution, and that is to bring in a package of strictly temporary measures that would increase the deficit and solve absolutely nothing over the medium or short term, since they would only create additional pressures on inflation and would not solve the problem of structural unemployment. A number of persons would be hired temporarily, from time to time, regionally, locally, but the day the program ended nothing would have changed in the structural weaknesses of our industry, nor in the need to increase the rate of productivity in our industries throughout Canada. We would be back to square one.

What we need is common sense policies with lasting power, that is for the medium or long term. The enemy we are up against at this point is increasing interest rates; the enemy we face is persistent inflation that goes with the over-all health of the Canadian economy. In his budget speech, the Minister of Finance indicated clearly that the policy expressed by the Bank of Canada on economic gradualism is a policy of good common sense, one that is contrary to the cold shower policy, of which I spoke a moment ago, and one that the government supports energetically.

The Minister of Finance has avoided the trap which consists in drastically increasing taxes to reduce inflationary pressures while inducing more complicated and vicious recession patterns to which the member referred a while ago. He has avoided that problem. Quite obviously he could have increased the deficit, as requested by members opposite, in spite of their hypocritical argument which led them to suggest that the present deficit is unbearable. The government has chosen instead to show common sense and accept a difficult deficit level while setting up a program to keep government expendi-

tures lower than the projected rate of the gross national product. We have also avoided extremist solutions by keeping in effect the indexation of income tax tables. Of course the government could have abolished that indexation and thus contribute to restrict liquid funds. However, one of the important elements contributing to inflation is the tendency of groups and individuals to try to make up for their loss of purchasing power as a result of the higher cost of living. Canadians generally have understood that the indexation of income tax tables and other indexations such as apply to family allowances, old age security and guaranteed income supplement are sufficient to cushion the rising cost of living.

Canadians who acknowledge that the government is endeavouring to maintain its purchasing power in spite of substantial inflationary rates are encouraged to be more reasonable in their wage demands. While reducing or contributing to reducing inflationary expectations, the government also contributes to reduce inflationary pressures. But all these government measures, whether through the Bank of Canada's gradual reduction of the money supply, a sensible medium or long-term fiscal policy, or the extended indexations which compensate citizens for the increases in inflation, require that the various agents of the economy do their part in their respective areas to fight against inflation. And the atmosphere of panic which some people seem eager to create from short-term isolated events—

Mr. Rae: For the third time—

Mr. Bussières: —will not help convince the various agents of the economy to get together and fight against the common enemy, that is, inflation which causes the cost of living to rise.

Mr. Speaker, to the extreme solutions which I have indicated, we, as members of the government, prefer sensible solutions. I am sure that Canadians will not fall for the argument of opposition members who are eager to push the panic button, but that they will follow the Minister of Finance in the right direction with medium and long-term solutions, and also support the Minister of Energy, Mines and Resources (Mr. Lalonde) who, through his national energy program, will facilitate the implementation of the budget measures and accelerate the recovery of the Canadian economy, which in turn, sooner or later, should improve the lot of each and every Canadian.

● (2330)

[*English*]

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, just a few minutes ago I listened to the Minister of State for Finance (Mr. Bussières) repeat a litany in which he accuses members of this House who do not happen to agree with him, from the point of view of where we are seated in the House, of creating a mood of panic. We have not had to create that mood in the country. The government has succeeded in creating that mood all by itself.

That is the whole point in this debate. The minister has forgotten why this extraordinary debate has been allowed. Both opposition parties of the country have concluded, along with the people of Canada, that there is an economic crisis. The motion itself talks about an economic crisis in Canada. That economic crisis was not created by the official opposition or by the New Democratic Party. The economic crisis in Canada has been the creation of unfortunate, wrong-headed policies and by fiscal and financial irresponsibility over the long years of the Liberal reign.

My party was in power for a short period of time. Some people, including a number on the government side, have said that the period was so short it could hardly be noticed. They cannot then accuse us of creating the chaos underlying the situation which is worrying Canadians so much today that representatives of Canadians have been able to prevail upon the Chair in an extraordinary way to allow us to debate this subject. We are not here by accident. We are here because this government has so neglected what it said it would do, so renounced the promises it made during the course of the election campaign, so given up on the principles of liberalism that the country now faces a number of serious issues—indeed, then more than serious—which will perhaps jeopardize its future.

We cannot claim responsibility for that. We tried one year ago with a budget which would have begun to lower the deficit and which would have recognized that energy prices would go up—something which even certain Liberals, such as John Turner and Donald Macdonald, are admitting. It would have cushioned against these things. We tried to give Canadians a housing tax credit to help them with mortgages and rising municipal taxes. It was the will of Parliament that it was turned down, and our government was not returned.

But this government was returned, and I do not begrudge them that, although I wish it were otherwise. It was returned on the promise that it could rectify this situation, that it could take action, introduce the policies, and, with its men and its leadership, could do something to bring this country up by its bootstraps and answer the aspirations of a great number of Canadians. That is the mood which is gripping Canada tonight. The government has failed miserably.

The Minister of Finance said earlier that he is trying to deepen the understanding of Canadians. He is deepening its understanding in only one way, and that is as to the depth of the government's failure and the triviality of its promises, and he is probably telling Canadians tonight as they contemplate renewing mortgages at higher rates, higher fuel bills, car dealers with lots full of automobiles stores with huge inventories of consumer goods which will not move, in an irrefutable way, that they were wrong on February 18, 1980, when they trusted this government. That is what is happening. In the face of that, what do we hear? What is the excuse? The excuse given by the Minister of Finance is that we are hopelessly and inextricably linked with the United States and, therefore, there is nothing we can do. The Minister of Finance is like a

beached whale. He flops helplessly, and there is nothing he can do.

● (2340)

An hon. Member: Don't insult the whales.

Mr. Baker (Nepean-Carleton): I am sorry. I do not think that is deepening the understanding of Canadians. This government is here to do a few things. What is the role of government? What has the Liberal party said about the role of government?

An hon. Member: Stay in office!

Mr. Baker (Nepean-Carleton): Aside from that, the role of government has always been in the Liberal party's philosophy to create an atmosphere where Canadians could realize their aspirations. If they wanted to venture, they could, with some hope of success. The Liberal party was never passive, it was an activist party. It could do something. That was the rhetoric. But those days are gone. The Prime Minister (Mr. Trudeau), when he was leader of the opposition and resigned, said it would be good for the Liberal party if it had a period out of office. I think it would have been good for Canada if the Liberals had had a period out of office; it would have had a chance to regenerate itself and go back to its roots. Because the party of St. Laurent, of Pearson and of Laurier was a caring party. It really cared about people. It cared about people more than it cared about power. This party today only cares about power. If we are talking about the concern of Canadians, you bet they are concerned tonight. They are asking themselves where did my government let me down? Why didn't the government respond? When will the government respond and what will its response be? The Minister of Finance earlier tonight said he was going to stand pat and not move. He was going to stay beached and flop there helplessly and use the lame excuse that it is the fault of the Americans, or the Martians, or the weather but it is not the government. If the government is going to claim credit for its programs, it must share the blame when this country is in economic chaos, as it is now. We must not let the minister of state just gloss over this problem and say there is nothing wrong, or say that we will get out of it. There are some things the government could do if it really cared.

The Leader of the Opposition (Mr. Clark) said that in reference to the members opposite, who asked us to consider the shelter grants—and we were doing it—ought now to consider such a policy themselves. This is especially so at a time when not just the drivers of automobiles but senior citizens and everyone else who consume oil are 'laced' by higher energy prices. Surely the government can think of some kind of energy tax credit—call it what you will—for those who cannot bear that burden much longer. The Minister of Finance told me, as he told the House earlier, that the government has programs designed to help lower-income Canadians and that these programs are indexed. Of course, that is so. But even with full indexation, our senior citizens are falling further and further behind as a result of inflation. Indexation is not working to keep them up to date.

Mr. Evans: That is nonsense.

Mr. Baker (Nepean-Carleton): My friend from Ottawa Centre who was so vociferous in opposition is now silent because he sits in government. He is taking the Queen's shilling as a parliamentary secretary. I commend to him a speech made by the Minister of National Health and Welfare (Miss Bégin) in Vancouver. This is what she said about senior citizens in Canada:

—1.2 million of our 2.3 million Old Age Security pensioners received the Guaranteed Income Supplement.

That is the item to which they added the $35. The minister went on to say:

This means that 53 per cent of Canada's pensioners have incomes low enough to qualify for this extra assistance. Can you imagine if 53 per cent of the total population of Canada under age 65 had to rely on government welfare payments to survive?

So despite indexing, that is the situation. I hear my friend saying something. He will have a chance to make his speech. It will be a rare occasion and I look forward to hearing him. I hope he will let me finish mine.

Mr. MacEachen: You would not do that for me earlier. I noticed your leader left an hour and a half ago.

Mr. Baker (Nepean-Carleton): The Minister of Finance talks about my leader, I wonder where his is.

An hon. Member: Probably in his swimming pool.

Mr. Baker (Nepean-Carleton): The Minister of National Health and Welfare continued:

What is even more disturbing is the fact that a full 16 per cent of pensioners receive the maximum supplement.

That is with the $35. She went on to say:

This means that, for the most part, these 360,000 senior citizens do not have one red cent to their names besides the Old Age Security pension and Supplement.

Mr. Evans: Who put it in?

Mr. Baker (Nepean-Carleton): I am not arguing about who put it in. The government proposed it, Parliament disposed of it and passed it. That is a fact. But that is not an answer, my friend, to the argument put forward by the Minister of Finance in the face of the kind of inflation we have that few people who benefit from all of the allowances, veterans and otherwise, provided by the people of Canada can look to those allowances, even fully indexed, as appropriate. That is why I wonder and ask where is the Liberal party, this party of concern and sharing? Where is the Minister of Finance who has been asked direct questions and has now gained the reputation of the fluffy answer, that is no answer to direct questions being put to him as to what the government intends to do? A government cannot lie down helplessly on the beach. A government cannot hide behind the skirts of another country. A government has a responsibility to create an atmosphere or to recreate one. That is what this government said it was

going to do. That is why the Canadian people tonight look at this government and wonder about it. Canadians must wonder about what they did.

Someone asked what significance the energy debate had. I am speaking of the energy issue which arose in the government's budget. What was the significance of it? The significance is that the energy package contained in that budget is a massive blunder. The Minister of Energy, Mine and Resources (Mr. Lalonde) can yell and shout all he wants. In the energy sector in Canada, investment has been frightened and some of it frightened away. In other sectors of the economy there is the same concern as a result of the policies of this government.

I ask my friends what that means in terms of jobs for Canadians in Quebec or Ontario, aside from western Canada. There is an excuse made by the Minister of Energy, Mines and Resources that perhaps rigs are not leaving at quite the high rate some would allege. We only got the budget in October; give it a chance. Those rigs will go. Why shouldn't they go? Would the Parliamentary Secretary to the Minister of Finance (Mr. Evans) stay or would he go elsewhere if he were faced with a government policy which was anathema to his business and did not take into account certain important aspects of his commercial affairs? He would be the first back across the border if that were the case.

The dollar is down. As a result of the policies of this government, which have not been improved by the budget, according to every economic indicator, we are at the brink of economic disaster in Canada.

● (2350)

I am not suggesting that the situation is irretrievable, because it is not. Despite the government, this country is reasonably wealthy, strong and healthy. However, we cannot blunder on in the same direction and improve its health or maintain it. That is why the misguided energy policy of the government must be changed. The budgetary policy is wrong and it, too, will have to be changed.

The government will have to move to protect lower middle and lower-income Canadians with respect to these policies. They will have to be changed and new ones brought in. I can honestly say I do not think the Minister of Finance is doing his job. I say this with some regret. The minister is not doing his job if he blames our problems on the Americans or someone else. Some may ask what this government is supposed to do. That is the dilemma we face. The words of the motion we are debating tonight talk about an economic crisis. The Chair has recognized there is an economic crisis. It is an unusual debate. No amount of glossing over it will change it. I am glad the hon. member for Ottawa Centre is here. I say to him that in his own city, the so-called rich city on the banks of the Ottawa and Rideau Rivers, unemployment in the construction industry today in his constituency is 35 per cent.

Mr. Lang: Mr. Speaker, I rise on a point of order. The hon. member for Nepean-Carleton indicated that the Chair recognized that Canada is in a state of economic crisis. I do not believe that is the case. The Chair does not pass judgment on that issue. This debate came about as a result of a Standing Order 26 motion put forward by the Leader of the New Democratic Party.

Mr. Baker (Nepean-Carleton): That is a helpful observation. I now want to get back to the real world of the hon. member for Ottawa Centre. If he talks to the construction people in the national capital area, they will tell him the unemployment rate in that industry is now 35 per cent in this city which across the country is reputed to be well off and is, compared to Windsor and other places. Ask the construction worker, bricklayer, tradesman, artisan and those who supply building materials whether they are happy with the policy of this government. They will tell him. I suggest the hon. member ask them over the telephone rather than get too close to them. It might be better for his health. That is the difficulty in a basic industry.

I invite the hon. member to come to the rural parts of my constituency and talk to the dairy farmers and feed grain producers who look forward to a winter of higher and higher energy costs. Ask those people, not the economists at the Economic Council of Canada, for whom I have great respect, or the public servants in the Department of Finance. Ask the real people who have to go to the banks and borrow the money.

Members opposite will have great opportunities when they go into their constituencies over the Christmas break to ask the people there whether they are happy with the policies of the government. If they do that, their first caucus on their return will be very interesting. Maybe by that time the Minister of Finance will be chastened and ready to change his tune.

I ask the hon. member to visit some of the real estate offices here in Ottawa and to talk to people who will have to refinance their homes. I have talked with employees in this building, let alone those in my constituency, who look forward in March and April to refinancing their mortgages. What is the government offering those people in terms of relief? Nothing.

Why did members opposite talk out our bill? Why are they not suggesting some other form of mortgage relief? They will have to answer these questions. We know why they talked out our bill. They did not like it. What do they substitute for it? What are they going to say to their constituents?

Go to any car dealer. He is as good a businessman as anyone else. Look at the inventory on his lot and ask him how he is going to move it. He will tell you. Go to any purveyor of major goods in the country and he will tell you that the economic picture is sour, bad and must be changed. It is inadequate, unresponsive and irresponsible for a Minister of Finance to stand pat on a budget which is a massive blunder.

I urge my friends opposite to answer us. Do not criticize us. Tell us the policies of the government. What are you going to do? Show me something in the budget that will help the home owner, the Canadian investor in western Canada who wants to invest in the oil industry, the farmer and the small businessman. Show me something in the budget which will allow people who want to buy a home to buy one. I looked for that and I did not find it. Canadians have not found it.

This is why members of Parliament receive calls from young people who want work but cannot find it, the young people we sent to university to be trained. That is why we receive calls from senior citizens who are very much concerned about what is going to happen to them. Let us not juggle the statistics. We can make statistics do anything.

I want answers to these questions. These questions will be put to my friends across the way when they go home. They will be reminded that they defeated the government and asked, now that they are in power, what they are going to do about this problem. They will ask what is going to be done for them. They will tell their members they supported them because they wanted something done, but so far the government has not produced. Someone across the way must answer these questions. They are not statistical questions, but human questions that demand answers.

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the hon. member. Perhaps with unanimous consent of the House he might be given half a minute to complete his remarks.

Mr. Baker (Nepean-Carleton): No, Mr. Speaker, I do not want to infringe on the time of the House. Thank you very much.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I appreciate my hon. friend from Nepean-Carleton (Mr. Baker) posing a great many questions for me. I will try to respond to one or two in the first few minutes.

With regard to his rather sly implication that I do not talk to my constituents and do not know what is going on in Ottawa Centre, I tell him that he is not only wrong, but dead wrong. I know what is going on. I know the problems in my constituency. That is one of the reasons the federal government has come through with the Rideau Centre and why we are going to create a large number of construction jobs in Ottawa. That will help to alleviate the unemployment situation. That is a piece of the action. That is doing something, something the hon. member was unable to do when he was in office.

I wish to deal with the basic subject of the debate and in a reasoned way. I will attempt to analyse the situation we now face and try to impart some understanding to members opposite with regard to the situation that we, they and the country face and the options available to us. I will attempt to give them some understanding as to the difficulty of the options available, the costs of the different options and the fact that when all is said and done, the economic policy being followed by the government is the best policy, given the situation we now face.

Members opposite have said that the Minister of Finance (Mr. MacEachen) places all the blame on the United States for our economic situation. That is nonsense. He did no such thing. He was talking about the current, excessively high interest rates facing us in this country. That situation we certainly do lay at the doorstep of monetary policies being followed in the United States. That does not say that Canada's inflation problem, the fundamental problem of inflation in Canada, can be laid at the doorsteps, or is trying to be laid at the doorstep of the United States by the minister; that the fact that interest rates which are influenced by that inflation rate are higher than we would like them, than you would like them, than all of us would like them, than Canadians would like them, is to be laid at the doorstep of the United States. Certainly the volatile monetary policy that is being followed right now by the United States and has caused the excessively high interest rates, the 20 per cent range in the United States, and the near 20 per cent range in Canada. That is what the minister was talking about, not that all of our problems are to be laid at the doorsteps of other countries or of the United States. He did not say that. He did not mean that. He does not believe that, and you know that.

• (0000)

I think one of the things we have to come to grips with in this House is a fundamental understanding that the most critical, the most serious problem facing us today, considering the long-term good of the country and the potential growth of the country, is the problem of inflation. That is the root problem and that is the source of high interest rates rather than what is suggested by members of the NDP who always get things backwards and who say that high interest rates cause inflation. Inflation causes high interest rates. I agree with hon. members opposite that inflation is a problem that has been created over time in Canada, that has been created over time in the United States, that has been created over time in Britain, France, Germany, Norway, Sweden, and The Netherlands. Every country in the world is facing inflationary problems.

The things that are causing problems, the things that cause inflation in this country include excessive purchasing power in the system relative to our productivity, and we understand that productivity is a problem. We have brought down a budget that is going to increase, to double in the next three years, the money going to energy and economic development, to the extent of $13 billion. In 1983-84 this will double what it is right now. This is to try to get productivity back on line, to get more people at work, to put the economy on the rails and to get the inflationary problem under control by increasing the supply side.

But, in addition to supply side economics, the development of greater productivity, greater output and new investment for the country, in addition to that we have to control the growth rate in purchasing power, the growth rate in money supply. That is what the Bank of Canada has been doing by gradually reducing the growth rate in the money supply over time. That is what the Bank of Canada will continue to do. That is the area of monetary policy this government will support fully as followed by the Governor of the Bank of Canada.

An hon. Member: Would the hon. member tell us what the increase—

The Acting Speaker (Mr. Blaker): Order, please. I tried to signal the hon. parliamentary secretary to continue with his remarks. I cannot recognize the hon. member as he is not sitting in his right place.

Mr. Evans: The wrong place is where that hon. member usually is, Mr. Speaker. Excessive consumption expenditures in this country and in other countries over time, and insufficient investment expenditures, will not help. The hon. member for Capilano (Mr. Huntington) talked tonight about the need for massive infusions of new investment funds in this country to increase productivity. I agree fully with him, and the minister agrees fully with him. But you do not get massive infusions of new capital, new investment, by calling for the introduction, as the Hon. Leader of the Opposition (Mr. Clark) did tonight, of new shelter allowances, energy tax credits, mortgage subsidies, and heating cost subsidies, which will cost billions that should be going into increasing the productive capacity of the economy and not into greater and greater permanent consumption programs in the system.

We have a problem with growth in money supply. The Bank of Canada has committed itself to deal with that problem. We also have a problem that is not any of our making, and that is the commodity price shock problem, with food prices going up due to droughts. The droughts were not caused by the Liberal government. Hon. members opposite might think so, but droughts are not caused by hon. members on this side of the House or by hon. members on the other side. However, drought has caused a food price shock. That is not something caused by Liberal policy. There have been oil price shocks facing the world, and those get translated through the system. They have inflationary implications, and those inflationary implications either have to be absorbed or are translated into higher and higher prices for all commodities. That is what we and every other nation are facing today.

The hon. member for Broadview-Greenwood (Mr. Rae) talks about a price monitoring function. He suggests we should have price monitoring, that we should have price rollbacks, and that we should ensure that the corporations and the business firms in our society are not ripping off the public. I would suggest to you that all of the evidence I have seen, that I have looked at, indicates to me that in no sector of the economy is the business community reaping persistently excessive profits. There is no study which has been done that shows that the business community persistently rips off the public by excessive profits. Certainly higher profits are necessary to induce investment into the area.

An hon. Member: A 56 per cent increase in oil profits?

Mr. Evans: That is right, and that will lead to greater exploration and greater development. That is precisely what the hon. member would want.

We hear a call for wage and price controls from some circles. All of the evidence we have seen in the past indicates that wage and price controls do not have permanent, long-lasting effects in solving inflationary pressures. If the fundamental cause of inflation persists, wage and price controls do not work. Wage and price controls act like the lid on a tea kettle. If you do not turn down the heat you get an explosion, yet we hear that from those hon. members from that corner who indicate that we should be looking at some kind of incomes policy and so on.

The hon. member for Broadview-Greenwood earlier tonight indicated that all the countries he had been looking at, including Germany, France, Britain and the United States, as well as Canada, were following policies which had a similar thread running through them. I would simply ask the hon. member, has he ever thought that perhaps the reason all these countries are following the same kinds of policies in response to the world problems we are facing is that the policies are right? Why is it that because they do not happen to coincide with the policies that perhaps the NDP believe are correct, the rest of the world must be wrong? I suggest the rest of the world is not wrong, Canada is not wrong, and this government is not wrong.

The opposition has been consistently, and shown to be consistently, blind to economic realities. We have seen this time and time again tonight and in the past. Members opposite are totally inconsistent. First of all we hear a great hue and cry, bring down inflation, bring down interest rates, and do this by some magic formula. Apparently they are going to say, "Interest rates shall be such and such, and that is what they will be," but it just does not work that way.

• (0010)

On the other hand, we hear the great cry that we should increase spending and cut taxes, which leads to growing deficits. Hon. members opposite want us to reduce deficits, and the Minister of Finance is reducing them with his budget. We have a total inconsistency. We are supposed to increase expenditures and cut taxes, which reduces government revenues, and at the same time reduce inflation and interest rates. We cannot do both.

Mr. Rae: Yes, you can.

Mr. Evans: The sooner hon. members opposite learn that, the sooner we will have some rational and reasoned debate in this House of Commons.

Earlier tonight we heard the accusation which has been coming from the official opposition and members of the New Democratic Party that the policies of the government are hurting low and middle-income Canadians, and that we are squeezing the life out of low and middle-income Canadians. This was carried further by the hon. member for Nepean-Carleton, who said that senior citizens have to rely on OAS and GIS. My God, those policies were brought in to help the very people who need help most. What is the complaint? Those policies were brought in for all but a small number whom we hope to bring above the poverty level as soon as possible. The other groups are above the poverty level, and their benefits are indexed so that they will stay above the poverty level.

Hon. members opposite talk about inflation and the fact that inflation makes life extremely difficult for low and middle-income Canadians. I offer hon. members a chance to look at the Economic Council document entitled "The Inflation Dilemma", and find out precisely who is hardest hit by inflation. The Economic Council of Canada suggests that low-income earners coped best with the inflationary problems from 1969 to 1975. This is the last comprehensive study on the impact of inflation. Do hon. members opposite know why low-income Canadians coped best? It was because of government transfer programs which were brought in by the Liberal government to protect the very people hon. members opposite say we are squeezing.

Mr. Huntington: What about energy prices?

Mr. Evans: The hon. member talks about energy prices. How do energy prices affect Canadians? They affect Canadians through the effect they have on other prices. Of course, energy has a price of its own. All these prices are included in the consumer price index which is the base for the indexation of all the transfer programs about which we are talking.

The Economic Council has said that of all the groups the low income earners coped best with inflation. The next to the lowest income category coped second best with inflation. That was because of transfer programs. I will quote directly from this Economic Council document as follows:

> Hence, changes in the benefit levels and availability of retirement pensions, social assistance, family allowance, unemployment insurance and farm income support programs were particularly important to these groups.

We can add to the list old age security and the guaranteed income supplement, which are indexed to take into account the fact that prices are rising. We can go further and ask about the Canada Assistance Plan. That plan is indirectly indexed as well because the level of federal contribution is tied to provincial contributions, which are indexed. As a result indexation covers the vast majority of low to middle-income Canadians.

Mr. Kilgour: They are doing wonderfully well.

Mr. Evans: The hon. member says they are doing wonderfully well. No, they are not doing wonderfully well. No one has said they are. We would love to see everyone doing much better, but the advice we are getting from the opposition is to bring down interest rates, to bring down inflation, to increase spending and to increase deficits all at the same time. That kind of advice will get no one anywhere.

Mr. Wilson: Is that the Evans curve?

Mr. Evans: It is called the Tory curve, and it is laughable.

Mr. Kempling: It is called b.s. too.

Mr. Evans: I personally feel—and I think this is shared by some of my colleagues opposite who keep civil tongues in their heads—that we must shift our priorities from greater and greater current consumption expenditures to greater and greater economic development and investment expenditures. I think the hon. member for Capilano would agree with me on at least that latter point. I think it is important that we realize that we cannot continue into the future to fight over what is bound to be the shrinking wealth base of this nation. We have to make sure that policies are in place so that that wealth base increases for all Canadians and so that all Canadians are able to become better off in the future.

I pointed out earlier that the budget was committed to just that kind of economic development. When we increase the economic development budget this year alone by 21 per cent and when we double energy and economic development expenditures, excluding out of that oil import compensation payments, to $13 billion by 1983-84, we can see that there is a commitment there. It is a commitment to growth.

Mr. Kilgour: What about the deficit increase for next year, John, of $3.5 billion?

Mr. Evans: The hon. member wants to talk about the deficit. If he wants to give me more time, I will tell him about the deficit. The hon. member for St. John's West (Mr. Crosbie) projected a budget deficit. Subsequent to that projection oil prices increased dramatically, which increased oil import compensation payments. Interest rates went up. That would have happened under his regime just as it is happening under this regime. Oil prices would have gone up under his regime the same as they have gone up under our regime.

Some hon. Members: Oh, oh!

Mr. Evans: Mr. Speaker, I refer to world oil prices. I refer to the oil which comes from offshore. There are these factors, plus the recession which is worse than what anticipated. Again, the recession would have been the same, and the hon. member has admitted that in the House several times. Those factors would have increased his deficit by a good $2.5 billion to $3 billion. Hon. members opposite talk about how they would have had a budget deficit of $11.6 billion, but that is nonsense, and when the hon. member for St. John's West is pushed on it, he will admit it.

Yes, there is a serious situation, and we must come to grips with it. I believe the budget begins to do this, and I think this government, as we move further into the future, will take the actions necessary to achieve the things all of us want, namely, more growth, a higher standard of living and a better situation for all Canadians.

Some hon. Members: Hear, hear!

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, the magic of modern economics has now been explained. The experts in Canada and those people who want to buy homes have been confounded.

When I was home last weekend I spoke with a young man who bought a home three years ago. He had to sell it because he moved from his prosperous community. He put money into a housing situation which the hon. member for Ottawa Centre (Mr. Evans) says is good. That young man, his wife and his child are out $5,000 to $10,000 which they worked hard to get. Does the hon. member stand behind that kind of interest

policy? The young man to whom I refer left a home he could afford with the income he had, to move to very small quarters which he has to put up with until sanity returns to government and the economists on the Liberal side of this House begin to return to reason. May God be merciful to those who took economic lessons from the hon. member for Ottawa Centre, because they have been misled.

• (0020)

An hon. Member: They all failed; so did he.

Mr. McCain: He went on to speak about how good housing is. I submit to you that the hon. member for Nepean-Carleton (Mr. Baker) gave him the proper advice, that he had better talk to them over the telephone.

This evening I spoke to a young man who is building a second home because he had to move. He liked his first one so well that the one he is building today is identical in plan, design, and fixtures to the one he built 15 years ago. May I say to the hon. member for Ottawa Centre that the first two of eight progress payments made to his contractor for the second identical home after 15 years exceeded by $2,500 the total cost of the first home 15 years ago? Can we stand that kind of inflation? The hon. member for Ottawa Centre had better put his figures together and see how much this young man has to make to survive the change in the cost of his home. I repeat, two progress payments exceeded by $2,500 the cost of an identical home 15 years ago. Is that good government and good economics?

An hon. Member: He is sick.

Mr. McCain: There is a thing called loyalty which a member of any party in our system should have, but blind and stupid loyalty is inexcusable.

Some hon. Members: Hear, hear!

Mr. McCain: Mr. Speaker, we are in an inflationary structure and there is an element of doubt as to whether or not that is good for any society. But we are in a different kind of inflationary structure than the one to which history has been accustomed, because automobile lots are overloaded, in the housing market there is demand and no buyers because people cannot afford houses, there are plenty of clothes on the store racks and plenty of the things that ordinary individuals want. You can just go down and pick it up, the supply is there. That is not the cause of inflation. We are treating a new situation in inflation with the old methods. It is rather like giving a dose of castor oil to a cholera victim, and it is having the same effect. In the long run, the victim will subside and die. We cannot go on this way.

If we are to suggest to the people of Canada that this is an international situation, then will the Minister of Finance (Mr. MacEachen) explain to this House and to Canada why he has not tried to convene an international finance ministers' meeting, and why he has not tried to get the world to take a look at what is happening to see if an international agreement of some sort cannot be worked out whereby the rising interest rates—the old castor oil treatment for the cholera patient—cannot be changed to some other policy because this one is not working and we are heading for a catastrophe? We are choking production by our tax policy, we are choking our purchasing power by our income tax policy, and the conflict of the two does not associate itself with progress.

Some hon. Members: Oh, oh!

Mr. McCain: I hear a little chirping over there from the far left, and I suppose we could call it the extreme left. I was rather amazed tonight to find that they do not know which way they are going because one day they are clamouring in the House for socialization of everything but tonight they are speaking on behalf of private business. They have to make up their mind which way they want to go. They are confused, and they are confusing Canadians.

Mr. Speaker, I am concerned for my country. I was concerned when I listened tonight to the Minister of Finance in whose constituency—I am not quite sure of the geography—or perhaps in the constituency next to his, an oil refinery has closed and where employment has gone down because our relations with our trading partners are not such that the product could be exported at a profit, even if it were imported and exported. I am concerned that such a Minister of Finance should come from such a constituency in Atlantic Canada.

I was concerned also when I listened to the Minister of Energy, Mines and Resources (Mr. Lalonde) who supports measures which curtail development, because I live in that part of Canada which is near the Minister of Finance and near that part of Quebec from which the Minister of Energy, Mines and Resources comes which depends upon socially irresponsible government sources of oil from across the ocean, from a region which is in political chaos. Both those men, one living in a region desperate for energy, the other living nearby and related to people east of Montreal who are in the same crisis, stand here and put forward tax policies and energy policies which deter development, exploration and delivery, and which postpone self-sufficiency in Canada.

I can understand why Ontarians do not worry and why Montrealers do not worry, but those who live east of Montreal have a double concern for the behaviour of both the Minister of Finance and the Minister of Energy, Mines and Resources. It is catastrophic that they should ignore the realities of Canada. We find ourselves in a situation in which personalities, petulance, prejudice and anger have clouded what should be rational, comprehensive, and conciliatory negotiation. It is not a case of confronting the west because they are not operating to suit these petulant people, these impatient people, the government. It is a matter of serving all of Canada, all people and all workers from coast to coast. Temper tantrums, petulance and prejudice dominate these negotiations. Reality has been lost from sight in their conduct.

Mr. Speaker, I should like to read a few comments which appeared in the press today, because I think they are rather

significant, since we had the favourable article quoted from Winnipeg. Here is one from *The Toronto Sun* which reads:

Assuming one is possible, how long would a post-Trudeau reconstruction period take?

That is just one question he raises.

It has already been pointed out in this and other spaces that changing our economic foundation (which is what Trudeau has done) cannot be accomplished overnight. There is also an argument (and a reasonable one) to be made for saying it will take longer to fix it than it did to harm it—

How did Trudeau change us? Simple:

1. He made not working socially acceptable.

2. Profit was shortened to a four-letter word.

3. Non-productive elements in our society came to be seen as equal to (and in some cases better than) productive elements.

4. Initiative, society's grease, was discouraged.

That is a simple and simplistic summation of 12 years of power, I know, but it will have to do.

Let us take another newspaper. The headline reads "Ottawa may push deficit on provinces". It may do it in many ways. Ottawa is blaming the provinces for those items over which the federal government had control. During the last two campaigns we listened to the Minister of National Health and Welfare (Miss Bégin) complain about health services, but it was the minister who could not extract consistent and sustained grants to the provinces as her share of the health program, and then she blamed the provinces which are strained in their expenditures by the welshing of the federal government on its responsibilities and commitments. That is what happened.

One could go on about the other ways in which the government is trying to push onto the provinces the responsibility for programs initiated and financed by the federal government. This will not work in this country. Again this is confrontation and avoidance of realities. I would submit to you, Mr. Speaker, that the speeches of the Minister of Energy, Mines and Resources and of the Minister of Finance can be considered repugnant and reprehensible delivered by men both lacking in conscience and concern and utterly refusing to face the realities of the economics of energy demand, finance, monetary and fiscal policies, men blind to the realities and not concerned about the consequences. They would give you Epsom salts for appendicitis.

● (0030)

I must say that I was seriously offended this morning to hear the Government of Canada complaining about the money it cannot spend. It is cutting community improvement policies, but is advertising that the Government of Canada will do great things for the ladies. The Liberal government will give them great opportunities. Ministers will advertise it and try to confuse the people of Canada, particularly the ladies, with the reality of the economic and energy policies of the country. It is deceptive in a fashion which should just not be tolerated or accepted by the people of Canada. Every red herring which could be drawn across the trail of division of the Canadian people has been put there by advertising, by policy, and by what can be pushed to deceive and conceal.

To deceive and conceal has been the policy of the government. It has deceived and concealed in the fact that it has kept the energy price down and subsidized imports, and the taxpayer pays. What is the difference between the taxpayer being punished in a tax fashion or going to the pump and paying the price of oil? The government has tried to let people think that this stuff is free, that it will always be cheap, but it does not mention to the same deceived people that they pay it in taxes, or that their grandchildren will pay for their deficit. They will either pay at the tank or by way of tax; they have a choice.

An hon. Member: Pay now or pay later.

Mr. McCain: How long have we deferred Canadian self-sufficiency? Has it been one year, three years or five years? Have we put it out of reach? They have called every oil company in Canada, owned here or otherwise, culprits. They have used the four letter word for profit. They have completely and utterly discouraged initiative.

The attempt to deceive tonight has been extended one step further by saying that oil rigs have not yet left. I happen to know one person in the oil drilling business and that 60 per cent of his equipment went out of the country in the crisis which arose between 1973 and 1974 when the government went off in an equally half-cocked way. Not only did 60 per cent of that equipment leave the country over an 18-month period, I do not think all of it came back. They have started the same exodus. The trend is there, the future is spelled out. To try to tell Canadians that this is not happening is repugnant and reprehensible. It is just utterly deceiving the people of Canada.

We must recognize that this is a free society so far, but when the new constitution passes I doubt it will ever be again.

Some hon. Members: Shame! Shame!

Mr. McCain: If hon. members opposite would read the comments submitted by some people who are very knowledgeable on the constitution, they would be ashamed, frightened, and move out. I sat here and I never opened my mouth when anyone spoke, but members opposite cannot give me the same courtesy.

That is the trend, and if it is not reversed within three months' time—and that might be too late—the country is out of luck, and we may have put self-sufficiency five, ten or 15 years down the line. As I said, how do we reverse it? It will take longer to correct it than it did to destroy it.

This is a competitive world. I have a great deal of respect for Mr. Speaker. If you had money in the oil business which could be invested abroad, and you could see a secure economic opportunity to profit, that is where you would put your money. The government is driving that money into the competitive economic world where the little guy or the big guy is of some consequence, but the driving of that capital is outward. It was brought on by the budget of the Deputy Prime Minister and Minister of Finance and the policies of the Minister of Energy, Mines and Resources.

Uncertainty, fear, and apprehension prevail, and we cannot achieve solid economic development under those circumstances. For the first time the minister of finance for the province of Ontario is deploring the impact of the budget and the energy policy. As reported in *The Toronto Sun*, Mr. Miller said:

"The reduction . . . from over a dollar to 85 cents very suddenly didn't have half as great an impact on the economy as we thought it would . . . Now we're talking from 83 cents to 80 cents perhaps. I would argue that that's not going to have as great an impact."

Miller also repeated Ontario's call in its November budget for federal participation in helping poor people pay their heating bills.

He went on to say that it would be roughly $400 million over a three-year period. This is the first time the finance minister of Ontario has registered an element of protest against federal policies which he said he will have to go back and discuss with his premier because he is concerned. That can be coupled with the province of Nova Scotia indicating that the debt will be piled on the provinces, so that the federal government can get rid of it. Also that can be coupled with the moving out of the oil industry; the trend is there.

We are not the only ones who are complaining. One would think, from listening to the hon. member for Ottawa Centre, that members on this side of the House are the only ones who are complaining. Has he not read the press reports? Has he not read the multitude of articles or the personal letters which are critical of the government's behaviour and explain the hurt? Has he not read the article which was entitled: "Policy of Drift Costly", which reads in part as follows:

MacEachen and Bouey are doing nothing more than looking for a scapegoat. Canada does not have to follow the U.S. policy. Those in the government or its employ who say we must track American interest rates would also then have to admit that Liberal economic, industrial, trade, ownership and energy policies of the last dozen years have allowed this predicament to develop.

I did not write that, so members opposite should not say that I am the only critic. The article continues:

By trying to support the dollar with high interest rates, the Bank of Canada and its silent mentor, the government, is supposed to be keeping imported foodstuffs within the buying power of average Canadians. Ironically, the high interest rate policy is simultaneously making it harder for Canadian farmers to produce domestic foodstuffs.

I have just one last sentence. The hon. member for Ottawa Centre mentioned food and its cost. In 1970 it probably cost farmers between $10 and $16 in interest a year to grow an acre of potatoes. In 1980 the farmer who is now planning for next year's crop is looking at $200 per acre. Is that practical food policy to the hon. member for Ottawa Centre?

Some hon. Members: Shame!

Mr. McCain: I think that speaks for itself.

Some hon. Members: Hear, hear!

Mr. Bob Ogle (Saskatoon East): Mr. Speaker, as the night wears on I am sure members are tired, and probably Canada is tired, but we are debating a very important matter. We are talking about something which is affecting us and will affect more profoundly the life of every person in the country.

I should like to bring to our discussion and debate tonight some ideas which I do not think have been expressed. Although we, as Canadians, are struggling with an inflation problem unlike the ones of the past, in relation to the world scene the problem faced by Canadians is a relatively easy one.

● (0040)

As members from both sides of the House are speaking tonight about the effects of inflation, the falling dollar and the effects of unemployment, I would like to put on record that even though our statistics are not good, and even though Canadians, young and old, are suffering from these effects, countries which have not been named are going through a much more critical problem. I would like to put the names of a few of those countries on the record. These are countries which have potential but, because of the international economic situation, are either on the brink of bankruptcy or are bankrupt. These countries are Argentina, Chile, Nicaragua, Zaire, Upper Volta, Thailand, and many other countries around the world. Most countries around the world have economies which make ours look like a blessing.

In the House yesterday there was tabled the report of the North-South Committee Task Force, on which I had the privilege to serve. It was the unanimous report brought in by the members of all three parties in this Hosue. If, out there in television land, there is anybody still awake, I would ask you to write your member of Parliament and obtain one of these reports. At the same time, ask if he or she has read it. If not, suggest he or she reads it.

I believe some of the things contained in this report have a great deal to do with what is happening in our country today. If, in trying to face the problems of our country, we do not put into the equation a fact which has not really been mentioned here tonight, then we will not come to a solution of the problem. The United States has been blamed for our high inflation and high interest rates. I believe that the countries which make up the rich sector in the world, in the north, have arrived at a time in history at which they have been calling the signals of the economic world ballgame and they can no longer do that unless they seriously take into account what is happening in the rest of the world.

I would like to take a moment to read into the record a part of the introduction to this report of the North-South Task Force. I hope it will lay to rest many of the myths which I think have been associated with the rich countries, in the minds of many people in the north. In the report we have written:

A Decade of Change

The starting point is the altering of images. Change often occurs faster than our ability to recognize it; North-South relations are no exception. We start with an image of a world divided between a powerful North and a weak and dependent South. This image is badly out of date.

There have been great changes in the past ten years. The most dramatic example is the emergence of OPEC, the Organization of Petroleum Exporting Countries. Suddenly, without warning, the nations and the peoples of the North have been confronted with a fact of life long familiar to the South: dependency.

Simply put, dependency means that when you are rich you never think about the fact that you may have to depend on somebody else. The poor know what dependency is all about, since they have always had to depend on somebody else.

The report continues:

Suddenly, decisions and events in the South have an impact on the well-being of the North. Our response has been to launch ourselves toward an objective long sought by the South, that of self-sufficiency. We may have as little prospect of achieving it as they do.

That last sentence is a key one. We have become mutually dependent on each other in a way that has never been seen before in the history of our planet.

I continue:

These are not the only changes which have occurred. A number of developing countries have moved far along the path toward industrialization. The rates of economic growth in parts of the South have outstripped those in the North.

India, our image of a poor nation, is now the ninth largest industrial power in the world; Canada is seventh. Brazil, Venezuela, South Korea, Singapore . . . growing numbers of countries have entered world trade and are competing in the markets of the North. We can say with confidence that the economic shape and power of the world in the year 2000 will be as different again as this world is from 1960.

Sometimes people wonder why it is jobs are hard to come by in cities which a few years ago were very prosperous. Why is it that with respect to the automobile industry there is pressure from all sides? The answer is simple. A country which was considered a Third World country only ten or 12 years ago is Japan. Japan is a case which exemplifies these changes. It has become one of the great world powers. This was accomplished by taking a serious world view of things, and it is my view from the Japanese people I have known that they are people who, when they see an economic problem, do not go back to an old solution but immediately try to find another way, a better way.

The report continues:

Not many years ago, if we had drawn our map of the world with a line dividing North from South, Japan would have been south of the line. It has now crossed over dramatically. In the 1960s Canada's tariff regulations still classified Japan as a "developing country". Today, it is one of the major industrial powers in the world.

The thought which I would like to bring to this debate tonight is that if we try to find a solution by going back to old remedies, which worked when we were sure of the disease, then I feel we are bound to be a total failure. If we are to solve the disease of high interest rates, inflation, and unemployment, I believe it is necessary for us to identify all the causes correctly.

In our report on North-South relations we indicate one of the causes which is rarely mentioned in the House, that is, the world economy has changed. It is difficult to put this into simple images but one which I think is clear to many people is the image of a poker game. For a long time, in the international game of economic poker, a few people had all the money and they called the game. They were the industrially developed countries of the North. If anyone wished to join the game they had to play the game as laid out by the dealer, the one who had the wealth. So if it happened to be 21, they played 21, there was no other game. Then suddenly the game began to change.

● (0050)

A few of the people who had only a very small amount of the chips ten years ago were not even players and were not even asked about the game. But suddenly they received a pile of chips. They are called the OPEC countries. When they received those chips the rules of the game began to change, and the flow of money which had been going around with the first set of dealers suddenly was not there. Somebody else began to draw that amount of money to another part of the table.

That other part of the table began to call the game. So, if they changed the game, for example, to seven card stud instead of 21, it does not help if you can only count to 21. It means that you have to learn a new game. I would like to think that we could call this new game the new international economic order of the world which has been advocated by the south. The seriousness of the situation is that the remedies which were previously able to bring down interest rates or whatever through adjustments, will not solve the problems confronting us and which are bringing disaster to most of the world today.

For example, take a person who has had a stomach ache. When he is asked by the doctor what he was taking to help the stomach ache, he may say Alka Seltzer, or whatever. But if the doctor says that the person now has a cancer, another disease, he must recognize that the former remedies will no longer work. This is the case with the up and down flow of interest rates, or with anything else. It will not work because there is a new disease. It is a disease which is not only part of the north but a disease which is a result of the intermingling of the north and south.

In the North-South task force report we have proposed resolutions which I hope the government will seriously look at and accept. Some of those resolutions have to do with aid, some with trade, some with food, and some with energy. One of the most important resolutions has to do with the way Canada must look at its economic future and prepare to adjust, which means that the answers which made good sense, or at least made some sense ten years ago, must now be reviewed from top to bottom. That adjustment may, as many adjustments do in life, cause difficulty and suffering, but unless the adjustment is made soon the problems which are becoming more and more involved will become bigger without solutions.

In this critically important time in the history of our planet, I believe that we must have a truly prudent approach to an international world situation. The Prime Minister (Mr. Trudeau) is preparing for a North-South conference to be held in Canada this summer which will at least affect the rich countries. The Prime Minister has visited several developing countries, particularly in Arabia, in the past month. To my knowledge he has not given a complete report to this House on the visit. I hope that he will, and that he will tell us whether or not while in Arabia he talked about the recycling process which would put Arab money back in circulation, whether it would work, whether it is necessary for anything to happen, or whether it was only, as we have read, a way to pick up more

Arab oil at a high price in order to bargain to alleviate the Canadian energy problem of the moment. I hope the Prime Minister will tell us what happened.

I also hope that the Prime Minister will indicate how he intends to approach his next visit which, likewise, will take him to some developing countries, which include Nigeria, Senegal, Brazil and Mexico. These four countries have a very distinct economic personality. I hope he will tell us how he intends to approach these countries, the reason for the visit and what their response will be, or will it be just another instance in which the Prime Minister will dance sheik to sheik? Such an approach is not very serious, and certainly not the solution which the country and the economies of the world need at this particular time. As this debate continues tonight, I trust that the Government of Canada and the Minister of Finance (Mr. MacEachen) will seriously take to heart the things which we have mentioned today and will seriously read the indications which have been given to us by people who have knowledge of and skills on this complicated world economy.

I trust that we will all thank God in this week prior to Christmas and enjoy on the whole a relative degree of comfort. But there are others who will not enjoy the season as much as they could. We must not forget the millions throughout the world who, caught up in this critical world economic situation, will know Christmas only as another day of despair.

The Acting Speaker (Mr. Blaker): Before the hon. member for Trinity (Miss Nicholson) takes the floor, an hon. member advises me that in proceedings which have gone away into the night, as apparently they may this evening, it has been the custom to release the pages from duty. Would that be according to the wishes of the House?

Some hon. Members: Agreed.

Miss Aideen Nicholson (Trinity): Mr. Speaker, this evening we are discussing a resolution which arises from the fact that there has been an increase in the cost of living, the highest since 1975, and also that we face a situation of unusually high interest rates. The central bank has made an effort to avoid slavishly tracking the U.S. interest rates, and the spread between the two is wider than has been the case. It is true that Canadian interest rates must remain reasonably competitive with the United States rates to attract needed foreign capital and to retain capital investment. But a prime lending rate which has reached the present figure must, of course, raise concern that it may be depressing economic growth, both at the consumer level and the industrial level.

Some economists have expressed fears that the dampening economic effect of higher rates may retard Canada's recovery from the present slump.

What is needed, of course, is a very reasoned assessment of the situation in order to assure that action is intelligent and based on a full understanding of the options. The very wide divergence of opinion is indicated in the reports of the meeting of provincial ministers on December 17. We find in a news conference after the meeting the Ontario treasurer, Mr. Miller, said that he would prefer the risk of higher inflation because of a declining dollar to the known costs to business and to consumers of soaring interest rates. However, his Quebec counterpart, Jacques Parizeau, took the opposite tack. Because inflationary pressures are already being increased by rising energy and food prices, it would be a mistake to add to them by letting the dollar fall even further than the five points it has come down in recent months, Mr. Parizeau said. These two directly opposed opinions indicate the difficulty and complexity of the subject when two intelligent and experienced observers have opposite solutions to the difficulty.

● (0100)

Mr. Deputy Speaker: Order, please. Hon. members will please observe order.

Miss Nicholson: Mr. Speaker, the problems are international and that must be faced. The governor of the Bank of Canada has said:

> The problem does not originate in Canada and the bank has no way of dealing with it that would not affect either the level of interest rates or the exchange rate or both.

Some members who have taken part in this debate have behaved as though any mention of international factors were an attempt to evade responsibility for doing in Canada what can be done in Canada. Surely the opposite is the case; to act intelligently in Canada, one must have an understanding of the international implications.

The Conference Board, which used to be highly regarded by some members opposite, told us this fall that most of Canada's inflation in the post-war period was caused by international influences and that world markets were more significant in the bills we pay than Canadian profits, labour costs, money-printing or government spending. In fact, one well-respected financial analyst went on from that point to suggest that this is a strong argument for making sure that in any constitutional rearrangement the federal government has all the levers it needs. In the *Toronto Star* for September 2, 1980, we find the following:

> Since the fight is so difficult, and so international, it's vital that Ottawa have the power to do what it can, in combination with other countries.

A number of members tonight have spoken about the effect of high interest rates and high inflation on lower-income Canadians. This must be a real concern to all of us. People with lower incomes have less discretionary income. Their income is very tightly budgeted. They have fewer choices and almost all of their income must be spent on the necessities of life. Indeed, they are the people who are hardest hit in times of economic difficulty.

Another member who spoke had some criticisms of what he called the welfare state. But surely if it were not for the social measures now in place, those on low incomes would find life even more difficult than they do now. Most of the social measures now in place were introduced by Liberal governments. For example, old age security, the guaranteed income supplement, the spouses allowance, family allowances, the

child tax credit, unemployment insurance benefits, veterans' allowances and Canada Pension Plan benefits. All of these are indexed in some way to the cost of living. Together these programs have provided approximately $3 billion of extra protection from inflation in 1980 alone. The Canada Assistance Plan is also indirectly indexed.

Social measures are usually generously supported by Canadians when times are good, but in times of economic hardship, we tend to hear more criticism of these measures, such as we have heard tonight and we hear more adulation of the private sector. Perhaps the main answer to that is to build a larger pie. The sharing of our resources and giving help to those who need it most, whether by way of medicare, subsidized pension plans, or whatever, is generously supported when times are good. We all agree with this kind of redistribution of income, but we would support it more enthusiastically if there were more income to redistribute. This is why I think the measures in the last budget which were aimed at building on the underlying strengths in the economy present a more useful approach to the problems than some of the criticisms we have heard this evening.

A key part of the budget strategy was the energy policy. At the present time, the Canadian taxpayer is subsidizing foreign oil brought into the country to the tune of almost $4 billion a year. Quite clearly, the answer to that is to use every means in our power to increase the amount of oil—conventional, from oil wells, new oil from the frontiers, synthetic from the tar sands, heavy oil—and to move, as is planned in the energy program, to substitution away from oil to gas and to other forms of energy so that we can be independent of oil imports by 1990.

Although we do not have an agreement with Alberta and although there are a number of contentious issues in the energy policy, whatever the final framework set for domestic oil and gas may be, that oil and gas belong to Canada. Every dollar spent in the future on energy from Canadian sources rather than offshore sources is a dollar toward a healthy balance of payments. If we continue with the measures described in the budget, it is also another dollar to be recycled into further growth in the Canadian economy.

One hon. member earlier this evening spoke of capacity utilization and suggested it was at a very low figure. I think he put it too low. In spite of the recession, investment has increased since last September. We have less excess industrial capacity than one might have expected, especially in those sectors which are more export-oriented. That gives us a challenge to grow fast enough to meet future domestic and foreign demands. There will be an eventual upturn in foreign markets; we have a good base; we have many advantages. We are energy rich, we have a well educated and competent labour force. We have a labour structure which has been acting very responsibly and constructively. Recently we have seen requests only for wage increases that reflect gains in productivity to a large extent.

• (0110)

There is, of course, much to do by government as well as by all of us. There is clearly a seller's market for most key industrial resources today. It is important we use that as a level or bargaining tool with our trading partners to ensure increased processing and manufacturing of goods before they leave Canada. We are a trading nation. That gives us some vulnerability but also some strengths. It is important that we use those strengths, that we try for more upgrading of our exports and try to keep jobs in Canada more than we have done in the past. An energy agreement with Alberta, a national industrial policy, incentives for investment and industrial efficiency offer us hope for the future.

In this discussion members who are perhaps understandably concerned with the difficulties facing us have not mentioned some of the positive factors we have seen lately. When the results of the national accounts were released for the third quarter of 1980, real GNE grew by close to one half of one per cent in that third quarter, having declined in the two previous quarters.

Those figures indicate that the economy is performing somewhat better than was earlier estimated. The relatively strong trade performance in the Canadian economy, despite the recession in the United States and Europe, reflects a considerable improvement in the competitive position of Canadian industry since late 1976.

In conclusion, I repeat that the times are indeed difficult. However, it is an exaggeration to call our situation a crisis. At a time when we are anxious to encourage investor confidence, I am not sure it is acting in Canada's best interests to speak of crisis. We have some underlying strengths in the economy. Measures in the budget and in the national energy program will build on those strengths. Members have called for a new budget, but we have not yet had time to see the results of the recent budget.

It is time to put our assets to work for us. Not least among our assets is the traditional Canadian ability to conciliate to reason, to work co-operatively—an ability that has not been much in evidence recently. However, I am sure it is still a distinctively Canadian characteristic that will work for us.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I am sorry that we on this side are keeping you up so late. We know it is past your bedtime. However, you will have to bear with us because we have a lot of important things to say.

I rise to join in this debate which I feel is very important to the well-being of Canada. Let us just review what this government has been saying over the last few months: we do not like high interest rates, they are too high; inflation is far too high, the dollar is far too low, conditions would be a lot worse if we were not here. That is all the Canadian people will get from this government. We see the wringing of hands by the finance minister every day, concerned worried looks, but no action, only higher prices for fuel, food, transportation, loans, and on and on.

Tonight was one of the prime examples of the haughtiness, arrogance, cockiness of this government when the energy minister tried to sell his energy policy, a policy so weak that he had to yell for his full 20 minutes. The minister said only 15 or perhaps 20 rigs had left Canada in October. Each one of those rigs generates $1.4 million in spin-offs in an area. To my way of figuring, that is a $28 million loss in the month of November in the province of Alberta. It takes 60 trucks to move one rig out of the country, that is, 1,200 trucks tripping out of the country with oil rigs on their backs. The only people employed are the truckers who drive the trucks to get the oil rigs out of the country.

The minister stands there and says only 20 rigs left, only $28 million lost in the month of November. That was a shameful show this evening. It was just disgusting. The minister talks about 100 rigs sitting idle. Certainly they are idle. They cannot afford to look for energy in this country. I am sure before long they will be going to the United States because there they are trying to achieve energy self-sufficiency.

I mentioned concerned, worried looks except for one man. That man is the Prime Minister (Mr. Trudeau). I sit here day after day. He laughs and smirks when legitimate questions are asked on behalf of senior citizens, the working poor, the unemployed, citizens of western Canada who are not represented on that side of the House. He laughs and smirks when he brings in closure and members genuinely concerned with the well-being of this country do not have an opportunity to be heard. He sits there and laughs and smirks when anyone asks serious economic or social questions. It is a big joke to him.

It is not funny to Canadians who are not quite as well off as the Prime Minister or myself. The Prime Minister gave what he thought was some fatherly advice to senior citizens, the unemployed and the working poor the other day when he said: readjust your budgets so you can put food on the table. This was advice from a man whose biggest domestic decision in adjusting his budget is what kind of champagne to buy. He should apologize to those people. What he is doing is having them change from beans to Gainesburgers. That is his idea of changing priorities.

The Prime Minister cares about one thing: the Prime Minister. He does not care for the little man or woman, a unified Canada, or economics. He cares for Pierre Trudeau. He does not care for his caucus, the Liberal party, Canadians in all walks of life; just his own vision of Canada, and his vision is probably the most divisive force. He is the most divisive force the people of this country have ever had thrust upon them.

Mr. Lang: On a point of order, Mr. Speaker. The hon. member is not sticking to the rules of relevance in taking pot shots at the Prime Minister which are really a misrepresentation of what is going on. The Prime Minister is not here to answer them.

Mr. Deputy Speaker: That is a point of debate, not a point of order.

Mr. McDermid: I am sure the Prime Minister can speak for himself. It is rather interesting that the hon. member for Kitchener would stand up and make those comments after what the minister of energy had to say about my leader tonight, which was disgraceful and disgusting. Let us get back to some important matters. As I was saying before I was so rudely interrupted, as a member from Ontario, I have a great concern about the west.

● (0120)

Some hon. Members: Oh, oh!

Mr. McDermid: That is exactly what happens every time somebody discusses the west; somebody over there laughs. They think it is a big joke, but it is not. The sooner you people get up off your duffs and get out west and see what is going on the better it will be for Canada. I spent some time out west recently and I am genuinely concerned, "frightened" is probably more appropriate, about the mood of the people. I do not want the west to separate any more than I want Ontario or Quebec or Newfoundland to separate. However, this government is causing this. This government is deliberately driving a wedge between the centre and the west so as to claim power. It is doing it in respect of energy policy, it is doing it in respect of economic policies and it is doing it in respect of constitutional policies.

I for one, as a member of Parliament representing a part of Canada I am very proud of, will not put up with that. I think it is fair to say that the citizens of Ontario, of Quebec, of the maritimes and of Newfoundland will not put up with it either. You fooled them over there; you misled them; you snuggled up to them during the last election, but the bloom is off the rose, believe you me. I noticed that the Prime Minister did not have his rose on today. He should have been wearing a black armband after the announcement of those increases in interest rates and the cost of living today. He is dividing this country. His Liberal cabinet, all of whom hope to receive the laying on of hands by the Prime Minister when he finally retires, if that ever comes, go along with it. His backbenchers will not stand up and be counted.

Some hon. Members: Hear, hear!

Mr. McDermid: Everything was fine when they were in opposition. Listen to these words from page 245 of *Hansard* for October 16, 1979. An hon. member, a fellow I am pleased to call a friend, the hon. member for Laprairie (Mr. Deniger), said after meeting with westerners:

> I witnessed and sympathize with their feelings of alienation. I pledged to fight to overcome their despair. I pledged to fight all regional alienation—

I ask this House, and I ask him as a backbencher with the Liberal government, where is he now? Why is he not fighting that alienation his government is causing in this country?

Let us talk about interest rates for a moment. Let us talk about mortgage rates and young people trying to buy homes.

That is an impossibility. This government brought in a plan called AHOP, the Assisted Home Ownership Plan. The minister for some reason calls it "a-hope". I think he hopes it will go away. It provided 8 per cent mortgages with grants and now their mortgages are coming up for renewal, and they will move from 8 per cent to perhaps 18 per cent. On a $50,000 first mortgage the payments will increase from $414 to $747 per month. That is the increase on the first mortgage, never mind the second mortgage. The money the government doled out to them for five years now has to be paid back at Canada Mortgage rates. That is $333 per month more, which amounts to over $4,000 per year. Young people are walking away from their homes.

When I questioned the minister the other day in the House about this he thought his plan was marvellous. He said he was going to take care of those people whose shelter costs exceeded 30 per cent and the additional costs would be underwritten by the corporation.

Let me tell you how they underwrite it, Mr. Speaker. They take the amortization of a mortgage, and instead of it being for 20 years they make it for 30 years. If that does not come down to the 30 per cent they extend the mortgage to 40 years. If that does not bring the payments down they extend it to 50 years, adding thousands and thousands of dollars in extra payments for those young people who are trying to keep life and limb together. Does this government care about them? Not a bit. There is not one thing in the budget that this government has done in respect of housing except to drive people out of their homes.

I had a lady call me today from Brampton. Her daughter and son-in-law had just lost their house because of mortgage interest rates. They had to move to an apartment because of high interest rates. This lady was in tears and I can understand why.

These children had saved up the down payment, having worked their hearts out, and now have had to walk away from their dream. They have had to walk away from that dream because of this insensitive government which is ruling Canada today.

There are about half a million young people unemployed in this country, all under the age of 24. I think that is a national disgrace in a country which is so rich in all kinds of resources, human and natural. We have a manufacturing base, we have people with brains and the finest educational system in the world. In spite of this we have over 500,000 young people unemployed. They are all frightened at their prospects. What is in the budget for them? I suggest there is nothing in it. All they know is that when they borrow Dad's car on a Saturday night it costs them a hell of a lot more for gasoline than it did a few years ago.

I should like to quote the present Prime Minister when he was the Leader of the Opposition. If hon. members look at page 685 of *Hansard* for October 29, 1979, they will find the following:

> At what point will the government look at these alternatives, rather than following the American interest rate up to 13 per cent, 14 per cent and God knows how high?

He is probably the only one who does know how high; how high the moon? When is the government going to look at those alternatives? I see the parliamentary secretary sitting over there throwing up his hands. His attitude is obvious. They are giving up. They are just prepared to go along for the ride; things will get better if we hang in there, baby. Just ignore it and it will go away. That is not likely.

The Minister of Industry, Trade and Commerce (Mr. Gray) is a real winner. On page 718 of *Hansard* for October 29 he is reported to have said that a new budget should make industry more productive and efficient as part of an industrial strategy, and include measures to help specific sectors of society, for example, small business, farmers, consumers and low-income groups. He said:

> We . . . will continue to press for measures of this kind.

That was said by the Minister of Industry, Trade and Commerce. Where is that minister now? I know he is hurting and cannot be in the House tonight, but where is his voice now? Why is he not standing up for those principles? What happened to him? Where did he disappear to? I watched the Morty Shulman show the night when the hon. gentleman said "if interest rates go up I will resign". The double standard of the Liberals is shown again because he is still there in the front benches; but for how long I do not know.

The Minister of Employment and Immigration (Mr. Axworthy), then the housing critic, that great white hope of the west for the Liberals, said as reported on page 754 of *Hansard* for October 30, 1979, if you will permit me to quote:

> For example, he could be providing some emergency assistance for those who have to renegotiate their mortgages. He is condemning thousands of Canadians right now because he is not prepared, as I understand it, to make directives to the banks or the lending institutions. Thus these Canadians are locking themselves into mortgage rates of 14.75 per cent. If those rates go down six months from now, those people will be left in the wash.

● (0130)

I renegotiated mine at 14.5 per cent just before the rates went up. I feel pretty good about it. Isn't that something?

> They will be high and dry up on the shore, because if interest rates recede they will still be paying 14.75 per cent carrying costs. Is that a fair and equitable kind of system? Is this a government which is really concerned about the problems of all Canadians, or is this Minister of Finance simply saying once again that he does not care and that he is not concerned about that group of people?

It was the Minister of Employment and Immigration who said that when he was in opposition. Where is he now? Where is his voice now? Why is he not standing here in this House and condemning the Minister of Finance (Mr. MacEachen) for the shoddy budget he brought in?

High interest rates affect absolutely everybody. They are costs. They are part of the prices everybody has to pay, so everyone is affected. Parliamentarians are not affected nearly as badly as the majority of the people in my riding. One of our problems is that we tend to live in a dream world up here on the Hill. Perhaps we just do not go back to our roots often enough at weekends to find out what really is going on. I suggest the government should start doing that. If it did, maybe it would get the message. Perhaps the backbenchers opposite will get the message and start passing it on to cabinet ministers who perhaps do not get home quite as often

as they would like because of their responsibilities. Somebody should go to the Minister of Finance and tell him what is going on in this country. Farmers who are desperate come to me. They are paying prime plus 4 per cent. How can one start a business paying prime plus 4 per cent? How can one start a farm? It is absolutely ridiculous. What is the government doing about it? Not a thing. We now have the highest rates in 40 years. We are moving into winter, a tough time of the year in Canada. I am absolutely shocked at the reaction we have been getting day after day in question period.

In closing, I ask that the Liberal party, the Government of Canada, the Minister of Finance and the Prime Minister of Canada, for a refreshing change, please put Canada and Canadians first.

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): Mr. Speaker, I listened with great interest to what my good friend, the hon. member for Brampton-Georgetown (Mr. McDermid), had to say. To say the least, I was disappointed, as I am sure anyone who heard or watched him tonight would be, with his personal vendetta against the Prime Minister (Mr. Trudeau). There is no question that he and the Prime Minister differ on many issues, but I ask him to conceal his personal animosity toward the gentleman and address himself to the issues. I am sure he would have a much more receptive audience than he has when he is personal and derogatory, as he has been. I find that unfortunate.

What I found to be the cheapest shot of all was that the hon. member asked where the Minister of Industry, Trade and Commerce (Mr. Gray) was at a time when everybody in this House knows that the Minister of Industry, Trade and Commerce is recovering from an accident in which he injured his foot. This is really not the time to be so low as to attack a gentleman in those circumstances.

Mr. McDermid: Mr. Speaker, I rise on a point of order. My point of order is that I did not say that. I mentioned that the minister was ill. I said that we wanted to hear his voice loud and clear on the issues. I did not mention anything about his being out of the House because he is ill. I am sorry, but that was a low blow.

Mr. Simmons: Mr. Speaker, I recognize, as you do, that that is no point of order. The hon. member for Brampton-Georgetown has said that it was a low blow, and that is what I was attempting to say when he interrupted me. I am glad to hear that he agrees with me.

The hon. member also talked about double standards. In a few moments I shall talk about double standards.

Mr. Deans: Come on, Rog, raise your sights.

Mr. Simmons: My socialist friends are all worked up again tonight. They are duly exercised. The Tories and New Democrats wanted an emergency debate on the economy, so we are having it. We have sat here tonight and listened with great interest to what they have had to say. I have listened to most of the speakers over the last several hours, but what have we heard? What have they been saying? What are their solutions? They really have not made up their minds. They have proffered several solutions depending upon who was speaking and depending on the whim of the moment. Some of the solutions advanced would fuel inflation even further, which would hardly solve the problem. Other schemes they came up with would drive inflation through the roof. Arguments were put forward in favour of approaches which would increase unemployment even further. At the same time they spoke out of the other side of their mouths about how high unemployment is now. The hon. member for Broadview-Greenwood (Mr. Rae) cannot make up his mind about how high it is. He does not have the figure straight as to whether the number is 800,000 or one million but, give or take a couple hundred thousand, he is concerned about the issue.

Mr. Rae: The figure is 1.3 million.

Mr. Simmons: Some hon. members espoused policies which would decrease the purchasing power of low income Canadians. Those are the kinds of things we have been hearing about throughout this evening. We have heard solutions which would further aggravate the situation.

However, to their credit, dubious credit though it may be, they do have one thing in common, and that is that they are unified, consistent and undying in their preaching of gloom and doom. To listen to them one would think there is nothing good about this country. To listen to the gentlemen of the NDP and the Tory party who have spoken tonight one would think there is nothing right in this country whatsoever. We just hear a constant harping about gloom and doom and gloom and doom, as if somehow that approach could itself solve the problem. The outlook for the world economy especially is indeed a grim one in the short term. A good part of the problem is that Canada and other industrialized nations have not yet recovered, or even adequately adjusted, to the 1978 oil price shock. That is a good part of the problem. It should not be understated. I suggest that it has been understated time and again by a number of speakers opposite.

While the outlook in some respects is grim, I believe that to tell the full story in all honesty it is important to point out that it is not all bad news. It is not all as desperate and as fraught with gloom and doom as speakers opposite would have us believe.

Mr. Kilgour: Tell us the good news.

Mr. Simmons: For the hon. gentleman opposite I intend to get to some of the good news.

Mr. Kilgour: Do it right now.

Mr. Simmons: I shall do that, and I shall do it on my schedule, not that of the hon. member opposite.

Mr. Gamble: We can't wait all day.

Mr. Simmons: One would not know there is any good news by listening to the speakers opposite tonight. What is it about hon. members opposite? Are they masochists by nature? What is it about them which constrains them to talk about gloom and doom and about Armageddon every time they open their mouths?

• (0140)

Why is it that tonight they have been so dishonestly selective in citing facts to make their case of gloom and doom? It is not all bad news. Here is some good news. First, during the third quarter of 1980, after declines in the two previous quarters, the good news is that the real gross national expenditures grew about one-half of 1 per cent.

An hon. Member: You are a lunatic.

Mr. Simmons: They do not say that. I cite a fact which is clearly on the public record. That is just number one. As soon as they hear good news, as soon as they see you are going to make a point, they become really exercised because you are about to destroy their doom and gloom scenario. There are problems, and the first point I make is that the gross national expenditures are up in the third quarter. They do not want to admit that kind of thing, nor do they want to admit that the merchandise trade balance has posted $658 million in October.

Mr. Kilgour: Tell us anything that is good.

Mr. Simmons: If the gentleman would listen, I would tell him a number of things. And if he would listen, I would not even have to yell out what I am telling him.

An hon. Member: Give us some real good news.

Mr. Simmons: Now, Mr. Speaker, I cannot wait until *The Vancouver Sun* prints this one. The hon. member is not out pushing his "householders" tonight, with the hate mail I told him about earlier. He is back tonight, that is good news. Opposition members do not bother to mention the couple of facts which I put on record. I invite gentlemen opposite first to get *Hansard* where they will see clearly what I said. If the hon. member does not understand what I said, I am sure my good friend sitting in front of him, the hon. member for Parry Sound-Muskoka (Mr. Darling), will explain the whole thing to him. They do not bother to tell those things to the public, nor do they bother to mention a number of government programs put in place by this and past Liberal administrations which address the very issue about which they and we are concerned. The government already has in place a number of programs which add a fair deal of protection to those who are most in need. For example, the old age security, the guaranteed income supplement and the spouse's allowance, all of which are indexed to the cost of living; as the cost of living goes up these payments go up. Such is the case with family allowance. Members opposite know this but they did not bother to mention it. They keep asking what is being done for people on low income and on fixed income. I suppose there is no one in this House who would assert for a second that enough is being done. In those circumstances enough can never be done. But the record should show that some things are being done to help people who are wrestling with the ever-increasing cost of living.

I mentioned the old age security, the guaranteed income supplement, the spouse's allowance and the family incomes which are tied to the cost of living, the child tax credit which is tied to the cost of living, unemployment insurance benefits which are going up in 1981, veterans' allowances which are tied to the cost of living, CPP benefits which are tied to the cost of living. This is just a short list of some of the items. I could mention the income tax system itself which is indexed to the cost of living. When hon. members opposite were rumour-mongering this year, when they were preaching their gloom and doom, using another subtheme but still preaching gloom and doom, they were telling the country how those bad Liberals were going to deindex the income tax. But when we did not do so, was a voice opposite raised in praise because it had not been done? Oh no, they quickly and uncomfortably moved to another subtheme, though the over-all theme was just the same: gloom and doom, gloom and doom. The income tax system is indexed because a past Liberal administration brought in indexing. That indexing is helping people in some measure to cope with the increasing cost of living. Together, those six or seven programs which I have just enumerated are providing about $3 billion because of indexing-in extra protection from inflation in 1980 alone to recipients of the payments I have just listed. That is something, Mr. Speaker. Even the most unkind analyst of the programs of this government would have to admit that $3 billion is at least a drop in the bucket. It is certainly something. It is perhaps a small step in the view of people who normally speak for multinationals and who talk in large figures with many zeros and commas. But surely even $3 billion must have some impact on those people. Surely they must recognize that $3 billion extra this year in the pockets of recipients of child tax credit, old age security, guaranteed income supplement, Canada Pension Plan benefits, and unemployment insurance, must have some effect on the problem which we are addressing here tonight.

In addition to those programs, let me just mention that there are many other government programs which provide some protection from inflation in a less direct though just as effective way. For example, I am thinking about the Canada assistance plan. Under that plan the government shares with the provincial governments 50 per cent of the cost of certain social services and welfare payments. Therefore, under that program, by the very growth of provincial expenditures, as those expenditures grow, the actual dollar amount which this government puts in as part of those expenditures grows also. So, in an indirect way, programs such as the Canada assistance plan are also indexed to the cost of living.

We have heard the hon. member for St. John's West (Mr. Crosbie) this evening and on other occasions and in the question period today talk about the government having the responsibility to protect those who cannot protect themselves. There is nobody in this chamber, and nobody in this country I suppose, who would on principle, disagree with that concept. I, for one, do not and I do not know anyone in this government, or anyone who supports this government, who would disagree that the government has a responsibility to protect those who cannot protect themselves.

But a government cannot realistically—and I would be less than candid if I suggested otherwise—protect everyone from every unfavourable event. That is the kind of thing the hon. member for St. John's West has been advocating in the question period these last few days. I say to him it is high time the Tories made up their minds on this particular issue. Either the government should hold the consumer's hand at every turn, which is the argument which the hon. member for St. John's West has been espousing these past few days, or the government should disengage itself somewhat, should become less involved in people's lives which is what the hon. member for St. John's West has been heard to say on other occasions. On one occasion this fall in the House, on October 29 in the budget debate, the hon. member for St. John's West said, "A reduction in the total size of the government would be helpful". He has to make up his mind; he cannot have it both ways. He cannot, on the one hand, be saying that government should reduce in size and provide fewer services and on the other hand, when it is convenient for him, that the government should hold every consumer's hand at every turn. I invite him to come clean and to make up his mind. He cannot have it both ways; the Tories cannot have it both ways.

● (0150)

As we listened to the hon. member for St. John's West (Mr. Crosbie) and others who spoke in this debate this evening, we heard a number of suggestions concerning how the problem before us can be solved. One suggestion that there should be was a concerted attempt to get the consumer price index down, that we should go at it hammer and tongs, and that we should attack inflation today. I am sure the hon. member for St. John's West has had occasion, especially when he was minister of finance, to rely on the advice of economists. There is universal agreement among economists that a concerted attempt to wrestle inflation to the ground, without due regard to other considerations, would involve costs that would be simply too severe. I am thinking about the costs in terms of dollars and in terms of impact. The effort would be counterproductive. At this time it is certainly widely accepted that an attempt to wrestle inflation to the ground might lead to some success, but it would be at the risk of losing the patient; we would win the battle and lose the war. Basically the hon. member for St. John's West is saying, "I know I can cure you just as soon as I see the autopsy". He wants to wrestle inflation to the ground at the expense of everything else.

If I were preparing my Utopian shopping list, I would like a lot less inflation and a very much lower interest rate, but if it is a matter of facing the realities as they are, one must ask the question: if I do this with inflation, what other ramifications will it have on the economy? Also one must ask: if I do this with interest rates, will it be counterproductive and create more harm than good? These are the kinds of questions in much more technical terms to which people like the governor of the Bank of Canada and others must address themselves before taking actions such as those advocated in the chamber this evening.

I did not realize my time had gone so quickly, Mr. Speaker. I wanted to address a number of interesting suggestions to the hon. member for Broadview-Greenwood in response to his comments. But in conclusion I say to the hon. member for St. John's West that the House ought to be able to look to him as a former minister of finance for a considered, dispassionate appraisal of the current economic situation. Unfortunately that is not the case, because he tends to fill up his time with dramatic rhetoric. He is marching to a different drummer these days. He is marching to the Tory leadership drum which is unfortunate. I appeal to him and to the right hon. member for Yellowhead (Mr. Clark) to take the Tory leadership campaign out of the House. They have been fighting—

Mr. Deputy Speaker: I regret to interrupt the hon. member but his allotted time has expired.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I wish to take part in this debate that, in view of the circumstances, will go down in history. I feel the large number of speakers is proof of its importance. The hon. member who has just finished his speech tried with great courage—or was it really courage—to get Canadians to believe that the situation is not all that bad. I find it incredible to see those people opposite make such efforts to try to save their government, when in fact they are responsible for the situation because they failed to take on their responsibilities when it was time to do so.

Today, we realize that Canadians are traumatized, worried; we are told that about 63 per cent of all Canadians view the economic future of their country with pessimism and concern. A poll reminds us that 40 per cent of all Canadian workers are now worried about keeping their jobs; it is no longer a matter of 1,400,000 unemployed, the responsibility of the government opposite, but of 40 per cent of all workers worrying about their livelihood. I feel that those figures, those considerations, force us to challenge the government and urge it to land on its feet. I say this is not news: interest rates are staggering, inflation forecasts already exceed by far those the Minister of Finance (Mr. MacEachen) dreamed up a few weeks ago. That has happened over a period of 13 years, as far as I can tell. Should you have come to this House 13 years ago, there were 300,000 to 400,000 unemployed then. Now there are one million and a half, of whom 500,000 are young people under 24 years of age.

The previous speaker recalled the events surrounding the introduction of old age security; Does he think that will

reassure Canadians? No one is against old age security, on the contrary. But he wanted to tell us the Liberals have done something in the last few years. So, he brings up a story that goes back 30 years. But there are more pressing things to attend to, Mr. Speaker. A situation exists now that is of great concern to Canadians. I feel hon. members must express their concern and ask this government to take what steps are indicated under the circumstances.

Thirteen years of Liberal administration: unbelievable failure, sad record, both politically and economically; we see the results today. Some will say, of course, that last February Canadians showed their confidence in this government, giving it a six-member majority. But one must be careful about saying that the Canadian people as a whole believed in this government. It may be that not very many Quebeckers are happy today; that 68 per cent of them today do not cheer about the present interest rate and the situation which low-income workers will have to face in the coming months. So, I say the policies served up by this government are nothing but a pitiful failure.

Last year, at about this time, we were going through an election campaign; we had thought things out seriously and were working assiduously to steer the economy and the country back onto the road to prosperity. Now, we have obvious proof of 13 years of power leading the country to decline and bankruptcy. Of course, our friends opposite will argue this, as best they can, trying to justify a government that considered various solutions or tried to maintain a viable economy through artificial measures. The Prime Minister (Mr. Trudeau) is not here, and it could be said that I should not talk about him when he is not here, but even if he were, I would say the same thing.

● (0200)

The Prime Minister is now trying to amend our constitution by imagining an artificial Canada. This is not the way for Canadians to live comfortably. Last year we introduced measures which called for courage, and 85 per cent of business managers endorsed the economic direction that we proposed to take. We gave its proper role to private enterprise and incited it to create jobs because it was impatient to see where the government was going. What were our mid and long-term policies? We showed clearly what they were. Of course, Canadians had to make some sacrifices, but they were ensured of an economic direction which would have avoided the difficulties and the hardships they have known since last February. Our budget was defeated on the issue of interest rates. Canadians should be reminded of this fact.

Our projections concerning the inflation rate seemed unacceptable to those who wanted to regain power and who then put completely aside the national interest by not considering whether the country was still able to afford elections and to continue to stagnate for another year, because while we took seven and a half months to bring down a budget, the Minister of Finance cannot be congratulated for the time he took to bring down his own budget, and what a budget it was!

Serious organizations, and I am not the only one to say so, clearly question the validity of this budget. Serious people are now criticizing the budget. I saw recently that the chairman of Petrofina strongly condemned the energy proposals of the Minister of Energy, Mines and Resources (Mr. Lalonde). For our part, Mr. Speaker, we believed that the private sector should take its proper place in our economy and make profits in Canada. When we know the Prime Minister and where he comes from, when we know about his former socialist philosophy, which, as a point of fact, he still holds, as our friends opposite realize even though they lack the courage to do anything about it, we can see that this worries the private sector tremendously.

I must point out that the Independent Petroleum Companies Association, which includes 200 Canadian companies, has felt the need to publish a document addressed to Mr. Lalonde and entitled "Your Energy Policy is Harmful to Canadians". It will increase the dependency of Canadians on foreign oil. It will bring about long-term higher prices for gasoline. It will delay needed exploration; it will cause the loss of thousands of jobs. This is what is happening, Mr. Speaker. Our friends opposite try to speak about an energy policy and self-sufficiency, but this government should have been farsighted enough to make these projections ten years ago.

How could I not remind Canadians, Mr. Speaker, that for purely electoral reasons in 1978 and 1979, this government refused to set normal prices for gasoline instead of maintaining an artificial price? Economists are now talking about it and they realize that the government did not have the guts to rectify the situation at the proper time. Today, the government implores us not to blame it and says that this is the fault of the United States. Canada could have solved this problem in the last 13 years. It did not happen.

Of course, they will talk about social measures. They reminded me a short while ago that the government had dealt seriously with the unemployment insurance benefit problem, but after it had caused some 1,400,000 workers to lose their jobs. It felt that it had to provide them with a meagre pittance so they could eat three times a day. It is because of this sort of leadership that we are faced with this incredible economic failure, Mr. Speaker. They have refused to behave like responsible people. They were satisfied with toeing the party line without the least consideration for the future of Canadians.

Mr. Speaker, I must remind my Quebec friends that the Prime Minister and his government seem to administer by following the famous "*divide ut regnes*" formula. Over the past 13 years, they have succeeded in creating enough confrontation to alienate the provinces and start a real war between them and the federal government such as the one we see today. Although jealous of their wealth Albertans are willing to share

it with the rest of Canada, but not the way the Minister of Energy, Mines and Resources, this specialist of confrontation, would like to impose on them. I have known the minister for a long time. My hon. colleagues from Quebec certainly remember, just as I do, that when Mr. Lévesque's party was elected in 1976, the Bourassa government was blamed for a cut of some 30 per cent of the milk quota, when it is a well-known fact that it is this government's bad administration which was responsible for the difficulties Quebec dairy producers had been experiencing.

Not a single Quebec Liberal had enough guts to tell Quebeckers that Mr. Bourassa had nothing to do with that, but this government which has been re-elected and whose days, I hope, are counted. Then, they complained about the PQ being in power in Quebec. I am ashamed of the actions and attitude of the Prime Minister and his ten-odd Quebec ministers; I even pity them once in a while. I know they will say there is only one hon. member out of 74 who does not share the general views. We certainly do not share the same views, Mr. Speaker. Thousands of Quebeckers think as I do this evening and they would like to say so in this House. Few Quebec members will complain about that bad administration, that incredible bankruptcy, that confrontation and the malicious objection of the Prime Minister. And I must say it over again, Quebec has not only been blamed and denied since 1976, but now Alberta and many other provinces are in the same situation.

It is a policy of confrontation, divide to rule and forget at the same time that the basic issue has been set aside in a country that wants to develop a climate likely to promote investments. We do not have to ask ourselves what is going on when those provincial governments are unable to find common ground with the Prime Minister, when this government takes unilateral decisions prejudicial to the interests of the provinces, decisions with direct consequences for the provinces. How can we create a propitious climate for investments? The solution is not found in interest rates alone. If we had a propitious climate for investment perhaps we could provide tax credits, direct substantial aid to those small wage earners who will be unable to meet the costs which they will be facing in the months to come. How could it be otherwise. The government is showing a complete lack of perspicacity in areas as important as the automobile industry and as a result of a lack of advanced research, the industry must now dismiss thousands of workers.

Can those Canadians still have confidence in this government? And some will blame it again on the United States! Mr. Speaker, there is a serious deficiency, and it is not always the neighbour's fault, and then again, I am not disproving the argument that it is hard to get rid of our neighbour's influence. With good management, we might have been financially able to help those who deserve to be helped. Let us not mention old age security benefits when they have been provided for 40 years now. This is where the problem lies.

We are raising serious matters today and the government is to blame. I want to stress that all this is due to the lack of a cohesive policy, of a policy likely to meet the aspirations of Canadians, and it is a failure. The Canadian people must wake up and realize that the government cannot solve that problem by means of clearly cosmetic measures.

In Quebec people are concerned also; I have to talk about my province. The Minister of Energy, Mines and Resources referred to it earlier, they mentioned it on the federal side and, of course, we heard the Minister of State for Finance (Mr. Bussières), and perhaps many members from Quebec will take the floor. They too must have in their constituencies people who are concerned about this. But I remember that last December, a year ago, questions were asked in Quebec. I remember that in February, 74 hon. members from Quebec were sent to Ottawa, 68 per cent of Quebeckers were very pleased about that brave team, and we are still waiting for decisions.

Quebeckers are worried not only because of interest rates but because of some projects which are to be carried out. They might have created employment, Mr. Speaker. We are concerned about Gros-Cacouna, for example. Few hon. members broach the subject in my presence. My friends from Quebec do not often raise the matter. There is some concern about the settlement concerning the Laprade plan, a $200 million settlement which is still outstanding. There is some concern about the Mirabel fiasco about which the Minister of Transport (Mr. Pepin) proved extraordinarily weak, and I am also thinking of the decision to privatize Nordair. Every day Liberal members opposite come to tell me in private that I should kick this minister in the pants because he did not have the courage to stand up and has become a headache ever since he has been sitting on his Pepin-Robarts report. There is concern also about the delay announced regarding the construction of the Federal Business Development Bank building. There is concern about the dispute now going on and in the making concerning the economic summit to be held in Montreal with regard to the future of that city.

It may be worth reminding Quebeckers that with 22 Liberal members for Montreal, a prime minister, a few ministers, and some ordinary members, 22 out of 22, Montreal has achieved a fantastic record over these past 13 years; it has lost its status as Canada's metropolis. This is the certificate of achievement I would like to grant to these people. The Postmaster-General (Mr. Ouellet) is certainly going to call me a nobody because I have the guts to tell things that should be said, Mr. Speaker. I think you mean to tell me that my time is up. I will therefore end my speech at once by reminding our friends from Quebec that instead of criticizing our mortgage tax credit because we had not included tenants, the good news Quebeckers got yesterday was that the minister declared that he was postponing for two years the housing allowances and not only did they

defeat a budget which could have helped the small owner, and these days it is something very important—but tenants will again have to wait for this government to deliver its promises. This is why Canadians worry, Mr. Speaker, and it has now been demonstrated that this government no longer enjoys public confidence to govern this country.

• (0210)

[*English*]

Mr. Ralph Ferguson (Parliamentary Secretary to the Minister of State, Small Businesses): Mr. Speaker, I rise to speak in this debate, fully recognizing the concerns raised because of escalating interest rates and the problems that affect the consuming public, the business sector, private businessmen, farmers, and most sectors of our economy and society.

But if we look at these trends and examine their effects on various sectors of society, we first must consider the impact on our senior citizens who are deserving of the excellent care and accommodation which is provided them here in Canada. The federal government programs of the past few years have provided them with living accommodation. I refer here to senior citizen apartments in the cities, towns and villages across this nation, apartments that are rented to these senior citizens whose needs are the greatest, at rates which are related to their ability to pay. This is one of the programs which has permitted our citizens to retire and live a life of dignity free of worry and want and the every-day cares of maintaining an individual residence.

The senior citizens are shielded by indexed benefits and pensions, and the guaranteed income supplement. The increase last summer of the guaranteed income supplement was provided for those most in need, and about $3 billion is spent through indexing each year to cushion our lower-income citizens against hardships. Other seniors who have reached the age of retirement in any cases have their homes paid for, if they are not living in senior citizen facilities, and consequently in many cases have modest investments to supplement their pensions and thereby are not affected by the higher cost of interest to the same degree as others in our society.

However, we recognize the hardships endured in the small business sector, paticularly by those people who must carry a high inventory, who are paying interest on operating loans on a floating interest rate. We also realize the impact on home owners who are who are renewing mortgages, on potential home owners who are taking out mortgages, and on those who borrow funds to augment their incomes which are of a seasonal nature.

Many lending institutions today will provide a flexible rate on a mortgage, or a short-term rate that can be locked in at a firm rate when the rates fall to more normal levels. We recognize the problems encountered by those home owners and prospective home owners, but with such flexibility in the mortgage industry there is a vehicle which can provide them with a level of stability when they negotiate new mortgages.

In the rural economy, particularly in the agricultural industry, many sectors have a degree of protection against these abnormally high interest rates. The current interest rate, for example, in the Farm Credit Corporation is 12.75 per cent. The pricing formula of the national marketing agencies in the poultry sector takes into consideration the increased costs related to interest charges. The farm storage programs for grains provide interest-free loans for farmers to get cash advances on grain in storage, and in this way through their farm organizations or marketing boards provide a degree of protection to the persons they represent.

The fluid milk pricing formula in some provinces relates to input costs as well. This also includes interest rates. Other commodities which do not have the same degree of sophistication as those I have mentioned are facing some hardship because they have not availed themselves of our various government programs to cushion the effects of these fluctuating rates. But the same producers have decided to ride out the vagaries of the marketplace and it has been by their own decisions that they are not availing themselves of the opportunities to bring about this stability of income.

When I see the forces at work in the commodity sector, particularly in the nation to the south of us, then I recognize that we in Canada, who utilize our federal programs, are not only more immune to violent fluctuations on the commodities future markets and the wild fluctuations in price that in a matter of two weeks saw, for example, the price of soybeans drop by 25 per cent. In Canada we have a better system which is not exposed to excess profiteering, gambling, or speculation on the food we eat. We can be proud of our producers in Canada, those dedicated and hardy individuals who provide us with the first essential of human life, the very food we eat. We have a wheat pricing system which protects our Canadian consumers from world price fluctuations in bread. In the future we will regard this not as a producer subsidy in times of low prices, but rather as a consumer subsidy in times of world peak prices. Certainly we must be concerned with the world grain shortage, but under this Canadian system our consumers will be protected.

We have our dairy products and a dairy policy which is the best in the world, which protects both producers and consumers against world price fluctuations. Our entire poultry sector is indexed to production costs, including eggs and poultry meats. These basic food items in the poultry sector are all cushioned on behalf of the producers and the consumers.

• (0220)

We should not let it go unrecorded that the time spent by a worker in Canada to earn various food items in selected world capitals is lower in Canada than it is in Washington, London, Tokyo, Stockholm, or the medium of 15 other cities in other countries. For example, the cost of a 21-item food basket in Canada is lower than that for the same basket in the United States, Australia, the United Kingdom, Spain, Italy, The Netherlands, West Germany or Japan.

In fact, the cost of a 21-item food basket in Canada is 143 per cent lower than that for the same basket in Japan. We

have a system of stability in our food sector at the production level and, as a matter of fact, the consumer of Canada pays our farmers 29.8 cents per meal for food produced and consumed in Canada. This is what the farmer receives at the farm gate from Canadian consumers for food produced and consumed in Canada. I want to emphasize that our social programs are indexed and if those food prices go up, so does the income of the pensioners and those people in need.

Why is there a difference in the interest rates in Canada and the United States? We in Canada can be proud that our economy is not as closely based on material luxuries or as closely tied to the automotive industry which contributes to such a large segment of the U.S. economy. But that automotive industry became out of date with the times and not energy efficient. Because of this it became the victim of imports from other nations. We in Canada have stressed material necessities needed by Canadians and other nations in the world. We have both natural and human resources which can feed a hungry world in a time of need. We have a national energy policy which recognizes the need for food, giving food production and food processing top priority if energy allocations ever become necessary, along with the general health, welfare, and the defence of our nation.

That spread of almost 4 per cent in interest rates between Canada and the United States is indicative of the difference in our priorities, in our resources, and how we manage those resources.

Our national energy program would provide a further cushion against inflation, a cushion which will phase in energy costs over a period of time. At the end of 1984 it will be well below that of the Tory budget of 1979. For example, natural gas prices in 1984 will be 71 per cent lower than those in the Tory budget of 1979. No doubt the hon. member for St. John's West (Mr. Crosbie) forgot that the basic ingredient in many of our nitrogen fertilizers is natural gas.

If members of the opposition are so concerned about increases in food prices, what would have happened if nitrogen fertilizer prices went up by 71 per cent? What would have happened if our diesel fuel prices increased by the same extent as those in the Tory budget of 1979? I will tell you what would have happened on my farm, Mr. Speaker. Over that four-year period, 1981 to 1984, my diesel fuel costs would have increased by $8,200, and this same type of increase would have reflected across our entire food sector. Instead of the 15 per cent increase in food prices forecast for next year, it would have been far worse than that for 1980 and similarly for 1981. The 18 cents per gallon excise tax in the Tory budget was a tax on the very food we eat. Instead of an 11.2 per cent increase in inflation for the last month, the cost of living index would have increased by 15 per cent for 1980, and Lord knows what for 1981. I cannot imagine anyone, even in the opposition, being so hard-hearted as to have presented such a harsh budget as the one presented in December, 1979. They should have researched the harsh impact of their proposals, particularly in the food production sector. "Perhaps we should forgive them for they know not what they do".

Some hon. Members: Oh, oh!

Mr. Ferguson: The people of Canada forgave, but they will not forget.

We have examined the October budget and the national energy package as well as their impact on the total economy. In contrast to other industrialized countries of the world, we are indeed fortunate.

Earlier I indicated that we have provided low-cost facilities for our senior citizens. If we consider projects such as this where we have transferred large amounts of funds to other levels of governments, both municipal and provincial, which have been mostly used to establish an acceptable level for national social services, it is clear that the Canadian central government's expenditures as a percentage of national output are not unusual in the developed world.

This debate on our current interest rates and the recent increase in the inflationary rate is not a result of mismanagement of our economy, but rather it is a direct result of world economic conditions, in particular those of our neighbours to the south. As Canadians, we are gradually but surely moving toward more control over our economic affairs. We intend to move to increase our total economic output in terms of exporting material necessities in the way of food and goods.

This House, sitting in Committee of the Whole last week, heard the Minister of Agriculture (Mr. Whelan) speak about Canagrex and the production of food for a hungry world. This program alone will provide jobs across our total economy. The spin-off effects will improve the lot of all Canadians. In addition to the creation of this organization, we are competitive in our exporting of manufactured goods, in spite of the fact that we have one of the highest standards of living of any nation in the world.

The debate tonight, Mr. Speaker, indicates that our budget is correct in applying a national energy policy that recognizes the need for equalization across the nation. The need for equalization of sharing is the basis of the foundation on which Canada has been built, but then we find that some members of society today have become servants of Beal, the god of money.

In spite of the fact that interest rates have risen today, our dollar has remained stable. I suggest that as the new administration takes office in the United States next month their economy, too, will stabilize and their impact on world economic instability will allow us to continue to build for the 1980s. In the meantime, we recognize that we have to scrutinize our economy in Canada, maintain an interest rate, which we have done, that is well below that of the United States. But above all, Mr. Speaker, we must not be panicked into measures which will worsen our inflation rate resulting in further hardship on our citizens and placing ourselves out of competition in world markets.

In conclusion, we have provided a cushion of insurance with our social policies. Our farm sector is one of the most stable of

any nation in the world. We have a national energy policy that is realistic and non-inflationary. The Minister of State for Small Businesses (Mr. Lapointe) indicated that he is studying changes to the Small Businesses Loans Act to see if we could expand this legislation to cover costs of inventory for small business people. He is also studying the whole program of the small business sector, the study we refer to as the small business review, and we are cognizant of their current problems. We have amended the Bank Act to provide access to a broader range of financial resources, again bearing in mind the need of the business community.

It is in this context that I suggest to this House we have retained our place among the leaders of the industrialized nations of the world. If our policies are so wrong, why were there only 88 members of the opposition in the House on November 6 when our budget was passed? Where was the hon. member for St. John's West, and the Leader of the Opposition (Mr. Clark)? Why were they not in this House to vote against this budget if it was so wrong—

An hon. Member: They were in Kitchener.

An hon. Member: Where are all your ministers?

Mr. Ferguson: —as they tried to lead us to believe tonight? And now in this emergency debate, where are they? They spoke earlier, and then went home to bed.

Mr. Rae: Where is MacEachen?

Mr. Kempling: Where is MacEachen right now?

Mr. Ferguson: I believe that if they are serious in their statements of the last few weeks, the people of Canada deserve to know where they were and why they were not here to vote on this budget which we brought in on October 28, which has shown the way for energy stability and security in Canada in the decade ahead.

Mr. Gordon Taylor (Bow River): Mr. Speaker, about the only thing that budget is going to do is destroy the country. The minister was criticizing our leader. At least our leader was here tonight. I do not see a member of their front rows and there are only six in the whole caboodle over there. Then he has the gall to stand up and say that our leader was not here. Our leader was here.

Mr. Ferguson: Mr. Speaker, I rise on a point of order. *Hansard* for November 6 indicates who was in the House for the vote. Their leader is not listed, and neither is the hon. member for St. John's West (Mr. Crosbie).

● (0230)

Mr. Taylor: Let the television cameras parade along the front line opposite. Not a man there, or a woman! Put that in your pipe and smoke it! The wealthy Liberals can rationalize all they like, but it does not help the poor people of this country to pay their heating bills. They can talk about changing our priorities. All this means to many senior citizens is that they have to change from catfood to dogfood. How are they going to change their priorities? Ask the Primer Minister (Mr. Trudeau). It is okay for him with his million dollars to change his priorities. Let us talk to the common people who built this country and today are being told to change their priorities. They fought for this country as well. The only priorities left to change for many is to cut down more on their food.

Members opposite clap their hands when the Prime Minister talks about changing priorities. I wonder if they know what that means. The Liberal party is becoming a party of half truths, and that is giving them the benefit of the doubt. They are continually telling the people of this country things that are not right. I want to give one or two examples to illustrate this.

Every day they say that Alberta does not want to enter into an agreement. It is the Liberals who do not want an agreement. Alberta is ready and willing. If the Liberals do not know, I will tell them the agreement that was offered to the Prime Minister. He thought it was pretty good. After taking a night to think about it, he said he did not want an agreement. Yet they say Alberta will not agree.

If I were selling my farm and I said I would give you a price for the house and we can make a deal later on the land, would you sign the deal? Of course not. That is what the energy minister has been doing with the Alberta government, negotiating piece by piece. They know the Alberta government cannot accept one part without knowing what the other part will be.

The only time the Liberal government and the minister of energy offered a full package of negotiations was last June. He made sure it was so low that no government could accept it. Since then, there has not been a package offer. It has been done piece by piece. They tell the people of Canada they offered world prices for Fort McMurray oil, and Alberta would not accept it. That was a half truth. The federal government did not say what it would give for conventional oil. It would not say anything else.

If hon. members who back this government will support that, they will support anything. It is absolute nonsense to say the Alberta government should accept that type of offer piece by piece. Finally, Premier Lougheed of Alberta came up with a full package offer which he placed before the Prime Minister on July 25. I want to state some of what was in that offer to see whether members opposite, as reasonable Canadians, could refuse to accept it.

First, they did not start talking 75 per cent of the world price. Alberta did not even talk world price. It started with 65 per cent of the North American price, and that was to go on until 1984 when it would rise to 75 per cent of the North American price. That is what they offered, and the Prime Minister would not accept it. He is prepared to pay $38 for Arabian or Mexican oil, but will not pay Albertans half that amount. He turned it down.

Tonight the minister of energy talked about the 15 per cent we are paying. I do not know how much it is now that the

Canadian dollar is sinking and interest rates are rising. However, that was not right. We are paying 25 per cent on our imported oil, and this will go up to 40 per cent, involving a cost of billions of dollars. The Prime Minister will do that for foreigners, but not for Canadians. I will speak about that later. It is all a plan by the Prime Minister. It is not happening by chance at all.

The second item was price. Premier Lougheed said they would finance the infrastructure of the oil plants up to $7 billion and employ people from all over Canada. He said they would buy trucks from Ontario, furniture from Quebec, and something else from the maritimes. He further said they would provide $2 billion, not out of federal money but Alberta money, to improve rail facilities in western Canada. The Prime Minister was not interested in that.

Premier Lougheed said they would provide equity and debt financing for the Q & M pipeline so that maritimers could switch from other fuels to natural gas. You would expect the Prime Minister to accept that. There is trouble financing the Q & M pipeline, but the Prime Minister would not go for that.

There was another point in the structure, an incentive choice east of the Alberta border. The Alberta government agreed to pay the cost of transporting the gas from Montreal to Quebec City, the total cost. However, the federal government said it would not share. All of this was offered to the Government of Canada.

The next offer was that there would be no increase in the royalty on the Gold Lake project. This meant that, as the world price went up, the Canadian government would have a lot of margin to get extra revenue, leaving room for the profits to be taxed. Premier Lougheed offered to do all of this for Canada, and the Prime Minister said, no deal. The Liberal members should ask their Prime Minister why he would not accept that offer. He tries to pretend to the people of Canada that Alberta does not want to deal. What an outfit trying to lead the Canadian people astray in that way!

I want to deal with another matter. What is the root of the problem? What is in the mind of the Prime Minister? I will tell you what is on his mind. First, he is leading Liberal MPs down the garden path for the ultimate kill. He is doing his utmost to establish a socialist republic in this country and the Liberal members follow him blindly. If he whistles, they jump. If he says jump, they say how high. They do not ask why. Those free enterprisers will not wake up before it is too late.

Second, they wonder why they have no seats west of Manitoba. It is because no one can believe the Prime Minister. He has fooled the people so many times, they can no longer believe him. How can you believe a man who, during the last war, pretended he was going to be a priest in order to avoid military service and fight against totalitarianism? That is what our Prime Minister did. Who would believe a man who could do a thing like that? Step by step he is leading us into a great socialist state.

What is the next thing he is going to do? He does not want an agreement. He is deliberately taking over the natural resources of Alberta. He told the people of Ontario that they own the resources, the oil and gas, of Alberta, but he did not tell the people of Alberta that they own the gold of Ontario. He is trying to prepare people, and the Liberals say "yes, yes." What about his charter of rights? He left ownership out. That is one of the first steps toward a totalitarian state; do not own any property. Then you have the people right under your thumb because you own the land. He leaves it out of the charter and then he talks about Canadianization. What a joker! Canadianization; he is no more for Canadianization than is the man in the moon. What he means is nationalization.

• (0240)

If it is Canadianization, the people of Canada would have something. But, no, he takes Petro-Canada which is going to borrow the money from the United States, borrow American money to buy out American companies so they belong to the state. That is not Canadianization, that is nationalization. This is all heading toward a great socialized state. Yes, sir; he is discouraging private enterprise. In every possible way he is discouraging private enterprise. He is cutting down on our armed forces leaving us without adequate protection.

He brings in gun laws so people will not have any guns and so that people who like guns and like to hunt cannot even have a gun any more. They are treated like criminals.

He is now trying to impoverish the provinces, to make them dependent on the federal government. The government wants more and more so the provinces will have to come with their hats in hand and beg. When you are hungry you will give up your security. Look around the world. The people who lost their security are those who were left hungry. They finally got so hungry they gave up their security for food. Oh, yes, I can see what the Prime Minister is trying to do.

In respect of the export tax, the government is trying to fool the people too. The government has said it is not going to levy that any more. The government is going to give Alberta, B.C. and Saskatchewan a concession. Some concession! This government has simply changed the name. Who pays for it? The minister stood in this House and said "Well, we are going to have the American people pay it." What nonsense. How immature do the Liberals think the people of this country are? The Canadian people will pay it. The Americans will not pay one dime. It will come out of the Canadians' share. The Liberals say "Yes, yes," in their caucus; "yes, Mr. MacEachen, Mr. Trudeau says so, so that is okay. That is okay. Tax the Canadians." They know very well the Americans are not going to pay one cent. This is all in the great plan.

Mr. Trudeau would like to make this country a republic. Maybe he would like to make it a French republic. He wants to make it a republic because he turned the French against the English right across the country. He has been a disgrace to the Canadians of French origin because the French people and the Canadian people got along fine. There was no division among us up until 1967 when Mr. Trudeau came on the scene. He divided the country between the French and the English. Now

he is dividing it between east and west, trying to make the west hate the east and the east hate the west. No wonder he grins when they talk about people in the west forming for separation, wanting a change. He is dividing this country.

You know, if just 14 members on that side of the House would wake up and join, and I do not care, the NDP or the PC Party, or get in a corner by themselves as independents, if they come over here that would rid him of his majority. Like Prime Minister Pearson said, a Prime Minister who has a majority in the House of Commons and wants to be a dictator, has the best chance in the world under the Canadian system. The Prime Minister has a majority in the House of Commons and he is getting his own way. Perhaps when he came back in as Prime Minister the Liberals all said, "We will do anything you tell us, Mr. Trudeau, if you will just come back and lead us. We do not have a leader; we do not have a leader."

It was all engineered by Mr. Trudeau in the first place—defeat the government so he could come back in as the leader. It is all working out fine. It was a very good plan, but he is not fooling the people of Canada, not fooling them at all. The Minister of Energy, Mines and Resources (Mr. Lalonde) tonight told us about only a few people going across the line. He talked about more jobs. The member who just spoke from that side talked about more employment. Are we living in different countries? We have almost one million unemployed in this country. We have hundreds flocking to separation meetings in the west. Do you think those people are not mature? They are fed up with things. They even call their organization the "West-Fed".

We have been trying to talk sense into this government and to wake it up, but all its members do is smile. I think they are delighted because there is a possibility of separation in the west. Let me tell you something. There may be some people talking about separation, but it is going to take more than a dictator like Mr. Trudeau to drive me out of this country. I am a Canadian. I fought for this country as hundreds of people in the west did, and we are going to get a fair deal one way or the other. We are not going to be driven out by any dictator in this country.

When we talk about industries cutting back on capital, I wonder why the minister responsible for energy did not read some of the letters he has received. He read from newspaper clippings, but I know he has letters from a number of people who have told him they are cutting down their capital and their employment. They are gradually phasing out industry after industry. He did not read any of those letters. Let me refer to one sent to him just the other day. I happened to get a copy of it. Maybe it was a blind copy, I do not know, but it said that the writer, a Canadian company, an American affiliate, was going to establish a new factory in Grande Prairie to the extent of $4.2 million but intended to cut that down. I sent the Prime Minister a copy of that letter. I did not think Mr. Lalonde would, so I did. That company is cutting its investment in half. There are 15 people out of work already. Next year if that company cannot get a better deal and it does not make a profit, it will have to cut down again and again. This is happening with company after company.

What is the answer to all this? The government is asking what it can do. It thinks the only thing it can do to handle inflation is raise the interest rate. I want to tell you that there is a better way, a free enterprise way. If you increase production you will help solve the problem. What inflation is, is too many dollars chasing too few goods. All we hear is that all we can do is cut down and make money harder to get. Why do we not work from the other end? We should build up and increase our production. Let us get production up. Let us bring production and demand closer together. In this way we will cut down on inflation far faster than in any other way. That is the free enterprise way, not the way that is being followed by the present government.

Free enterprise is the answer to all these things. This government is not practising free enterprise. As Prime Minister Trudeau, said "Viva el Castro". Does that indicate free enterprise? I suggest it does not a bit.

Some of the principles of free enterprise would not allow $6 billion going out of this country, would not allow people going to another country to invest their money, would not allow threats of nationalization. Money will not flow if the risk is higher than the reward. Free enterprise is built on competition.

The bloodstream of free enterprise is competition. You must have competition. Money will not flow when the risk is higher than the reward. There is nothing wrong with making a profit.

When you make a profit you have an incentive. That is how we got things going in Alberta under the free enterprise system. Now this government wants to take over that good thing. Why does it not encourage the same thing all across Canada—get free enterprise working? Hundreds and hundreds of shops should be established, each employing one, two, three or four people. We would then not have the situation we have in Canada today with more than one-half of all goods purchased in Canada processed in other countries. Let us get our own country working.

Second, we must increase our production if we want to lower inflation and if we want to increase wages. We have to increase production. Profit is the basis of capital investment which is needed to increase productivity. Profits are the basis, and this government should start to create a climate in which people can invest their money here instead of taking it out of the country. It should create a climate in which people can be free of capital gains taxes so that people can have some incentive to build, expand and enlarge their companies, and sell when they get too old to produce, so that younger men can.

● (0250)

The country is ruled by the policies and by the budget of this government. If the government would enact free enterprise principles, it could save this country. I challenge 14 members of the Liberal party to walk to this side of the House. Let us all force the Prime Minister to go back to free enterprise principles and save this country from socialization.

Some hon. Members: Hear, hear!

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, as I look back over a reasonably long career in politics, I think it is unfortunate to be making a speech starting at nine minutes to three in the morning.

Mr. McDermid: It is good for the soul.

Mr. Deans: I am not sure it is good for the soul, or any other part of the body for that matter, but as I sat and listened to the debate, looked at the time, and thought of the comments of Madam Speaker this afternoon when she ruled that in fact this was a matter of urgent and pressing necessity, that there is a crisis in Canada and that a debate should take place, it struck me that it really is unfortunate that the government, recognizing that it is true that there is a serious problem confronting this country and the people of this country, could not have made time available to have this discussion during normal hours so that some members of the cabinet might have been able to come into the House and listen to the expressions of concern many members are putting on the record here this evening.

This is a sad day for this country because we have everything available here to make it the greatest country in the world. There is nothing we lack. We have energy in sufficient quantity to meet our needs. We have a manufacturing sector which, if given an opportunity, is capable of providing employment and all the goods and services we need. We can grow our own food. We have an educational system second to none. I cannot think of a single product line we cannot produce here in one way or another, yet here we are debating in the middle of the night the serious economic problems which confront us. I think that is ludicrous, and I do not understand why it is happening. All I know for sure is that what is happening to this country must be stopped. There must be found a way to bring what is happening in this country to an end.

I listened with interest to my Conservative colleague, the hon. member for Bow River (Mr. Taylor). I respect his opinion, although I must say that he overstates his case just a little bit when he makes the point about the reason why Alberta is great at this point in time. I think what he said was that Alberta got going as a result of the free enterprise system.

I think most of us realize that the reason Alberta is enjoying what it is now enjoying is that the OPEC cartel decided to raise the price of oil. Alberta happened to have oil, and it was therefore able to take advantage—to this point not yet unfairly—of the increase for which it quite truthfully did no more than it had been doing prior to the OPEC cartel's coming into being.

Mr. Kilgour: Leave Alberta out of it. That is the government over there.

Mr. Deans: I just want to respond to the point; that is all. The fact is that much of what is said in this regard is simply not factual.

Let us take a look at what has happened. We have a country in which everything is available, yet we see it in disarray. We look around and find that the problems which confront us are immense. Why are they immense? They are immense because of years of mismanagement. The only people who can be held responsible for that are those people who have been in power over those years. The Liberal party has been the Government of Canada for almost the entire post-war period. It was during that period that the economy should have and could have developed. It was during that period that the ground work could have and should have been laid. It was during that period that we were sold out, and I think that is the fundamental question which confronts us.

Let us take a look at one other problem confronting the country at the moment. Canada's gross national product has registered a 1.7 per cent negative growth in the first half of 1980. Industrial production has declined in four out of the last five quarters and by the end of this month will have declined in five out of the last six quarters. In the second quarter of this year industrial production was down 3.2 per cent from the autumn of 1979. Seventy per cent of the decline in goods producing industries this year has taken place in the manufacturing sector. In the second quarter there was a 9 per cent decline in auto production, a 21 per cent decline in auto parts production, a 3 per cent decline in pulp and paper output, an 18.6 per cent decline in housing starts, a 5.1 per cent decline in durable manufactured goods, and an 11 per cent decline in the construction industry from June of 1979 until the end of the second quarter of 1980.

What we are seeing is a decline in every single sector. When we start looking at that, we begin to realize that with that kind of decline comes unemployment. What have we seen? We have seen some 250,000 people being handed their pink slips and being laid off since last fall. That is between October of last year and October of this year. People have been laid off. Jobs have disappeared. People are no longer able to find jobs and pursue occupations similar to the occupations they had previously. Canada's unemployment is the highest in the industrialized world.

The problem in this country is that for some reason or other we have abdicated political responsibility. The government has failed to recognize that it cannot hand over the levers of economic power to anyone else. Those levers must be manoeuvred, pulled and managed by the government because the government has the only complete view of all sectors, and therefore the government has to co-ordinate the effort, provide the leadership and direction necessary, and encourage and provide people with an incentive to rise above mediocrity and reach a level of acceptance in terms of manufacturing and using our resources.

Let us take a look at what really affects the average individual. We are not talking about economic theory. Economy theory may well be a good topic for discussion in a university lecture room, or it might be nice to have a few ministers of finance get together and chat once in a while about various and sundry theories which may or may not work, but what we are talking about are Canadian families which are unable to make ends meet. We are talking about Canadian

families which are being met with exorbitant increases in almost every area in which they must spend money. We are talking about Canadian families whose working members are faced with lay-offs. We are talking about Canadian families which cannot afford to renew their mortgages because of exorbitant interest rates. We are talking about Canadian families which expect from their government that an attempt will be made to put right the ills which the government through its neglect, has created.

I want to point out to hon. members, who may not have taken the time to realize the impact of what is going on, that the Prime Minister says—and I think he will rue these words for the rest of his life—that people will have to set new priorities, do without, tighten their belts.

● (0300)

Let me tell you that the average weekly wage in Canada today is almost $318 a week, which works out on a yearly basis to $16,536. That represents a disposable income of about $14,000, with any luck at all. If that person attempts to buy a home anywhere in the country today, he will have to assume a mortgage of about $50,000. If he went to the Bank of Montreal tomorrow morning and attempted to amortize that mortgage over the next one, two or three years, he would be told that the interest rate he would have to pay would be 18.5 per cent, which would work out to $752 a month, or $9,024 a year. That says something about where the average Canadian working in an average job and earning an average income fits within the scheme of things in terms of owning a home. I want to personalize this a bit by saying that the three bedroom house which I bought in 1962, cost $14,880. I was then earning $5,200 a year, and there I was with three little kids; my principal and interest was $88.60 a month and the mortgage interest rate was 6.5 per cent. That house on the market today, the same house, would cost just over $60,000.

Mr. Evans: You would not take it, would you?

Mr. Deans: I am not talking about my house. I am saying that the same house would cost just over $60,000. If my son were to work in the same job in which I worked in 1962 when I bought that house, he would be earning $21,000 a year and he would not qualify for the mortgage. That is what has happened to the economy of this country under successive Liberal governments and that is why this is an emergency. What we have seen happen is a deterioration of the entire structure which we had in place to allow people to realize the dream which most have, that is, to be able to own their own home, to pay it off some day, to retire and live there, and to be able to pay for it out of their income. That is not trumped up, Mr. Speaker, made up, fanciful. That is reality and that is what this government does not seem to understand about what is happening to Canadians. The opportunities for Canadians to do the kinds of things they were able to do just 18 years ago has virtually been taken away. Now we find that even if a man or a woman were to get a job paying 50 per cent above the national average, they would not qualify for the purchase of a house which could have been purchased by a person earning at the national average 18 years ago. That is what is wrong with your economic theories over there—they are a lot of nonsense. They do not work, and we have an obligation to those concerned. This is what Parliament is all about. You cannot turn around and say that this is the responsibility of the governor of the Bank of Canada. Damn it, it is the responsibility of the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. Deans: I want to say something to members opposite about this. You cannot possibly fight inflation with high interest rates because high interest rates are the primary cause of inflation. The fact that manufacturers cannot afford to borrow at the high interest rates which are now being charged to carry their inventories causes inflation because it forces the prices up and results in bankruptcies. The fact that consumers cannot buy the products which are being manufactured because high interest rates put the price beyond their capacity to pay reduces productivity. If you reduce productivity, then, quite obviously, you have to lay people off. And if you lay people off and they are not working, they cannot buy. And if they cannot buy, damn it, anybody can see that that reduces productivity even further. Surely it makes sense to anyone with even half a brain—and I am sure that somebody here has half a brain—that we will have to start the recovery process by developing in Canada a domestic economy which will enable people to purchase the goods that they themselves manufacture.

I do not know if members realize what has happened all across this country. I have spoken many times in this House about the automobile industry. It must be boring you half to death by now, Mr. Speaker. Yet if you look at it, you find that it is really the backbone of Ontario's economy. It provides more employment than any other industry in the whole of Ontario, yet it is on the decline day after day. I want to tell you about the prices. What has happened in the auto industry? On December 7, Chrysler in Windsor laid off 3,000 people. By January 5, Ford will have laid off another 3,100 people, and part of the reason, if not the entire reason, is that people cannot afford to buy the cars being manufactured because the interest rates charged put them out of reach of the average individual. I suggest to this government that it is time we set an independent path. I realize that some of the things we offer as short-term assistance are costly, but it is short term. I also realize that we must have in place some long-term plans for the development of the industrial base of Canada. We can only do that if we sustain the domestic productive capacity and if we can put into the domestic consuming economy sufficient money to raise the level of productivity in order to gain the efficiencies of scale which enable our industry to take advantage of the lower dollar and sell in world markets. That is the way to find the long-term answer to the very difficult problems which confront us now and which will recur. In the short run, we must stimulate the economy. We cannot afford not to, because, while some government members may say that stimulating the economy costs money, I suggest that failure to

stimulate the economy will cost at least as much because more people will be unemployed and fewer tax dollars will be raised. In the final analysis, the cost of not stimulating the economy will be higher than the cost of stimulating it.

I want to say finally, with regard to the setting of interest rates, that one of the things which has concerned me for a while has been a weekly setting of interest rates. I am absolutely convinced that it undermines the confidence of people in the country. When you set rates every Thursday, no business is done on Friday. By Tuesday, the United States will have indicated an upward surge and no one does business from Tuesday to Thursday waiting for the Bank of Canada to follow. We end up with an almost paralysed economic condition. I want to suggest that we change that system, that we assume political responsibility and that we stop pretending it is other people's faults. We should get down to dealing with it in the House of Commons.

• (0310)

Mr. David Smith (Don Valley East): Mr. Speaker, I can think of other places where I would rather be at three o'clock in the morning, but I believe members on this side of the House need to bring the debate back to reality.

It is an important issue which affects all Canadians. I have been watching interest rates very carefully because my mortgage comes due next summer. I think it is a good idea that we should participate in such a debate as this, but in my view members of the opposition have done a disservice for a number of reasons which I should like to spell out.

First, I think members of the opposition have been panicky and preaching doom and gloom. One would think from their speeches that the Canadian economy was on the verge of collapse and that anyone with any brains would flee Canada immediately, whereas, if one listened to the facts espoused by members of this side, which I do not need to repeat, one would realize that our record is relatively good. Our economy is in good shape. We should be showing a little confidence in the country rather than panicking as has been the case on the other side of the House tonight.

Second, it is rather unfortunate that members on the other side have ignored reality. One would think we lived on an island and that Canada could operate without any regard for its neighbours to the south or for the rest of the world. The fact is that we have maintained a rate of interest which is 4 per cent lower than that of the United States. That is really commendable. Were any plugs given for that? No, none at all. It was ignored; apparently it did not matter.

During the question period when the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) was asked about interest rates, he made reference to the fact that there was a 4 per cent differential between us and the Americans. What did we hear from about five Tory frontbenchers? They said, "So what", as if it did not matter, as if there were no correlation. If that is the understanding of economics we can expect from the other side of the House, it is no wonder we are not receiving any enlightenment from them during this debate.

My third point is that the solutions are not easy. We hear that the Bank of Canada should freeze interest rates or lower them. Who will pay for that? At least the NDP is consistent. It never seems to worry too much about who will pay. I cannot really say the same for the Tories, the great monetarists, the great defenders of private enterprise, the great believers in the free market the great believers in supply and demand. Where they are on this issue I do not know. Do they want us to interfere? Who will pay for it? How will it be done? We have not heard any solution tonight.

I listened with great interest to the speech of the hon. member for Bow River (Mr. Taylor). He is a nice man; I enjoy talking with him. I thought this was supposed to be a debate on interest rates. What did we hear? In the first half of his speech he urged that we should approve the agreement on oil pricing which the province of Alberta wants. In his view it is a very reasonable agreement. What will be the end result of that? It will mean more money for Alberta and more money for the multinationals. I do not propose to get into a debate concerning multinationals right now. Of course there is a difference of opinion between us on that subject. But will an agreement on oil pricing be the answer? Will it stop prices from rising? Will it stop inflation? Will it mean that interest rates will not continue rising? Of course not.

Mr. Fraser: Give it to the Arabs, give it to the South Americans, give it to the Mexicans. You pay other people twice as much as Canadians.

Mr. Smith: The second half of the member's speech was to the effect that somehow we are being led down the garden path of socialism, that the Prime Minister (Mr. Trudeau) and all of us over here are socialists.

Some hon. Members: Hear, hear!

Mr. Smith: The Prime Minister has been in power since 1968. If he is a socialist, he is doing a crummy job. He has been in for 12 years, yet we have the CPR, banks, trust companies, supermarkets, department stores and small business. I have not heard of any of them being nationalized. We still have the multinational oil companies, yet members opposite say we are socialists. They should get serious.

Mr. McDermid: And you have 400 new Crown corporations.

Mr. Smith: Hon. members opposite are worked up about Petro-Canada. We want to strengthen Petro-Canada. I feel good about that. Where were they on Petro-Canada in the last election? The Tory position on Petro-Canada at that time was a revolving door, because it changed every week. I do not know where they stood on that; but if we are socialists over here, we are doing a crummy job.

Mr. Fraser: Where were you on the price of foreign oil?

Mr. Smith: When the hon. member for Vancouver South (Mr. Fraser) wants to speak, I will let him.

Mr. Fraser: It is not up to you. You are prepared to give foreigners twice as much as you are prepared to give Canadians.

Mr. Smith: I am getting somewhat weary. I hope the hon. member would show some manners. I understand that I will be co-chairing a committee with him on Soviet Jewry. I feel strongly about that issue. I hope we will be able to work together on it, but he will not help the situation by yelling at me. I will not yell at him, and I hope he shows me the same courtesy.

Mr. Fraser: I am just asking some questions.

Mr. Smith: I am weary of the sermons about socialism. They are doing a great disservice to Canadians. I believe in social justice within a free enterprise system, and I feel right at home in my party. If I wanted to go the socialist route, I would be over there with my silver spoon friends, but I am on this side and feel at home.

I heard the speech of the hon. member for Hamilton Mountain (Mr. Deans). I enjoy listening to him. He is great theatre, but he is not very enlightened. We heard all about the problems, but we heard no solutions. I listened to his remarks very carefully, and all he talked about is Canada pursuing an independent path. That is what we are doing. The hon. member should read "The National Energy Program". He might get quite excited about it. If he read it, he would realize that that is what we are trying to do. I feel good about it.

What have we heard tonight? From the Tories we have heard that we are in bed with the NDP. From the NDP we have heard that we are in bed with the Tories. Who are we in bed with?

Mr. McDermid: You are in bed with the Arabs.

Mr. Smith: The truth is that we are probably in the middle, and I feel very comfortable about being in the middle because the middle is the average and this party is a party of average Canadians and this government is a government for average Canadians. We have heard nothing tonight but a lot of hysteria and paranoia.

Canadians should conclude from this debate: first, they should not panic; second, they should not ignore reality; third, they should not believe that the solutions are simple. We should show some confidence in the country. We should recognize that this is a cycle which will turn down. We must show confidence in the security and potential of this country and its future.

Some hon. Members: Hear, hear!

Mr. F. Oberle (Prince George-Peace River): Good morning, Mr. Speaker, it is 3.20 o'clock. If my people back home are watching, I wonder what they think we are doing here. Personally I have the feeling that we are in an insane asylum. I would like to relate a story which most members have probably heard. This story is about a fellow who was in an asylum. He thinks he is a mouse. He has been in the asylum for some time and his doctors have been trying to convince him that he is really not a mouse and he should get out in order to get along in the world. He did that a few times but he always came back to the asylum. On this particular day the doctor said to him: "You are not a mouse." He said: "Yes, doctor, I know. You know I am not a mouse and I know I am not a mouse. But what about all those cats out there?"

● (0320)

Now, the Liberal backbenchers have been going home, and they are being told by their constituents: Look, things are bad. You guys told us in February that interest rates are going down, unemployment is going down and inflation is going down and not to believe those bad Conservatives, they were all wrong. So the Liberals come running back in and see Mr. Trudeau in the lobby. They say to him: God, it is bad out there. We are all going to be defeated in the next election. He says: Look, guys, you know things are well out there and I know things are well out there. They say to him: Yes, but what about all those silly people out there who don't know that? And they are standing here tonight repeating all this nonsense that they told the people of Canada last February, that there are easy solutions to complex problems.

When I go home I see more people expressing their frustrations. They feel deceived by a government in which they should have trust. They openly express their feelings of alienation, and in western Canada they express it in terms of separation. What is this all about? People have every reason to feel deceived and cheated. They have been lied to. There is no question about that. People know that. They were lied to in 1974 and in 1979, and now they are being lied to in 1980. On this side of the House we have an old saying which goes: The lie travels half way around the world before the truth gets its running shoes on. We have told the people the truth on all occasions. Last year we told them things could not go on like this. And sure enough, they didn't. They got worse.

What has happened in this country is unbelievable. The Prime Minister (Mr. Trudeau) has all his cards on the table. Now, he has never lied. He has always told the people the truth, except that they didn't believe him. They did not believe him when he told them to imagine themselves sitting on the deck of a ship looking at the horizon with him in the steering house. He feels the waves and the current pressing against the rudder. He told them the only thing they would have to watch out for was disembarking on an island which they had not been sailing for. Sir, I think we are close to land and close to disembarking some place. But the place this man has steered us to is totally alien and strange to us. It is a place to which we really did not think we were sailing.

Here we have a budget and an energy statement which have an incredibly devastating effect on the economy and on the lives of every individual in this country. It is devastating to the lives of people who want to build a house, begin a family, fulfil a dream. That dream is turning into a nightmare. The minister and his friends sit over there and say that everything is all right, not to worry about things. In 1973 we were a net

exporter of energy. We were one of the energy exporting nations. And to compare ourselves today with all the poor countries like Japan, Germany, Sweden and France is not a good comparison. These people are truly vulnerable. Here we sit, the richest country in the world. We are as rich as the Soviet Union, except that in the Soviet Union the people own all the resources, so they are a little richer than we are, at least the socialists to my left think so. The lever of their economy is managed by the government, just as this government would like ours to be. But here we are, one of the richest countries in the world, and we could be energy self-sufficient. But what do we talk about at 3.30 in the morning? Energy.

In the countries I have mentioned, the parliaments there do not talk about energy. They know they have the gun to their head. They pay the price and pass it on to the consumer—$3, $4, $5 for a gallon of gasoline is what they pay in France and Britain, all over Europe. They pay the price. There is no easy solution. In Canada we seem to think there is. The Prime Minister seems to think we can fool all of the people all of the time. He brought in something which was little different than the bitter pill we proposed in our energy package in February. He disguised all his intentions. For instance, there were four types of gasoline taxes which were imposed in this package. The Prime Minister tells us it will save something in the order of $4 billion compared to the Crosbie budget. That is nonsense. The Crosbie budget provided for an increase of 18 cents. Everyone in Canada still remembers that 18-cent excise tax. That is what broke the back of the Conservatives—they came out and said it would be an 18-cent tax. The price of gasoline at the pumps had increased by 42 cents. That increase occurred before they brought down their budget.

In western Canada we are pleased with this energy package since it is designed to take away from the rich and give to the poor. It is designed along the lines of the Robin Hood principles which the NDP like so much. It is rather like the old Churchill doctrine in which the inherent vice of capitalism and free enterprise is the unequal distribution of blessings and the inherent virtue of socialism is the equal distribution of misery. As long as we all freeze it is not so bad. As long as we are all poor it is not so bad. As long as none of us can build a house it is not so bad; we can all live in igloos.

There is a great obsession at the present time to take away from the rich cats out west and redistribute those riches throughout the country. There is no regard paid to who created the wealth in the first place, nor to how that process is to be sustained. My colleagues and I from British Columbia gathered thousands of names on petitions which we brought to the House. We said that the western provinces of British Columbia and Alberta cannot live with an excise tax. The social engineers across the way said: My God, we really have the people upset. We had better not bring in an excise tax. So they locked up the press at eleven o'clock in the morning together with all the energy critics. They showed them the budget and the energy statement. That day the headlines read: Government forgoes excise tax. Sure enough, the minister walked in here at eight o'clock on that fateful night, the night on which the final nail was driven into the coffin, and he said: It was against our better judgment, but we didn't impose an excise tax. Instead, we have imposed a consumer tax. The tax will be imposed on every thousand cubic feet of natural gas and it will amount to 30 cents. In fairness, we must pass the consumer tax on to the United States.

Mr. Speaker, we all know that in some way we are tied to what happens in the United States, economically and socially. But I did not know until the night of the budget that the Canadian government was in a position to impose a tax upon the consumers of the United States. That is a new one. There are other new taxes in here which will be tested in the courts. That tax was really a unique one. There is quite a bit of confusion down in the United States, because they are between presidents; maybe they didn't notice it. That lie had all the members in the press gallery actually believing what they were told. They were all locked up over in the railway station. They really believed this intelligent piece of deception. We must be a little smarter.

Then there is the 8 per cent petroleum revenue tax which is not a tax on profits and investment or anything else, but a tax which is taken right off the top. Every dollar loses 8 per cent to Ottawa. Then there are the Canadian ownership tax and the 80-cent a barrel refinery tax. The Canadian ownership tax is an unknown until certain things happen. The underlying principles in the government's energy package are very laudable. We will achieve a greater degree of Canadian control and ownership. But that must be analysed more thoroughly because, to the hon. members opposite, Canadian control means government control, and there is a difference.

• (0330)

We in western Canada have no problem seeing the difference because there is a company out there called BCRIC, a B.C. corporation through which the government has bought up resource companies and started some new enterprises and this and that. It has given shares to all the people in British Columbia and those shares are also being marketed on the stock market throughout the country and being purchased by Canadians.

Then there is the Petro-Canada story.

Mr. Kristiansen: Tell us the story.

Mr. Oberle: Those fine fellows to my left ride on the left wings of angels and they are soaring tonight. Then there is the PetroCan version of government ownership where the individual has no control. I became rather fed up with BCRIC the other day because it pulled some kind of stunt. It bought up Kaiser Coal. Some of the politicians received advance warnings because they had their hands in the pork barrel, and hon. members opposite would know all about that. The shares dropped from $9 to $6. I did not like the way they were managing the company. I purchased some BCRIC shares for myself and my children thinking it was an investment in the country and an opportunity to grow with its future. When I

learned of this incident I sold my shares and I do not want any part of BCRIC any longer.

I am in a better position than any of my friends and colleagues to know how Petro-Canada operates because it has its only refinery in my constituency in the town of Taylor, British Columbia. In the very short time it has been in business I have already received phone calls and letters from people who drill, drive, repair, weld and supply Petro-Canada who cannot get paid.

I know of one company which has not been paid for five months. I have had people who have used Petro-Canada service stations phone me, their member of Parliament, because they were cheated at the service station. You blink your eyes, Mr. Speaker. It is the same kind of letter which you receive when there is something wrong in the Post Office, because you are the only person to whom the people can go. The bureaucrats do not listen.

The PetroCan people, in the very short time they have been in business, have become bureaucrats. All the good geologists and businessmen who want to get out there, participate and share in the excitement of the oil patch have gone to work for private sector companies and all the nincompoops and others have gone to work for the bureaucracy in Petro-Canada and it is already beginning to show. They have bought a computer to do the payroll and other functions, and the damned thing does not spit out the right information so nobody gets paid. It is the same type of computer as they bought to run the Post Office at one time.

I cannot sell my Petro-Canada shares. I am stuck with the damned things. I sold my BCRIC shares, but I cannot sell those damned Petro-Canada shares. I am locked in, I am an owner and a shareholder. I suppose the people in Ottawa Centre are happy with their Petro-Canada shares, but they can just wait until this insidious plot which is going on comes to light.

There are two things which are happening in the government's program—energy self-sufficiency by 1990 and 50 per cent ownership of the industry. Their priorities are in the 50 per cent ownership proposal, and I can tell you what will happen. If you or I or both of us did it we would be looking out from behind bars. What is going on in this country right now is a monumental stock fraud. The government is chasing the oil companies out of the country and driving down the stocks of oil companies. The Canadian companies will be leaving. The multinational companies have no place to go so they will stay here and their stocks will fall. Rockefeller will not be hurt but the poor little shareholder, the widow who has put a few of her bucks, when the old man died, into a blue chip into the oil companies, will be hurt.

When the stocks are down enough, Petro-Canada and the government, the Canadian owners, will move in and gobble them up. I suppose I should be happy about that because I am a shareholder. I am buying Imperial Oil, Texaco and Gulf Oil shares cheaply. But I do not feel any happiness over the situation. I am very much afraid because, as I have said, the cards are on the table.

It does not only show in the energy package and in the budget, but it shows over in the room where the constitution is being discussed. We are entrenching all the freedoms, the great cardinal principles of democracy, but the provision that was in the Diefenbaker constitution which says that one should enjoy and be allowed to own property is no longer in the constitution. So enterprise on a private or capitalist basis is out the window.

In effect, Canada is closing its borders and we are becoming energy nationalists and economic nationalists. We will be an island unto ourselves. Let me tell hon. members what the NDP thinks it would like to do. Like the Liberals, it wants to achieve energy self-sufficiency, but it will cost $300 billion over the ten-year period to achieve that goal. Do the taxpayers of Canada have that kind of money? Of course, they do not. But they will run down to New York to Mr. Rockefeller who owns the Chase Manhattan Bank and Standard of New Jersey. They will sell their soul to Rockefeller in New York in order to buy an oil company in Canada.

In so doing they think they are achieving economic nationalism. I projected myself ahead to the year 2020 when Canada with its borders closed will manufacture all its own goods and services, trade with no country and be the only country in the world with any oil. Canada will have energy while the rest of the world has frozen and starved to death. Can you picture yourself, Mr. Speaker, in that kind of situation? No, well, I cannot either. It is hard to picture the whole world except Canada frozen to death. We may be sitting with our oil by the year 2020, but the rest of the world will be driving its industrial machinery with solar power, hydrogen and so on.

By throwing these multinationals and private businesses and the ingenuity which is inherent there out of our country, we close ourselves off from all of those new, exciting things which are about to happen. There is nothing that spells doom and gloom, but we are closing ourselves off from the rest of the world, and the government thinks this is actually possible.

It is now 20 minutes to four, Mr. Speaker, and you are rising to your feet. I wish I had until six o'clock, but I see other members who are anxious to take the floor. I would like to hear a little more of the doctrine of the left wing angels over there. I am truly sick and afraid for my country and the people whom I represent in the producing end of the country and in small businesses which service the oil sector and who are going broke by the dozen right now because of the government. The longer the backbenchers support that insane crowd over there on the front bench, the more they will be looked upon as mice in an insane asylum. Sooner or later someone will find out the truth, and when that happens the people will come to their senses and kick them out.

● (0340)

Mr. Jim Fulton (Skeena): Mr. Speaker, first I would like to put a couple of quotes on the record. I take this debate a little more seriously than the previous speaker, but I have some quotes from "Politics and the English Language" by George

Orwell which I think are very suitable at this point in this debate. The first one reads:

> Above all, we cannot play ducks and drakes with a native battery of idioms which prescribes such egregious collocations of vocables as the basic *put up with* for *tolerate* or *put at a loss* for *bewilder*.

This was written by Professor Lancelot Hogben.

The second quote which is just about as relevant as to the speech we have just heard reads as follows:

> The great enemy of clear language is insincerity. When there is a gap between one's real and one's declared aims, one turns as it were instinctively to long words and exhausted idioms like a cuttlefish squirting out ink. In our age there is no such thing as "keeping out of politics". All issues are political issues and politics itself is a mass of lies, evasions, folly, hatred and schizophrenia.

Mr. McDermid: That is a good description of the Liberal party.

Mr. Fulton: I do not mean to be too hard on the hon. member from Peace River. I know him quite well as my neighbouring member in northern British Columbia. But I have a couple of quotes here from upstanding Liberals. The first is a question posed by the present Minister of Employment and Immigration (Mr. Axworthy). As reported in *Hansard* for October 25, 1979, at page 592 we find the following:

> Mr. Speaker, my question is also for the Minister of Finance. On October 18, 1978, as reported at page 238 of *Hansard*, when in opposition the minister said:
>
> "These people are being crucified with an 11½ per cent mortgage rate—Would the minister make the judgment now that, as a result of his policies and his government's policies we have the mortgage rate going up to 14½ per cent, the people of Canada are not being crucified but are being drawn and quartered by an unmerciful government that no longer has a care for those ordinary people? Does he realize the housing industry is in severe recession;—

And on he goes. That is why he was in opposition. The Minister for Industry, Trade and Commerce (Mr. Gray) was quoted earlier this evening but I think it is important to have that quote on the record a number of times. As this government sits, it will hear it many more times. Being interviewed, the minister was asked by Mr. Shulman:

> SHULMAN: What would you do as a government about interest rates, would you lower interest rates?
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> GRAY: Yes, I think interest rates should be lower than they are now.
>
> SHULMAN: Yes, I agree they should be lower, would you lower interest rates?
>
> GRAY: Yes, I would.
>
> SHULMAN: And if the interest rates are not lowered after the election, I think you are going to win it, would you be prepared to resign your seat if the government doesn't carry through on that policy?
>
> GRAY: Yes, I would.

I think those quotes say it all. But in all seriousness, I come from a riding where the main industries are fishing, mining, logging, agriculture, smelting and pulp. I was previously employed as a probation and parole officer and I dealt with crime on the streets in my riding. It is time more members in opposition dealt with what I view now as criminal negligence as it relates to the economy.

I do not think we look often enough at the serious cumulative impact of interest rates in such industries as fishing, logging and agriculture. For example, a fisherman does not just have a mortgage on his home; he has a mortgage on his boat, he has a loan on his equipment, he has a loan on his car, and as interest rates skyrocket, now over 20 per cent, the cumulative impact of all of those loans is devastating. This is particularly so as we see more and more restrictions on fihermen as to where he can fish, because fish are being given away to the Americans at either ends of our zones and the crimp is coming seriously home to rest. The same is true in the logging industry. The independent truck loggers in my riding no longer have the much needed relief from excise tax. That has been dumped on them as well. In my riding alone it is costing hundreds of thousands of dollars.

Other members have touched on the serious problems in the agricultural industry with relation to skyrocketing costs of high interest rates for seed and equipment. Canada today perches on the edge of a recurring disaster, and the Liberals across the floor seem unable to comprehend the depths of it. The dollar has plunged to levels seen only in the 1930s. Interest rates today at 17.36 per cent are the highest in history. I should point out that was yesterday. I understand today they will climb again. The purchasing value of the dollar is only half what it was five years ago. The cost of living, viewed through the CPI, is up 11.2 per cent over a year ago.

What of the budget of a month and a half ago which predicted a 9.7 per cent increase for 1980? That increase is likely to break 10 per cent or 10.1 per cent. What trust can the average Canadian have with such inaccuracy?

Mr. Smith: Have faith.

Mr. Fulton: What does all this mean to Canadians? I would like to relate how this economic emergency relates to men, women and families in my riding. Many of the figures are drawn from national statistics but the cumulative impact on fishermen, as I have pointed out, relates not only to their boat loans and equipment, but to nets, cars, homes and so on. The same applies to almost all of the resource and industrial working people in my riding.

First, let us look at the cost of housing. Vancancy rates, for example, in Prince Rupert, have hovered close to zero for months. Starts are down nationally by 20 per cent, and the situation is worse than that in the British Columbia northwest. What does that mean in real and human terms? It is something a lot of members in this House have tended to pass by. It is easy to talk all night about facts and figures and sort of shoot them around in an intellectual debate, but the real human terms are those on which I want to touch now.

What does it mean when the market squeezes from both ends, where no vacancies bring heavy competition not only for rentals but for purchases as well? Naturally, up go the rates for both. Ordinarily this would encourage housing starts. In Canada's history, that has been the case. However, with the mortgage rates going up at the same time, it has put an end to the dream of many families and also to the plans of most builders. The combined skyrocketing housing costs, with prime rates of over 17 per cent today, make the dream for almost all families in my riding impossible.

Let us look at the facts. First, let me ask a question of those responsible for the present policy; for those unaware I am

referring to the Liberals across the floor. What kind of a loan shark in Canada in November, 1980, would have to be paid $35,318 in interest to pay off $1,521.80 in principal? That is roughly $20 for every $1 principal. Perhaps one of the Liberal members across the way would know what kind of a loan shark that is, although they seem to be totally unaware, which demonstrates the validity and the real emergency of this debate. These loan sharks are the banks, the trust and loan companies across Canada. During the first five years of a $50,000 25-year mortgage at 14.5 per cent, that is precisely what happened. Those loan shark figures are skyrocketing now.

Housing throughout my riding varies both in value and in style. What does not vary is the impact of rising rates. The mortgage must be paid, so the money comes from other things. Most families have to give up on clothing, vehicle expenses, food, dental treatment and toys for their children. The list goes on. The comment made by the Prime Minister (Mr. Trudeau) a few days ago that Canadians simply have to reorganize their priorities in terms of their dinner table and what they supply to their children is really a very callous and shallow attitude to take toward anyone in this country.

Across Canada this year over 300,000 families will renew old low-cost mortgages for Liberal high-cost ones. Well over 10 per cent of those families, close to 32,000, will be renewing mortgages. They will have to pay in excess of 30 per cent of their income on housing because of these new rates. The Minister of Finance probably pays less than 10 per cent of his income, if he pays any at all, or if he has any mortgage left to pay. On a $50,000 mortgage in Terrace at today's rate, a 25-year term payment will be over $750 a month. And what can we compare that figure to? As my colleague the hon. member for Hamilton-Mountain (Mr. Deans) pointed out, the average weekly income is only $318 across Canada today. The average worker in my riding with a $50,000 mortgage would pay out over 50 per cent of his or her income on housing, on the mortgage alone, to say nothing of heating, repairs, light, water and taxes. In British Columbia, the annual minimum wage income is now only $6,200. Social assistance for a family of four is now $9,100. Neither family, either working at the minimum or on social assistance, could live in a $50,000 home and neither family today could live in a $25,000 home. I challenge Liberal members to produce for me somewhere in Ottawa a $25,000 home.

● (0350)

For families renewing this year, the increase is likely to be about 56 per cent. That is 300,000 families. What does this mean to fishermen, loggers, and small businesses? Again, cumulative interest rate impacts are difficult to assess. Lay-offs and bankruptcies are only signals we can look at. Many of these families borrow from within their own families or find other means of staying on their feet.

In Skeena, these national figures pale at the regional reality. In Cassiar—and I made a point of telephoning after midnight to confirm this with one of my constituents—gasoline today is selling at $1.74 a gallon. That is something we should reflect on when filling our tanks in Ottawa. A trip to Watson Lake, the nearest town for groceries and an outing, is $40 return on the bus, an hour and a half ride. A one-way flight from Prince Rupert to Sandspit on a Goose is over $50. I do not relate that to the Liberal ads.

Do we need to ask for a made-in-Canada policy, or is that group over there to be forced into it by social not economic collapse alone? I am most serious in raising the social issue as being one equally as complex and vital as the economic discussions we have had from both sides of the House tonight.

There have been almost 20,000 personal bankruptcies in Canada this year and over 200,000 Canadians laid off. As an earlier speaker pointed out, if we look at the October to October statistics, a quarter of a million Canadians have been laid off. There have been over 6,000 business bankruptcies and throughout 1980, almost 1,000 men and women were laid off per working day.

Who is getting laid off during all of this? It is certainly not the rich, those with money in the bank as opposed to those with loans at the bank and those who cannot afford loans at all. We hear governor Bouey saying that is okay. I wonder if many members in this House ever really wonder why. Surely the Liberals are aware that the profits of the big five banks passed $325 million in the first quarter of this year.

How much does the high interest rate policy hurt the wealthy? That is something we should reflect on when talking about an economic crisis. Let us look at those who have substantial incomes, have paid off their mortgages and have money in the bank or invested. That is a very different picture. The top side of the economic wheel is a very different place from the poor and middle-income world provided by the government, and as demonstrated by the hon. member for Saskatoon East (Mr. Ogle) in regard to the global implications of the problem and short-run monetarist policy.

I wish to read several quotations from the National Council on Welfare regarding the real social implications of these serious economic times in Canada. I quote:

> Social interaction patterns can be very much disrupted by unemployment. The loss of social contact through the work setting is further aggravated by the tendency of unemployed persons to withdraw from friends, relatives and community life . . . Within the family, social interaction patterns can be upset since the loss of a job and income may diminish the unemployed persons' status and authority. Shifts in roles within the family, coupled with changes in the unemployed workers' personality, can provoke considerable stress and in extreme cases can lead to family breakdown.
>
> Turned inward, these feelings of bitterness, rage, and powerlessness may result in depression that becomes further exacerbated by the self-doubt and blame that develop when job hunting is not successful. Anxiety over financial difficulties, both now and in the future, also contributes to the depressed mental state that has been found to characterize many laid off workers—
>
> Anything that widens the gap between income and need—the loss of a breadwinner's wages because of unemployment or illness, escalating rent, sudden rises in fuel and grocery costs, any unexpected and unavoidable expense—can plunge a poor family into crisis.

Having had many years' experience working with people in communities, I can state that serious economic problems can cause problems in terms of relationships between members of the family, child abuse and crime.

There is no question that the economy of Canada is taking a beating because of the listless, do-nothing and layabout attitude of the Liberal party. What are the social costs in child abuse, parent abuse, frustration, alcohol and drug addiction across this country? Costs must be measured by pain and against time; not measured in terms of weeks, years, or percentage of the gross national product, but often measured in the lifetime of the individual.

This is the legacy we speak of tonight. The New Democratic Party and the Tories are not here tonight for fun, except for a few members. We are sending the Minister of Finance (Mr. MacEachen) and the Prime Minister a Christmas message to build a made-in-Canada interest rate and industrial strategy by January 12. Canada wants and needs it. Many are perishing economically while we speak. I beseech all members of this House to take this debate more seriously.

Mr. Roland de Corneille (Eglinton-Lawrence): Mr. Speaker, I would first like to address myself to the reasons and to say that I feel, as a Liberal who has been long enough in caucus, that I can say that those I have heard in caucus have at all times been expressing a constant, ongoing and deep concern regarding such matters as the increase in the cost of living, the cost of food and shelter, deep concern about inflation which hurts everyone, particularly those on fixed or lower incomes, and they think about those who are suffering because of inflation.

There is a constant and deep concern in our party and government regarding the increasing interest rates which hurt small businesses, those who now need to renew their mortgages and especially those who have gone into debt. I see a deep concern among members in the government caucus and in our government's actions regarding unemployment and alleviating the problems of those, especially the young, who are looking for employment at this time.

While I say that the government has a profound concern, I object to those who would make things so simplistic that they would invite me to say to the opposition, the Tories or the NDP, that they do not have any concern. That is equally silly to say. They have a concern. I find it rather strange for them to look over on the other side in such a simplistic fashion and to sweep away the deep and ongoing concerns of our government, saying we have no concern. That is hardly just and sensible.

In addition, that would hardly make any political logic if we were that way. Certainly we could not be stupid and over the history of Canada see the Liberal party re-elected time after time if the people thought we did not have a constant and ongoing concern about their futures. Look at the development of pensions over the decade, our work in bringing about medicare, our concern about unemployment and equalization between the provinces, our desire to ensure that the disadvantaged provinces could gain assistance from those that are more advantaged. I suggest that is one of the reasons the Liberal party has for decades enjoyed the confidence and trust of the Canadian people. They believe that we care.

That does not mean there are not serious problems at this time. It does not mean we should be unresponsive to the criticisms and concerns of the opposition at a time when the world is facing a grave economic situation, problem and challenge. Anyone who looks at the budget of the Minister of Finance (Mr. MacEachen) will recognize the concern of the government. But there are those who want to cure these problems of high inflation, high interest rates and so on by extreme measures. I suggest to you that extreme measures get the attention of the media, and to try to take the middle road, to try to take the cautious and careful path is not going to get extreme attention by the media. Those who want to make wild suggestions and who are for some extreme forms of economics will get the attention.

● (0400)

We find that the Minister of Finance said in his speech, quite rightly, I believe, in trying to identify the dangers of extremism, that some would urge a dramatic retrenchment by governments, an almost exclusive reliance on the mechanisms of the private marketplace, while others have urged us to intervene broadly, not only in shaping our industrial purposes but in controlling the setting of prices and wages, and the distribution of economic benefits generally.

The first, of course, includes those whom we heard tonight, some from the Tory party, who would suggest we have a total withdrawal of government and the allowance of free enterprise in the marketplace. The others in the NDP, I suggest, would want to have greater control by government.

The Minister of Finance said he rejects both extremes. Instead he said, in giving his budget:

> —I have sought a strategy that I fervently believe will serve our national and individual interests while preserving essential individual freedoms.

Then he continued:

> It is a strategy which balances restraint with essential measures to give support to the growth of productivity and productive capacity.

This, I suggest, is the position of our party.

We have another set of two extremes which have been suggested and which are called for by extremists, and they too receive media attention. On the one hand we have those in the opposition who want price controls. They want price controls and a freeze or rollback of interest rates. This, of course, would bring about, they feel, the desired result of bringing down interest rates. Unfortunately, they would haemorrhage the economy so that people would see the value of the dollar plunge, and that through problems of having to import things from abroad we would have higher costs and then very great acceleration of inflation. While taking the extreme of rolling back interest rates they would have us haemorrhage to death with increasing inflation.

On the other side we have again an extremist policy—simplistic and perhaps a little more confused, in fact. These people would want to protect the value of the dollar, as the government of the opposition did under the same governor of the bank, protect the interest rates, and jack them up. This is supposed to reduce inflation. But, of course, it brings in its

wake crushing interest rates. They seem also to be suggesting something which seems a little difficult, to increase spending while reducing the deficit. That is quite a trick. It reminds me of the difficulty of trying to suck and whistle at the same time, or in fact the definition of a politician. The definition of a politician is one who wants to sit on the fence and who, at the same time, wants to keep his ear to the ground. It seems to me that is the same kind of policy of the Tory opposition, which wants to increase spending and, at the same time, reduce the deficit, jacking up interest rates and reducing inflation.

In times of decision about economics I think one has to keep one's balance and not be lured into simplistic, unilateral, extremist or drastic actions. One gets all kinds of self-contradictory and conflicting advice on economics, and not only from the opposition parties. Whenever you turn on the radio or the television, or you look at your newspaper, you see editorials or articles by various experts on finance in the financial section giving all kinds of contradictory advice. We get it from the other side of the House from both parties, and we get it as you and I look at our own television, newspaper, or when listening to the radio. There are quite a few different kinds of solutions to our world problems.

This reminds one of what President Truman said after he had met with his cabinet for quite some time. Having met with his cabinet and after months of discussion about what to do about the American economy he threw his hands in the air and said, "Oh Lord, just give me a one-armed economist". He was asked why he wanted a one-armed economist and he said "because all I hear is on the one hand this, and on the other hand that". It seems to me we are getting advice of this kind—on the one hand do this and on the other hand do that. The trouble is the advice is in two opposite directions. Perhaps, I suggest, as has been said by other members of the government party this evening, we should try to look and realize that this is not a simple problem; the jug is half empty and the jug is half full. If the opposition wants to see that it is empty it can concentrate on that.

I have heard people say, for example, we have a large number of unemployed. They do not speak about the fact that Canada has the finest rate of employment of any country per capita on this earth, that for year after year after year we have provided a larger number of jobs per capita than any other nation on earth. I can say that very simply because, while it may be too difficult for some members of the opposition in their simplistic way to look only at the half-empty bottle and look at the question of what is not there, they should instead also look at the fact that there is a demographic bulge in Canada's working group, a great number who have come on the market looking for jobs. But Canada has succeeded in dealing more effectively with that kind of a bulge than any other nation on earth.

I think another example of simplicity, of not looking at the half-whole side of things is, for example, our trade picture. We hear the doom, gloom, and grief about what is wrong. I think that Canadians who hear us debate are entitled to know that their country also has some things worthy of boasting about.

Look at the trade picture in recent times. Just for a moment contemplate the fact that the merchandise trade balance posted a surplus of $658 million in October. Moreover, in the first ten months of this year the surplus of trade amounted to $5.7 billion, up from $2.7 billion over the corresponding period last year. This record high trade surplus has contributed to a substantial improvement in Canada's current account balance in the third quarter, an improvement of over $900 million—that is almost one billion—from the previous quarter. I am not even talking about years, but over the past quarter.

That is a way of looking at some of the positive side of things. One can also look, I would suggest, at how we compare with other nations. When I go to hospitals to visit a friend I come to think of myself as much more fortunate after I have seen that friend in hospital; I think how well off I am. Until then I may have been feeling somewhat sorry for myself.

When I look in fact at other parts of the world I realize that the problems Canada has are not simply some that are Canadian made. I understand in fact that these problems exist in other places as well and that we share a problem which has been affecting the entire world, particularly since 1973 and the OPEC oil situation. Oil was $2 a barrel, was suddenly jacked up to $12 in 1973-74, but is now selling anywhere from $36 to $40 a barrel. You cannot, therefore, say that the present world situation and its economy will anywhere resemble what it did in 1973. But it resembles much more, here in Canada, what it did then than it does in other countries.

• (0410)

When we look at other nations and at our problems, I think we can say that we do have problems but let us understand them in their world setting, and let us appreciate the fact that Canada's record is much stronger than that of many of the nations we so often refer to with envy.

Let us look at the downward pressure on the Canadian dollar recently. Although the United States dollar has appreciated 4.1 per cent against the Canadian dollar since the end of last June, let us also keep in mind that the United States dollar has been strong against most other major currencies as well. Since the end of June the United States dollar has risen 12.7 per cent against the French franc. It has risen 13 per cent against the German mark compared with 4.1 per cent against the Canadian dollar. The American dollar has appreciated 11.3 per cent against the Swiss franc and 12.9 per cent against the Italian lira, compared with 4.1 per cent against the Canadian dollar.

As I said, we can look at the gloomy side, but we can also look at the positive side. When we, as Canadians, look at the cost of gasoline or food in other countries, or their rates of inflation, I think we can feel that we do not have to hear only about gloom and doom. If we do not feel inclined to panic, I suggest that that will be a sign of maturity because Canada has seen a wild fluctuation in ups and downs on the economic scene in the United States during the past year, and for us to panic at this point, instead of continuing on a sound and steady policy, would do this country a grave disservice.

I do not want to minimize the concern of the opposition. I think we can assure hon. members opposite that we shall continue to try to be flexible enough not to be dogmatic or extreme in any policy. We should continue to monitor closely the effects and to move, as our Minister of Finance has said, not in panic but in a constant and steady way to monitor and deal with these matters as they come.

When we find particular groups of people who are disadvantaged, we should move to give them that kind of consideration and assistance for which I believe this party and this country have been traditionally famous. Any other policy would be unrealistic.

I suggest, in conclusion, that we continue to give Canadians the superb way of life they have compared with that of other people anywhere else on earth. At the same time let us never be so sure of ourselves that we are not prepared to debate, to listen, and to discuss in this House of Commons.

Mr. McDermid: Mr. Speaker, will the hon. member permit a question?

Mr. de Corneille: Certainly.

Mr. McDermid: Mr. Speaker, I want to quote the hon. member, who said, as reported in *Hansard* for October 15, 1979, at page 193, as the following:

> Yes, it is a policy of evasion. They evade the issue with smiles and chuckles while we flounder and our energy mast is splintered and broken. We are a country divided and confused . . . about energy prices which are not resolved.

Those were the hon. member's remarks of a year ago. I wonder what has changed so drastically since then.

Mr. de Corneille: Mr. Speaker, I do not exactly understand the question. I am quite prepared to say that those words are taken from a speech I gave. I was referring to the policy of the then Conservative party in power with respect to Petro-Canada.

I was referring to their floundering from one policy to another. First they were going to sell Petro-Canada. Then they were going to keep it and BRIC it. There were various suggestions. If the hon. member is asking what that was about, that was about the energy policy of the Conservative party.

An hon. Member: What about pricing?

Mr. de Corneille: If the hon. member wants to talk about the price situation, I will say that the price problem was one which, under our party, was an attempt to bring down the price for the average consumer in order not to increase inflation. That has been Canada's policy.

An hon. Member: To bring down the price?

Mr. de Corneille: Not to bring down the price. What I mean is to bring it to a level less than would have been the case under the budget of the Conservative party at that time. It should be a much lower price, as a matter of fact, than that proposed by the Conservative party at that time. We have kept that pledge. We have not increased the price more than we said we would. We have been very consistent in our policy. We have kept our election promise and therefore saved the average person a great deal of money. In "the average person" I include the poor person who is trying to drive his car. He pays much less now for a gallon of gasoline than he would be paying if the Tory party had remained in power. We have kept that pledge.

Mr. Baker (Nepean-Carleton): Has the hon. gentleman ever considered trading in his collar?

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, this is a very serious debate this evening.

Mr. Rae: This morning.

Mr. Mayer: Excuse me, this morning. It is a little past 4.15 in the morning. Someone said earlier that this is a strange place to be at this time. I, for one, am glad to be here to take part in this debate because I think many Canadians are very much affected by the interest rates they now have to pay which are in the neighbourhood of 20 per cent. This is no laughing matter for many people who have to meet payrolls and other commitments or mortgage payments on a day to day or week to week basis. This is a very serious matter for many average wage earners. Those are the kinds of people who keep this country going on a day in and day out basis.

Much has been said so far in this debate. The previous speaker, the hon. member for Eglinton-Lawrence (Mr. de Corneille), and the hon. member for Burin-St. George's (Mr. Simmons) talked about all the gloom and doom about which we spoke. I do not think anybody is talking unnecessarily about gloom and doom. We need only walk down the streets of Ottawa, as I did this morning, to see that sale signs are out indicating "20 per cent off", "30 per cent off", and "50 per cent off."

This is the first time I have ever seen pre-Christmas sales. Interest rates are forcing many merchants to lower their prices before Christmas because they are frightened to death of having to carry excess inventories after Christmas at these interest rates. That is not gloom and doom. That is the actual fact of what is going on in the economy.

I spoke with an implement dealer in my riding at about six o'clock last evening. I asked him how machinery and equipment sales were going. I asked him what rate of interest was being paid and what kinds of deals some of the equipment dealers were offering. He pointed out that interest rates were "only" 17.5 per cent. When we come to the kind of psychology where we think that 17.5 per cent is a bargain, that says something about the policies this government has been pursuing.

I would like to refer to some of the gloom and doom which was talked about a year ago. I would like to quote from the minutes of a meeting of the Standing Committee on Finance, Trade and Economic Affairs which took place on October 30, 1979. The present Minister of Industry, Trade and Commerce (Mr. Gray) was the financial critic of the official opposition at

that time. He was referring to the Conservative budget of R. B. Bennett. Speaking of his course of action, R. B. Bennett's Conservative finance minister said, as quoted by the Minister of Industry, Trade and Commerce:

> This course may result in hardship. It may entail sacrifice, but in the long run it will result in less hardship and will call for less sacrifice than that which would flow from a policy less courageous.

The Minister of Industry, Trade and Commerce was directing his remarks to the then minister of finance, the hon. member for St. John's West (Mr. Crosbie), and he said:

> Mr. Minister, I want to point out to you that your high interest rate policy would slow down the economy; it will mean the loss of thousands of jobs; it will mean increases in the cost of living. It will probably bring the housing and construction industry to a halt, with thousands of jobs being lost in those sectors.

There was a person crying about gloom and doom. I point out that at the time this committee hearing took place the prime interest rate was 14 per cent. If it was fair for the then finance critic in the previous Parliament to talk about economic chaos as a result of a 14 per cent prime rate, when today we have a 17.32 per cent prime interest rate, a record high interest rate for Canada, certainly it should be our duty as opposition members to let this government know that a record high interest rate will cause severe problems for the economy.

● (0420)

I would like to speak now about a statement made by the Minister of State for Finance (Mr. Bussières). He said earlier this evening that the enemy is not interest rates, the enemy is inflation. When we get interest rates of 20 per cent or better, and that is what a lot of small businessmen will be paying in this country, they will be paying prime plus one, plus two, and in some cases plus 2.5 per cent, which will get them very close to 20 per cent, I submit that those kinds of interest rates add significantly to their costs, and interest rates at this level are a major factor in inflation. To argue otherwise is to kid ourselves.

I will now turn to the cattle business with which I am fairly familiar, Mr. Speaker. The cattle business affects us all because it affects the price of food. We all know that meat is a basic commodity in Canadian diets. A cow-calf operator's major cost is interest cost. It can cost a cow-calf producer as much as $130 or $140 a year just to pay interest costs. That is about equal to the cost that a farmer would incur to winter a cow.

We know that in our country we have fairly long winters. We sometimes say that we have six months of winter and six months to get ready for it. So, when we get to a situation where interest costs are roughly equal to the cost of wintering a cow, that gives you an idea of how interest rates affect the inflation rate, and that is reflected in the price of food which the consumer has to pay. That is one of the reasons why we see an increase in the cost of living, which affects the inflation rate. So for the minister to say that the enemy is not interest rates, the enemy is inflation, is a disgrace for a minister of state for finance. He should certainly know better.

In that context I would also like to challenge every government member who has spoken here this evening to go back to his riding, and when he is asked about interest rates over the holiday break, to make the same kind of points to his constituents that he tried to make here tonight and defend the interest rates which this government is shoving down the throats of Canadian people. I would like to see how many votes they would get and how popular they would be with their constituents. To give them the same kind of clap-trap that they have been passing across the floor this evening is shameful. All of them should be ashamed of themselves because I know they know better, and that includes the hon. member for Ottawa Centre (Mr. Evans). He knows better than that. I have heard the Prime Minister (Mr. Trudeau) refer to him as a brilliant economist. When he makes the kind of statement he made tonight, I think it points to the fact that they are both wrong.

An hon. Member: It was one of the funniest jokes he ever told in his life.

Mr. Mayer: Now I should like to talk, if I may, about how interest rates affect the farming community. Farming in this country is a seasonal operation because of the type of climate we have. If we are going to be productive and plan our production properly, we have to do it at least a year ahead. When farmers sow a crop in the spring, many of them plan to put it through livestock in order to market it. That means that a farmer who plants a field in the spring of 1981, harvests it in the fall of 1981, stores it, and markets it through livestock, the following year. In fact that crop may not be marketed for at least a year and in some cases 15 months after the decision was made to produce a certain crop on a particular field.

When we see interest rates move up at the kind of pace we have seen in the past month, we realize that there is no way in which a farmer can adjust to those kinds of interest rates. This creates complete havoc as far as his planning is concerned. It discourages him from long-range planning, which you have to do in the agricultural industry to maintain a stable supply of food for Canadian consumers. These interest rates are completely counterproductive. I do not consider myself to be an old timer in farming, but I can remember when a finished animal sold in the 20-cent-a-pound range, and I can show you figures now where the interest costs of producing an animal are roughly equal to the total cost of selling a finished animal as recently as 20 years ago. That is what inflation has done to the price of raising livestock in this country. I disagree totally with the Minister of State for Finance when he says that interest rates are not the enemy, that the enemy is inflation. In fact interest rates are a very big factor in the inflation rate in this country.

Mr. Smith: Tell us your solution.

Mr. Mayer: You want some solutions? I will give you some solutions. One of the things that the government could do right now would be to increase the initial price for grain in western Canada.

Some hon. Members: Hear, hear!

Mr. Mayer: A very conservative increase would be $1.50 a bushel. This would result in as much as $300 million being put into pockets of Canadian farmers. The brilliant economist from Ottawa Centre will know that the multiplier effect from the farming economy is probably higher than in other sectors of the economy, and a multiplier of three would probably be about right. So if the government chose to do so right now, it could put as much as $1 billion of purchasing power into the Canadian economy. Most of it would go to western Canada.

I hope the Minister of Agriculture (Mr. Whelan) will read this tomorrow. We like to think of the Minister of Agriculture as being a fighter for the farmer, but in the last couple of years he has become very tired looking and he no longer wants to stand up and fight for farmers. We find that rather discouraging. If he were to take the farmers' case, we could see as much as $1 billion of purchasing power put into the Canadian economy. That is what the government could do. It is the government's responsibility, not the Wheat Board's responsibility. The government has the responsibility for setting the initial payments. The initial payment has been set at $4.25. Grain has been selling at over $7 a bushel since the middle of November. There is absolutely no excuse for not increasing the initial price for grain. It would not cost the government $1. We have heard the previous speaker this evening saying that on the one hand we want to do this, and that on the other hand we want to spend more money. Here is something that the government could do that would not cost a cent in terms of additional government expenditure, but it would increase the purchasing power which all Canadians have and it would help the situation. That is one thing they could do.

Some hon. Members: Hear, hear!

Mr. Smith: Tell us your solution to interest rates.

Mr. Mayer: That would also help the interest rates because it would mean—

An hon. Member: Right on.

Mr. Mayer: One of the reasons we have high interest rates is that all sectors of the government in this country are competing for the limited amount of funds that are available, so there is less left for the private sector. The more money you put into circulation, by increasing the initial price of wheat, the more bills you can pay, the less money you have to borrow, the less pressure there is on interest rates, and therefore the lower the interest rates. That would certainly help to lower the interest rates. The economist opposite, the hon. member for Ottawa Centre, would have to agree with that. I urge him to speak to the minister in the other place, to speak to the Minister of Finance (Mr. MacEachen), and to speak to the Minister of Agriculture and ask them to do that. That is one thing that would help the Canadian economy considerably.

Another thing we could do would be to pursue some policies which would genuinely make the country self-sufficient in oil.

Mr. Smith: We are doing so.

Mr. Mayer: It is a strange way of doing it, to drive the industry out of the country. The figures I have seen tell me that somewhere between $12 billion and $18 billion was spent last year on exploration for oil in this country. Since the budget, announcements have been made by various companies, large and small, that they will not spend that kind of money next year. In fact, according to the figures I have seen, they will spend $4 billion less exploring for oil in 1981 than they did in 1980. If we kept that money in the country it would help our balance of payments, it would put less pressure on the Canadian dollar, which would also help industry. It would not cost taxpayers and the government one additional cent.

Let me tell you another thing that could be done that is the fault of the government. Western Canada has not had an opportunity to export the kind of grain it has been producing in the last four or five years. The estimate is that in the previous two crop years, in 1977-78 and 1978-79, we lost as much as half a billion dollars in sales to countries around the world willing to buy it, but we would not transport it to export positions because of the lack of a transportation policy. If we exported more grain, again it would mean more money that farmers would have in circulation, and less borrowing. That would help interest rates.

These are the three things we said we could do which would not increase taxes and would not increase government spending. These are things that could have been done.

I will talk about another thing that could be done which will not cost the government any money. We in the cattle industry have for a long time asked for a beef import law similar to that of the Americans in order to stabilize our beef industry in terms of the imports which come into the country, particularly those from Australia and New Zealand. We have seen the bill introduced for first reading, and it got absolutely nowhere.

• (0430)

If a livestock producer plans for the future expansion of his herd, he requires an assurance that when the expansion is in place he will have a market for it. We say what the lack of a beef import law has done to the industry in the past. It completely decimated the industry in the years 1974, 1975 and 1976.

I referred to the Minister of Agricultur earlier as not having the energy, zip and fight we would like to think he had on behalf of Canadian agriculture. He has not even seen fit to announce quotas, which he can do under the import-export act. If he did that it would give the livestock industry some encouragement and stability. It would help as far as food production and food costs are concerned. I have mentioned four things which the government could do that would not cost one cent.

Some hon. Members: Hear, hear!

Mr. Mayer: Another idea which would stabilize the industry is the provision of an income-averaging annuity. It would let the industry stablize itself from within, without being required to go to government asking for handouts. The industry would

be prepared to do that on its own, without going to government.

Earlier I listened to the hon. member for Lambton-Middlesex (Mr. Ferguson). I would like to see the response he faces when he goes back to his constituency. Farmers who are operating with lines of credit in the 20 per cent range would consider the speech he gave tonight nonsense. He should be ashamed of himself. He should know better, as a farmer, than to give us such nonsense. I cannot understand why a responsible farmer like the hon. member for Lambton-Middlesex could make such a speech. He talked about the vagaries of the marketplace. We all know that. I have talked with farmers, and regularly they tell me they are prepared to live with all the uncertainties of farming, such as weather, insects, markets and hail. Their biggest uncertainty is the government, and the government is adding to that uncertainty by not letting them plan in terms of interest rates. The policies of the government lend support to the Bank of Canada increasing interest rates on a short-term basis, which is driving a lot of farmers out of business.

I see the hon. member for Lambton-Middlesex smiling, but I know of farmers in my area who are selling livestock because they cannot afford to keep them. Interest rates are driving them out of business. It does nothing to increase food supply or to help young farmers stay on the farms. It does nothing for cash flow. It drives farmers off the farms. I challenge every government member who has risen to speak tonight to talk to their constituents over the Christmas break. The most important question they will have to answer is: what will the government do about interest rates? If they try to make the points they have made in the House with their constituents, they will see the reception they will get. They will be tarred and feathered and chased out of the country.

The government should keep its own house in order in terms of government expenditures. I should like to refer to a statement of the board of directors of the Canadian Institute for Economic Policy on Interest Rates, the Exchange Rate and Inflation which was released on April 22, 1980. At the bottom of page 3 it reads as follows:

> Canadian interest rates should be reduced appreciably from present levels regardless of what the Americans may do. It is quite true that if this were done, we could expect the exchange rate for the Canadian dollar to fall. This would have certain disadvantages and involve some costs. But these would not be nearly as great as the costs of the present very high interest rates.

I have a press release from the Bank of Canada at that time which indicates that the bank rate was 15.42 per cent. Today it is two percentage points higher, but that statement was valid then. The Canadian Institute for Economic Policy is chaired by Mr. Walter Gordon, a former Liberal finance minister. If that was a fair statement in April, 1980, when interest rates were 2 per cent lower, it is more than a valid statement now.

If the government could control some of its own expenditures and not be in the marketplace borrowing as much money as it is on an ongoing basis, it would certainly help interest rates. I have seen figures which indicate that all levels of government borrowing—federal, municipal and provincial—account for something like 65 to 70 per cent of total borrowings in this country. That leaves very little money available for the private sector to borrow. It is one of the reasons for high interest rates, because governments at all levels are in the marketplace borrowing large amounts of funds.

I am not sure the Bank of Canada is succeeding in controlling the money supply. It is very difficult to hold interest rates down. Another thing the government could do, which would not be an additional draw on the finances of the country and would help interest rates, would be to limit its own expenditures. I am running out of time. I had planned to talk a bit about how the Bank of Canada functions, because I have some concerns in that area. The Bank of Canada has as much power in terms of what happens to the economy as all of us in the House of Commons. Yet it operates without the accountability we have as elected members. The Bank of Canada is not required to face the electorate every four or five years. I should like to see members of the House of Commons as regular members of the board of directors of the Bank of Canada.

Some hon. Members: Hear, hear!

Mr. Bill Domm (Peterborough): Mr. Speaker, at this moment at 4.37 a.m. on Friday, December 19, interest rates have jumped by 39 per cent since the federal budget was introduced on October 28. If it were not for the governor of the Bank of Canada—and let us give credit where credit is due—the dollar would be 75 cents American. In any case, it is at its lowest level in 47 years.

The Economic Council of Canada has roundly condemned the pathetically inadequate government for its absolute lack of initiative in doing something about this deplorable situation. At the moment the prime rate is over 18 per cent. Individual borrowers who are less fortunate than major corporations are borrowing money today at rates between 21 per cent, 22 per cent and 23 per cent.

It is perfectly clear what steps must be taken to begin the long economic recovery which Canada so badly needs. Intelligent investors, bright men and women in financial and manufacturing sectors of our economy, simply do not buy the excuses of the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) for his extraordinary failure. Outside investors do not buy them either. A child of three would not buy them, because in this country there is a will to succeed, a collective confidence in the national self. This confidence has been severely shaken by the plaintive cries of the minister that interest rates are prey to a variety of unspecified and uncontrollable factors. The only thing interest rates are prey to is a government which refuses to allow itself and this country to reach and fulfil their potential.

What does the Minister of Finance intend to tell thousands of small businessmen across Canada who face bankruptcy and ruin today? Surely the minister realizes the agony to which small businessmen are subjected. On Thursday morning, on "CBC Morningside," a small businessman in Sydney, Nova Scotia, condemned government policies which hampered his ability to exist in the marketplace, that is, the government hampered him, the small businessman. His own abilities, his

own efforts and dedication will not be the cause of his failure. It is the Minister of Finance whom this businessman in Nova Scotia blames.

● (0440)

Does the minister realize that the total sales of all businesses in Canada were over $400 billion last year? Some 28 per cent of these total sales came from small businessmen. Total employment in this business community amounts to 6.6 million people. Small businesses employ 2.5 million people. That is 42 per cent of the total business employment in Canada. The contribution of these businesses to the gross national product is in the 40 per cent bracket. These are impressive statistics and ones to which the Minister of Finance should pay more attention. Even more important, he should pay attention to statistics which tell him that thousands of bankruptcies are already occurring in Canada. That was the situation before the present crisis. What it will be tomorrow, or this morning, next month or next year, I hesitate to contemplate. But this is not a matter of statistics, it is a matter of philosophy. It is a matter which concerns a fundamental point of view.

The true business of government is to govern, not hamper or hinder the ambitions and enterprise of a country's people. Yet this is what the Liberal government is doing. It is inhibiting the drive toward economic health and prosperity. The marketplace does not respond to regulations, rather, it responds to incentives, true, unencumbered incentives. The government should get out of the marketplace. It should get off the backs of the small businessmen in Canada and create the climate which allows independent entrepreneurs to function, not to be hindered.

I ask, Mr. Speaker, what incentives has this government provided so far since its budget, or since the election? What help has it extended in the form of an alternative to the Progressive Conservative Party's recognition that small business provides a large, stable, and diversified source of employment? Small business preserves competition and efficiency. It is a major source of innovation in our country, the small business sector which this government refuses to acknowledge. Of course, these features are contradictory to Liberal philosophies. They seek to entrench a stable and diversified source of employment. Small business seeks to do this, while the government seeks to destroy competition and efficiency through exclusive jurisdictions and monopolies. A prime example of this may be seen with respect to the possible Air Canada strike over the Christmas season. This government seeks to kill the merest shred of innovation and incentives in our society.

The conclusion to these remarks is that the Liberal small business policy is obsolete and prehistoric. Let us take a brief review: the small business development bond program introduced by the Conservative government for one year has been extended until March, 1981. That is not a great deal of use. There has been a total lack of tax relief measures in the Liberal budget which could have been extended to small businesses, to say nothing of the benefit of other tax credits to all middle and lower-income people. Unemployment insurance premiums paid by employees and employers alike were increased by the federal government. If any more proof is needed of the government's abject failure to tackle the root problems of the economy then this is it. The government's simple solution is to have the people and businesses of this country subsidize the immense costs of its dreadful mismanagement.

Then there is the Liberals' lack of attention to farmers. They are small businessmen who play an important role in the economy of the country. The Liberal government had no problem at all finding a $40 million for an oil company in order to keep it swallowing its disastrous National Energy Program for six more months. But the member for Cape Breton cannot seem to approve 3 per cent of that amount for a modest transfer payment which would keep Canfarm alive. Members of the Ontario Federation of Agriculture and the Quebec Union of Agricultural Producers use this computerized trans-Canada network for bookkeeping and management services. This is so essential to keep a viable farm community in place. The government ignores that. I remind the Minister of Finance that 30 per cent of Nova Scotia's farmers use the services of Canfarm.

I wonder, and I am sure the people of Canada wonder as well, why the government refuses to recognize small business, and in particular the entrepreneurs in the farm community who need this helpful service in order to continue to work. Ministers could not find 3 per cent of the $40 million which they used to bribe a major oil company to stay in business because of that adverse financial policy implemented by this disastrous Liberal government—they cannot find 3 per cent of $40 million to subsidize the farmers, 30 per cent of whom in Nova Scotia use Canfarm. This is disgraceful, disgusting, and a total discredit to the present government in showing its priorities as it sees major oil companies deserving of a $40 million bribe, but for the farmers of Nova Scotia, Ontario, Quebec and the rest of Canada it cannot find 3 per cent in order to keep a Conservative government policy to finance Canfarm at least long enough for the farmers to prove they are capable of running their own business better than the Liberal government runs the country.

How on earth can members opposite continue to be the pretender in the name of government? By every common barometer, every single one of their actions, or rather, of their inactions, has resulted in immediate condemnation, not only rhetorically but through irrefutable indicators of the money markets, of investment capital, business investment, from increasing unemployment figures, which are the most basic indicators of the country's health. The value of the dollar is comment enough on this extraordinary record. It is only a hollow victory which I will be able to read about in *Hansard*. The Minister of Industry, Trade and Commerce (Mr. Gray) said last year:

> The Liberals and I generally want action taken now to prevent the hardship this Conservative high interest rate policy is creating for millions of Canadians and their families.

And how high are interest rates now? They are as high as they have been in 47 years. If the minister appreciates that a government must be accountable, as he seems to do when out of power, why does he not admit his and his government's accountability now that they are in power? It is like drops of water on a stone. I will try again, and my party will try again to make an impression on the government. Of course, any promise of action is like getting water back from a stone. If a government acknowledges it is an effective authority within its own borders then any action it takes, presumably, will have an effect. Therefore, the external forces are hardly adequate reasons for failure.

It is clear to me, Mr. Speaker, that only the larger businesses in Canada with adequate protection through their equity and working capital will be able to defray the more ravaging elements of the worsening financial crises in Canada. It is those whom we can least afford to lose—the small businesses which, as I have said, make up almost half of our business community. They are the ones which contribute a great deal to the gross national product. They do not have the ability to weather this storm. And how does the government intend to help them? What relief will it provide? What measures does it contemplate to give them a fighting chance for survival?

It is equally clear that small businesses have a host of difficulties to overcome. These difficulties are a lack of skilled labour, underdeveloped foreign markets, mountains of government paperwork, punitive taxation and so on. Under present circumstances—even circumstances which are a good deal better than present ones—the small businessman has difficulty in achieving any degree of solvency. He cannot consolidate his loans even when he can get one. He cannot obtain working capital and carry accelerating interest rates indefinitely. He cannot increase the variety of his stock to attract more customers. In short, he cannot continue to exist. In that case a large part of our GNP will cease to exist along with him.

● (0450)

However, I forget that this government runs its own business, the business of governing this country on the peculiar basis of deficit spending. Why then should it sympathize with a business community that does not share the same luxury, the same dubious fiscal principle? The government continues to spend 25 per cent more than it takes in each year. The government continues to spend our $66 billion this year alone. It continues to spend immense amounts of money on a commodity which we can get for half the price in Canada. It continues to stick its thumb in the leaking dike of our economy, but as the leaks increase in number and in force, the government will run out of thumbs and then we will all be at sea, just as the government is in matters of the economy.

Together, three things, the budget, the energy policy, and the constitution, are contributing to what has become known as a socialist republic. As this irresponsible government seizes control of the major multinationals in Canada, and as it grabs hold of 25 per cent or 50 per cent of their wealth, what will stop it from moving into Ontario and taking control of nickel?

Would this party condone a government that would seize control and set the price on nickel for the world? No, it would not. The NDP might, but the Conservatives would not. The New Democratic-Liberal party of Canada is turning this country into a socialist republic. It is taking away from the free enterprise system the most important element, that no government of any country can run the business sector in this country as well as the free enterprise system if allowed to function.

The government continues to meddle in the free enterprise system in Canada and to increase inflation, lower the value of the dollar, scare industry, business and entrepreneurs out of the country to the point where all that is left to run it are those people opposite, the irresponsible socialists who sit on the other side of the House. This country is doomed to disaster because it will not listen, and it does not care. The Prime Minister of Canada (Mr. Trudeau) said, as recently as last month, that the people of Canada do not want unilateral patriation of the constitution. The survey polls such as Gallup support that view. The Prime Minister said that it does not matter what the people of Canada want. They do not know what is good for them, but the Prime Minister does.

As the strings of those puppets, those marionettes opposite are pulled, they jump, and when they are told to stand up, they stand up. When members opposite go home to face the people in their ridings and have to go on the hotline shows and be interviewed by the media people, I challenge them to say that they stood mute, they put the earmuffs on, gagged themselves and stood up when they were told to stand in the House of Commons. They are literally turning this country into a socialist republic run by the ministers opposite and supported by the NDP.

They will drive the business community in Canada into the grave, and as they mount the tombstones over the deaths of 6,000 businesses they laugh. The NDP laughs because they know the strength of this country. They know that the free enterprise system has built the country. They are as bad a bunch of marionettes, of gagged puppets, as the Liberals. They are gagged, they are out of it, they are in a different world, and they are trying to bring it to Canada.

In my remaining thirty seconds I will make the prediction that if this government stays in office for five years more and it completes its term, by the time we get the country back, and hopefully there will be something left with which to work, the two of them together, the Liberal-Democratic party of Canada, will have turned the country into a socialist republic. I hate to see the day when they band together to bankrupt the free enterprise system, to take control of the country away from the marketplace and turn it into a socialist republic.

[*Translation*]

Mr. J.-Roland Comtois (Terrebonne): Mr. Speaker, I am quite pleased to take part in this debate, all the more so because the comments we have been listening to for a few

hours now made us smile now and again. Indeed I wonder if some of my colleagues here in the House are really aware of what is going on in Canada.

Earlier I was listening to the hon. member for Joliette (Mr. La Salle) who, in an impassioned speech, managed to criticize just about everything that is going on in Canada, but he never did come up with any alternatives. Of course I have known the hon. member for Joliette for 15-odd years and he has always made a lot of speeches but never did he offer concrete and worth-while proposals.

I had a personal experience when I met with farmers in my riding because we are neighbours. The member for Joliette remained silent for four hours, unable as he was to make one single suggestion. The member for Berthier (Mr. Yanakis) was with me at the time and we tried to find solutions, in fact we did find solutions to the problems experienced by farmers in our region. Everything was settled a few weeks later and these farmers belonging to the Agricultural Producers' Union of Joliette wrote us a letter to thank us for our work, for our discussions and for the ensuing decisions but in the letter they did not even mention the name of the member for Joliette because he had not uttered one word.

And then he accused the government of failing in every economic, fiscal, monetary and social endeavour, again without proposing anything at all. His only real discovery during the few months he was in power as a minister was to appoint himself patronage minister. That was his greatest accomplishment but unfortunately the electors decided that Canada just did not need such a minister. It was a miracle that he barely squeezed in at the election of February 18 last, Mr. Speaker, but we will have another crack at him next time around.

I heard him refer to the famous Conservative budget and say that all heads of businesses and multinationals readily endorsed the budget but he simply forgot to point out that the people of Canada did not share that view. That is why the government was turfed out and the Liberal party regained power.

I heard the hon. member say, as did the former finance minister, the hon. member for St. John's West (Mr. Crosbie), that their famous budget featured a tax credit for mortgage interest and property taxes.

● (0500)

Mr. Speaker, except for the former finance minister and the member for Joliette and most likely all members on the other side of the House, everybody knows that the proposed tax credit was not in the budget. That was a separate measure which the Progressive Conservative government could have passed when they were in power but, given their lack of intelligence or their incompetence, they opted for a vote on the budget and were defeated. I recall full well that at the time five of us on the Liberal benches had expressed support for that bill, the government was certain it would be adopted but they chose to drop it. And now everybody is being blamed for blocking that outstanding measure because the opposition parties of the day, the Liberals and the New Democrats, defeated the government on a budget which did not have anything to do with the tax credit measure.

The hon. member for Joliette criticized milk quotas and the 1976 dairy policy, the one year among all others when the government may have made mistakes, but they were all corrected the following year. We had the best dairy policy in the world in 1977, 1978, 1979 and even 1980 but of course the hon. member for Joliette was not there to say so.

In his speech the member for Joliette managed to include the constitution, patriation, the works. I have some doubts about his sincerity when I recall seeing him on the same podium as his pals Laberge and Parizeau, two avowed separatists. I wonder just how sincere he can be when he takes the floor in the House to speak about patriation and to defend Canada. It does make us wonder, Mr. Speaker.

The hon. member also voices concern over great projects which are falling through in Quebec. Perhaps he should feel the same way about those which are not being carried out in Alberta. Mr. Speaker, it is only normal that we should ask questions when we see a provincial premier decide on his own to shut off the valve and cut his oil production to the tune of 130,000 barrels a year and when we hear that the same premier has put a hold on two major projects to develop tar sands. And we can wonder as well when we learn that the Premier of Quebec refuses to let a pipeline through his provincial territory. When you see this same government drag its feet before developing a road network or even a fast transit system to and from Mirabel, you are bound to ask yourself this question: Who are really those who stand in the way of this country's development?

Mr. Speaker, it seems the package deal which was offered in last October's budget has been mostly ignored by the members opposite. They disparage it; they had better read it again and ponder over its essential points. I would like to repeat them for the sake of the hon. members on the other side because it seems to me they have forgotten about them. The Minister of Finance (Mr. MacEachen) said that public expenses would not grow faster than the economy; that the deficit would be progressively reduced over the next three years, but moderately next year because of the expected slow economic recovery rate. I am sure everybody agrees with that, and will even more so as the recovery gets under way. I hope that this aim will be achieved in 1982, 1983 and 1984. And then, the Minister of Finance indicated that any increase in individual and corporate tax rates would be avoided as much as possible. I think that when we decided to maintain private indexation in 1981 it was a measure of the kind we had already proposed previously. Indexation will take $1,580 million out of the federal income tax individual taxpayers would have had to pay otherwise next year. The minister also mentioned that aid to the developing

nations should be increased. If the hon. members really think we have problems in Canada, they should see those the Third World has to face. They would quickly realize we may have too few problems in our country and this is why the hon. members opposite are having such a hard time looking for some. The minister said healthy competition should be encouraged, the weight of government regulation lessened and paper work done away with for small and middle-sized businesses. As far as I can see, this is just what the Liberal government has been trying to achieve over the past few years.

Mr. Speaker, the budget also included a national energy program. This tends to be overlooked as well, although the budget and this policy are only one month and a few weeks old. The government has announced several measures to implement its National Energy Program, which is founded upon three basic principles:

1. Security of supplies and ultimate independence from the world oil market.

2. Opportunity for all Canadians to participate in the energy industry, especially petrol and gas, and to share in the benefits of its expansion.

3. Fairness, with a pricing and revenue-sharing regime which recognizes the needs and rights of all Canadians.

The main points of this program include a blended pricing regime for oil in Canada, with a set price which will be gradually and regularly increased. This price will remain far below the international level and never be allowed to exceed 85 per cent of imported oil or the price of oil in the United States, whichever is lower. A competitive advantage for Canadian industries will therefore be preserved.

The blended price for oil is an average of the cost of foreign oil for which we have to pay world price and the cost of domestic oil. The mechanism for blending in higher cost supplies will be a petroleum compensation charge levied on all refiners. The new regime will be phased in so that the burden of subsidizing costly oil imports will be transferred from the taxpayer to the oil consumer.

The price of natural gas will increase less quickly than the price of oil, which will provide a major incentive for consumers to switch off oil to gas and we propose to assist in this conversion through massive subsidization.

A new federal tax, at a rate of 8 per cent on net revenues from the production of oil and gas in Canada will be levied, starting January 1, 1981. The two new taxes will yield around $11.7 billion over the next fiscal years ending in 1983-84. The new revenues will finance the major federal spending initiatives in the field of energy and the western development funds. And starting from April 1, 1981, marine and aviation fuels used in interurban transportation will no longer be eligible for the lower prices available to domestic consumers in Canada.

Mr. Speaker, half of the income derived from levies on crude oil will be transferred to the producing provinces, namely, Alberta and Saskatchewan. In recent years the federal government received about 10 per cent of all petrol production revenues, the producing provinces slightly over 45 per cent and industry slightly under 45 per cent. With the new program, the federal share will be about 24 per cent by 1983, the provincial share 43 per cent and the industry's 33 per cent. The depletion allowance in the income tax for oil and gas exploration and development activities which have primarily benefited large established corporations, which are for the most part foreign-owned and controlled, will be abolished or phased out, except for tar sands plants and frontier exploration. A new incentive program of direct payments designed to promote investments from Canadian companies and individuals will be established. It will provide additional incentives for exploration in the north and the offshore.

Mr. Speaker, other energy measures were also announced in that over-all policy. First, a national gas bank will be prepared to purchase from Canadian producers, gas that cannot find markets in order to provide them with a source of cash flow. Second, a new grant program will assist home owners to move off oil and onto natural gas, electricity and other fuels. Third, market development bonuses will be provided to distributors, especially in eastern Canada, and energy conservation will be strongly promoted through consumption standards to be followed by car users. Fourth and last, renewable supply will be further enhanced with implementation of research and demonstration programs and the establishment of a new Canadian Crown corporation called Enertech Canada. It was announced recently that this new corporation will have its headquarters in Winnipeg. Furthermore, some regional measures have been announced in that same energy program and they are designed to meet the particular concerns of some areas. As a matter of priority, the natural gas pipeline system will be extended to Quebec City and the maritime provinces, gas prices in Quebec City and Halifax being set at the same level as in Toronto and Montreal. A fund will be established to support the conversion of oil-fired electrical plants to coal in the Atlantic area; $4 billion will be allocated to a western development fund of which half will be spent over the next three years on specific development projects selected in consultation with the governments of the western provinces; additional funds will be available to find ways in which the large reserves of Cape Breton coal can be used; an industrial conservation program will be implemented and a housing retrofit program will be introduced for Newfoundland, Prince Edward Island, the Yukon and the Northwest Territories; federal equity will be provided in support of hydro development on the lower Churchill River in Labrador.

Mr. Speaker, in addition, the objective of Canadian ownership has been defined in that over-all policy. It will be to ensure at least 50 per cent Canadian ownership of oil and gas

production by 1990, Canadian control of a significant number of the larger oil and gas firms and, finally, an early increase in the share of the oil and gas sector owned by the Government of Canada. Furthermore a Canadian ownership charge will be established to permit the Federal government to acquire control of one or more of the multinational oil companies in Canada. In this Petro-Canada will play a larger role on the basis of our commitment which has the support of the majority of Canadians.

Mr. Speaker, in closing my brief remarks I should like to say this to my hon. colleagues on the opposite side. We, as Canadians, own sources of wealth greater than any other country. To start with, we have all kinds of energy and in large quantity not only in Alberta and in Saskatchewan but also in Canada lands which are the north and the areas off our coasts. We can produce food in large quantities and it has always been said that Canada was the granary of the world. Finally, Canada has a third exceptional resource, fresh water. We have the largest reserve of fresh water in the world. Therefore, when we consider all that, in addition to all the other resources, as well as our human resource, a bright, hardworking people up to any challenge and willing to share its resources, to each and every one of us I say let us be first and foremost Canadians and the majority of our problems will be solved!

● (0510)

[*English*]

Mr. Douglas Roche (Edmonton South): Mr. Speaker, now at 5.15 a.m. the night is nearly over. Canada will soon awake. Still we debate. For nine hours this debate has raged on. It is not finished yet. Around me are colleagues still wanting to speak. Why? Because this is an emergency debate. Because Canada today is in crisis.

If it can be said that at this hour it is difficult for members on either side to advance new points in the argument, let it be emphasized now that the reason we are so determined to keep expressing our concern for Canadians caught in the economic morass of our country today and the reason we will not stop this debate is that we have yet to get through to the members of the government. The government persists in going its own way.

The Minister of Finance (Mr. MacEachen) came into this debate tonight. One would have expected in this emergency debate that he would have brought us an announcement, some understanding, a sense of direction. What did he give us? More of his masterly obfuscation, more of his self-congratulatory posturing for having tricked this establishment a year ago to win office. That posture he continues to hide behind. I say the Minister of Finance tonight was a disgrace.

What is this debate about? This debate is about inflation, standing at 11.2 per cent. It is about interest rates, now at 18.25 per cent, the highest in our history. It is about unemployment and it is about housing. It is about the people of Canada. During the CBC news there were interviews with people who have to renegotiate mortgages at exorbitant interest rates. Those people are hurting and suffering tonight. That is what this debate is about.

This debate is about an industrial strategy that Canada should have. We keep waiting for it. This debate is about the social unrest in this country. It is about low-income workers, pensioners, people who cannot keep up with an economic problem that has outrun the penance which the Minister of Finance says he is offering. This debate is about a bitter Christmas which is now less than a week away.

The things I have mentioned so far are the tip of the iceberg. This debate is about the bitterness and the divisions inside Canada today that are driving Canadians apart. This debate is about the real crisis and the well-being of our country, whether we view that in terms of the constitutional package that is being debated now, the lack of an energy agreement between Alberta and Ottawa that has repercussions and ramifications for the whole country, or the inflation that is wracking this country.

This is not an ordinary time. This debate is taking place in an extraordinary time. A day or so ago I was asked by a radio interviewer to look back on the year 1980. At the beginning of 1980 would you have anticipated that there would be a western separatist movement capable of filling the Jubilee Auditoriums in Edmonton and Calgary? At the beginning of 1980 would you have anticipated that there would be oil rigs lined up at the Canada-U.S. border waiting to go south? At the beginning of 1980 would you have anticipated that the interest rates would go to 18.25 per cent and that home owners would be in a state of panic as a result of renegotiating their mortgages? That is the framework, the bottom of the iceberg which has brought us to this debate during this long night in Parliament.

● (0520)

Our friends across the way say this is gloom and doom. They do not want to hear about it. They say this is a great country. Certainly it is a great country. Everyone here in Parliament, especially members of Parliament who have had the advantage of travelling and knowing how great this country is, knows just how great it is. Our problem is with the government, not with the country.

I have waited tonight to say these few words because I feel devastated about what is happening in a country that is so great, one with so many resources, so much technology and such potential, but a country that is so mismanaged that we have division growing and growing. This is a matter that should be of some concern.

I want to say a word or two in a friendly way to my friends on the other side who represent ridings in the provinces of Ontario and Quebec.

An hon. Member: There are only two left.

Mr. Roche: There may be some who will read this. I want to say something very serious to the members representing areas

in central Canada. I speak to you now as an Albertan. I speak to you as one who is worried about the state of our country. I speak to you as one who is very concerned about the ammunition being given the western separatist movement.

When separatism and the flame of separatism was burning so brightly in the province of Quebec—I do not say it is extinguished now—in the past couple of years when the situation reached an extreme point in the province of Quebec, members here from Alberta, and many of our colleagues and associates in western Canada, spoke out for Quebec. We did everything we could to send a message to Quebec. Some of us went there personally. I held a national unity rally in Edmonton, which attracted a number of people from this part of the country, in order to send a message to Quebec. Why did we all do these things? We were beginning to understand deeply the *retourne à vie* in that province. I ask members from central Canada who are here tonight, will they do the same to understand the situation in western Canada? Will the federal government, which gave Quebec members of Parliament the tools to fight separatism in Quebec, now turn around and give western Canadian members the tools to fight separatism in western Canada? I ask that very seriously.

What we are being given are policies which are not bringing people together but policies which are further dividing us. We have had members of the Liberal party come into Alberta and other parts of western Canada recently. I have heard of them being there and I have talked with people who have talked with them. I must tell you in all frankness, the image being left by Liberal members, including cabinet ministers, is that they are going to talk, sell, but not listen.

I say to hon. members opposite that if they will accept with reasonable objectivity the sentiments being expressed by myself at this moment, and by others in many walks of life who feel just as strongly about holding this country together, and if you will from your advantageous position today communicate with your government leaders, the Prime Minister (Mr. Trudeau), the Deputy Prime Minister and Minister of Finance and the Minister of Energy, Mines and Resources (Mr. Lalonde), breaking through that shell we will make some progress.

The other day the Prime Minister was informed on the floor of the House about oil rigs leaving the country. You and I know that he dismissed that. The fact of the matter is that there are 376 drilling rigs on the way to the United States. Some 60 have left already. This represents 22,500 jobs, not just in Alberta but throughout Canada, including central Canada. This is the result of a failure to get together on a comprehensive energy agreement that would unlock the Alsands, Cold Lake and Judy Creek major oil developments waiting to be developed on behalf of all Canadians.

We in the west do not understand why this country is willing to buy oil from Saudi Arabia and Mexico, cheap crude at that, at world prices when it will not pay, not the world price, not even up to 70 per cent, but just 40 per cent of the world price. What kind of an economist would you have to be to be able to rationalize or understand this situation? Western Canadians do not understand it. This is an affront to us. It is an affront that the Canadian government will solve its energy problems by buying more offshore oil now at a $1 million a day increase because of the latest OPEC price increases, on top of the $4 billion we are paying annually, when it will not pull out all the stops and do everything possible to get an energy agreement on behalf of all Canadians and get jobs for Canadians throughout this country. That is why I am devastated. There is no need for this.

Members of the opposition always criticize. Hon. members on this side have put forward tonight a host not only of ideas but also of policies. This party is well on record. The Alberta government is well on record as seeking the precise formula for a fair, equitable and comprehensive energy agreement.

● (0530)

Mr. McDermid: For Canadians, not for Saudi Arabia.

Mr. Roche: It is not just a narrow Albertan viewpoint I am trying to give the House. I am giving a perspective from Alberta but one which has national scope. It is for the well-being of our whole country. Let us unlock the process and get it started again. Let there be some Liberal member tonight who will stand up in this House and say to the government that it is right on behalf of Canada, and in the face of the emergency economic situation we have, to push and to do everything possible. I can tell hon. members that the response in Alberta would be positive. The people of Alberta do not want to separate.

With my colleagues, I am doing everything I can to cool that separatist movement out there. The newspaper I have in my hand says, "Albertans believe in a United Canada too." We have to take out ads to tell people that now. Why should that be? I ask hon. members opposite to help us by giving us some of the tools which we gave members from central Canada and particularly members from Quebec in the time of their crisis. I make my plea not just for Alberta. I make it for the whole of Canada which all of us here tonight represent.

Some hon. Members: Hear, hear!

Mr. Roche: Mr. Speaker, if you have another minute for me, I want to close on this note. There is a lot to be said about the role of Canada, and much has been said here domestically about the opportunities we ought to be taking to advance our economy. I believe that in the world community today there is a very special role for Canada. Reference was made to the North-South task force a few speeches ago. The North-South task force reported this week right here in Parliament. Its report is fairly extensive and I will not go into it now, but its essence was that Canada has a real role to play in helping to establish economic stability in the world. Indeed, Canada has an obligation to do that. We talk in that report about Canada's role in improving facilities in the World Bank and the International Monetary Fund to get funds recycled out of the OPEC countries and into the oil-importing and least developed countries which contain millions of people who severely lack basic human needs.

These are very big problems. We are talking about the stability of the planet and the security of the world. We are talking about systems by which there can be equitable sharing of resources and capitalization in the world. This is a role for Canada to play, not alone but in concert with our allies and industrial partners. We may not be able to do that. The report which came in was a lot of work for members of Parliament who participated in it, but that report will hit the library shelves. Why? The Canadian government today is unable to resolve satisfactorily its domestic problems because we are so hung up on the problems of our economy, the lack of an energy strategy and the constitution. We are so inward, torn and divided that we will not be able to make the international response the world is waiting for.

You have been very indulgent with me, Mr. Speaker, and I thank you. I thank the members who have listened to me in this debate, and I sincerely hope that they will do everything in their power to communicate the urgency of the message I am giving tonight to the Canadian government.

Some hon. Members: Hear, hear!

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, it is with pleasure that I take part in this debate tonight and support the motion put forward by my leader. The debate this evening has been very interesting.

I had a great deal of optimism when this motion was allowed to come forward and the debate was allowed to occur. As a matter of fact, I was under the impression that in order for it to come forward there must be some support on the government side of the House for such a debate. I hoped that out of that support there might come an announcement that members of the cabinet or whoever it is over there who makes decisions recognize that there is a crisis in this country and would in fact be prepared to announce some program to alleviate the difficulties which are facing the people of this country.

I was absolutely astounded by the speeches given by hon. members opposite tonight. The Minister of Finance (Mr. MacEachen) said nothing. He said we are doing just fine and that there is no problem. The Minister of State for Finance (Mr. Bussières) talked about whipping up hysteria and extremism. The Parliamentary Secretary to the Minister of Finance (Mr. Evans) I suppose took some liberty and distilled everything in his own riding into just great shape.

However, when I heard a speaker prior to the previous speaker I finally got a sense of where the organization opposite is. In my area of the country we usually define a Liberal as somebody who can jump up and sit on a picket fence without a grimace of pain. That is exactly where hon. members opposite are. They talk about extremism and about how they are sitting nicely in the middle with that picket jammed you know where, but they are doing absolutely nothing. The same speaker started on a high note. I really identified with many of the things he said at the beginning. It is difficult to find solutions to problems. Hon. members opposite say they recognize the dilemmas, but we are supposed to be ogres for implying that they do not care. However, it almost makes it worse if they do recognize them and do not do anything. That is worse. At any rate, it was a very enlightening evening.

There is one other thing I just cannot pass up. The hon. member drew a conclusion by extrapolating from the fact that the Liberal party has been in power for a good part of the century that the people of Canada must like the picket solution. I listened to many members on my right tonight, and I understand why hon. members opposite are in power.

Let us look back to the last Parliament and at some of the things that government did. I heard one hon. member speak vehemently in support of small business, but during the last Parliament small business people in my riding were asking if there was nothing I could do as their elected representative to get those fellows to tone down their policies, and especially their interest rate policy, before they ruined small business.

Mr. McDermid: They were a lot better off then than they are now.

Mr. Skelly: A little bit, they know. I must admit that, but what is the difference? If hon. members to my right were in power, that is exactly where we would be now.

In spite of some colossal blunders like moving our embassy in Israel to Jerusalem, despite dismantling Petro-Canada and the interest rate stunt, the previous prime minister was one of the most improved players in a few areas in this House. Now he is walking the country boosting his leadership by apologizing for all the mistakes he has made. He is further ahead than hon. members opposite, as demonstrated by their performance in the House tonight

Members of the Conservative party often criticize us for throwing them out of power, but in reality the people of Canada threw them out of power. They did that because of the policy of dismantling Petro-Canada, the policy of moving the embassy to Jerusalem and the interest rate policy. I suppose that government frightened the people of Canada so badly that they just went after the lesser of two evils. One of the reasons the party opposite has been in power so long is the actions of several Conservative governments. I think we should look back to the First World War when the Conservative party committed suicide in the province of Quebec. It has never recovered. That firmly placed that group over there in power.

● (0540)

When the frustration finally arose and there were enough Canadians who said that Liberals are no good, they put in R. B. Bennett and the Conservatives and immediately ensured these guys another two decades of power. I think back to the statement, "We have been in power, therefore we must be good". If you look at the number of minority governments that they have been endowed with over the years in the decade from 1921 to 1930 and again in the 1960s, I look forward in a short period of time, if this group ever recovers, to a great many more minority governments because the people of Canada do not trust them.

Let us look at some of the reasons for this lack of trust. First, there is really a crisis in this country in many areas and it is clearly the Liberal government's fault. In the last election I remember the Prime Minister of Canada (Mr. Trudeau) stumping the country in his arrogant fashion. I use that term reluctantly, but when people were saying there were too many unemployed in this country, the Prime Minister said to them that if the unemployed wanted to work, they should simply get off their butts. Then when farmers were having problems in this country, the Prime Minister said that farmers are nothing but chronic bitchers. In my province people are very concerned about the dangers of nuclear power. The Prime Minister said, "You will get nuclear power whether you like it or not."

In the 1979 election the Prime Minister and his party got their just deserts. The were turfed out with vigour. Had the Leader of the Conservative party been anyone else, they would have been slammed in with a majority. Nevertheless, we campaigned after the fall of the Conservative government in 1980. I remember clearly the candidate in my riding. The issue was again leadership, with the Conservatives on the one hand saying "Our leader is there but he has some liabilities", but the Liberals saying "Our leader does not count any more. We now have a committee in the party and it is going to back to the backbenchers in making policy and giving guidance to the government."

That does not exist any more. Clearly the statement the other day is the continuation of the old Trudeau. When the announcement was made that food prices were dramatically rising, interest rates were rising, the cost of housing, the cost of clothing and the cost of food are going up, low-income Canadians and senior citizens are in trouble, people asked: What will the government do about this? Clearly promises were made in the Speech from the Throne that the government would protect those people. The Prime Minister's answer was, of course, as we know, that they can rearrange their budget. But most of the income of most Canadian families is spent on food, clothing and shelter, three items. That probably takes up all of the inadequate income of low-income Canadians or senior citizens. I would challenge him to say which one of those items should be cut, because that is all that is available to cut.

I really resent the suggestion that the proposals made here are extremist, that they are whipping up hysteria. I resent that because what we are having is a difference in perception. They do not see what is happening in this country; they do not see the crisis, but we do.

An hon. Member: There are only two Liberals left over there, so how could they?

Mr. Skelly: I suspect that the Minister of Finance simply packed his bags and left. That is the kind of interest he has.

Let us take a look at unemployment for a moment. In November it was mentioned that 787,000 Canadians were out of work. They do not count all the Canadians who want to work if opportunities are available. There is a projection of 1,026,000 unemployed. That is too many. We have put forward a number of suggestions in the House and on the campaign trail. If those are not acceptable, we challenge the government to come up with some suggestions and not just sit there. One of the labour surveys was saying that 44 per cent of the people are no longer looking for work. All we are saying is that Canadians have a right to decent employment, that is all. We have put forward numerous suggestions. If they are unacceptable to the government, let us accept the principle that a Canadian has the right to a job in the country, and then let them get going with some Liberal programs that might fill the bill. If that is not a crisis, I wonder what level of unemployment the government would accept as a crisis in this area.

Let us take a look at housing. In my riding the housing situation is critical. In one of the communities where a temporary expansion is going on, people sleep in the park or in automobiles because no housing is available. Then when we make a suggestion, the Minister of State for Finance calls it extremist; he says it will ruin the country, that it is hysterical. I have heard the minister in charge of CMHC say that many people in AHOP homes are turning in the keys and giving the house back to the government. CMHC is attempting to flog off 20,000 of these homes. Mortgage rates are well up over 15 per cent now.

When I was going through my riding one day about a week ago I was looking in the paper at advertisements for the sale of homes. I found two-bedroom homes running between $150,000 and $200,000. It is just incredible. Vacancy rates in many of the major cities in this country are below zero. There are line-ups of people waiting for housing in places like Victoria, Vancouver, Calgary, Saskatoon and Toronto. There are no housing units available. If we go back and look at some of the Indian communities, we find another crisis there. Half of the homes in the Indian communities do not have running water. There is an immediate need there for 11,000 new homes and 40 per cent of the housing in Indian communities needs to be replaced or substantially repaired.

What does it take to have a crisis in this country? One point which drove it home for me is when I was talking to a young woman in Victoria who was out of work. She had been out of work for some time and looking vigorously for work, but she also had no place to stay and no income on which to fall back. I asked her what she did. She told me that this forces her into a type of informal prostitution. She said, "I have to find somebody to live with. I don't like it". You guys over there are doing it. The government is creating that kind of situation in Canada. There is a dramatic shortage of housing. The situation is very serious. If that is extremism, if that is whipping up hysteria, so be it, but that situation exists in native communities and it must be dealt with. That is the purpose of the debate tonight.

With regard to small businesses, I really have trouble differentiating between these two groups here. As much as we are alleged to be in bed with the Liberals—the Tories are forever accusing us of it—when I see the voting on the Bank Act supporting the banks, it is the Liberal party and the Conserva-

tive party voting the same way, and on many positive suggestions we have put forward it is those two parties voting together. When small businesses complain about interest rates, they complain about the Tories and then about the Liberals. Many of the policies of the previous Parliament and of this Parliament have been identical. I think it is a serious situation.

What is needed? I think the suggestion put forward by the leader of our party today and by our financial critic can be summarized in a very short statement, that there has to be some immediate relief for those who are suffering because we are in a crisis situation. It cannot be allowed to amble along and cure itself by chance. There are people who can no longer afford decent food, clothing and shelter, which are basic rights. We proposed a cost of living tax credit in order to control some of the more outrageous price increases. We suggested a fair prices commission. If those suggestions are not acceptable, we challenge the government to get out and relieve the crisis situation. They are not written in stone, but if they are unacceptable the government should do something about the crisis. It is that simple.

• (0550)

In the long term we have gone through a tremendous period of Liberal government. It was described as ten lost years in the last election. In many areas the control of this country has fallen to foreign-owned multinational corporations. Until something is done about that control, and who will control the basic direction of our economy, we will not resolve these programs. We will continue to export natural resources and capital out of the country in the form of interest payments on loans and dividends to foreign corporations. We will never see the maximization of economic benefits for Canadians. They will always occur as we ship copper ore to Japan for processing, as we ship iron ore, coal, natural gas, and all other commodities sent out of the country in an unprocessed form. We are shipping away jobs. The government has talked about an industrial strategy, but that is all it is at this point. When will it arrive?

The automobile industry is flat on its nose. We see research and development, production capability, and new fuel-efficient cars lodged firmly in the United States. What is happening here? Where is the industrial strategy of our government? Another area of very serious concern is the extent of corporate concentration in the country. The situation exists where a smaller and smaller number of firms control more and more of the Canadian economy. The government promised competition legislation to deal with mergers before they occur and to deal with some of the more serious flagrant violations of what normally is assumed to be a competitive situation. A competition law is extremely important. In long-term restructuring we need an industrial strategy to turn the country around and provide benefits to Canadians. To solve the crisis on a long-term basis, we need a competition policy to stop the concentration of the economy being in the hands of a very few people.

The hon. member for Skeena (Mr. Fulton) dealt with the fishing industry. I think this is typical of the problems within government which have created the crisis. The government said some years ago that there were too many boats chasing too few fish. It opted for a licence program which was basically a $5 fee, up to something which cost $7,000 per tonne. In order to obtain a reasonably-sized fishing boat, one had to pay in excess of $50,000 to buy the licence and then probably another $50,000 for the vessel. We ended up with artificially-created costs. A lot of people went out and borrowed to purchase fishing vessels. In the process of trying to recover more income from fishing, it was necessary for the fishermen to update their boats by purchasing expensive gear to increase their fishing capability. Once the government realized that there were a smaller number of vessels with greater fishing capabilities, it cut down on the amount of time they could fish. The government capitalized even further, and the inevitable happened.

The government created a situation in which fishermen on the coasts are suffering severely right now. There are high interest rates on high debts, and the fishermen are being asked to put their homes up as security. I sit down with those remarks.

Some hon. Members: Hear, hear!

Mr. John Gamble (York North): Mr. Speaker, this debate has been raging for ten hours. It is to deal with a genuine matter of urgency, within the provisions of Standing Order 26, which calls for immediate and urgent consideration. The subject matter is the unreasonably excessive increase in the rate of interest which must be paid for loans in Canada. Those interest rates currently exceed 18 per cent at prime rate.

These high rates of interest were explained by the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) as being required for one of two reasons, or perhaps a combination of both. He told us that they were necessary in order to retard inflation. He advised us that it was absolutely essential to maintain these high rates in order to save the declining value of the Canadian dollar. In sustaining his initial point, the minister referred to his budget which was introduced in the House on October 28. He told us that within this document there was not a reference to an increase in taxes because he recognized that tax increases in fact would create a spur to inflationary pressures.

While it may be acknowledged that the tax rates imposed under the Income Tax Act have not been increased, that is not the end of the matter. What is a tax but a form of extraction by government from its citizens without their concurrence? What we have is a variety of extractions from the citizens of Canada taking a number of forms. The premiums payable under the Unemployment Insurance Act are substantially increased for both employees and employer; that increase is a form of taxation. Approximately $400 million, which otherwise would have formed a deficit of the government as a consequence of the operations of the Canada Post Office, is to be recovered as a result of increased postage fees at a time when the bill before this House related to this matter establishes a monopoly for the corporation intended to be estab-

lished, with the result that the public has no option but to pay in one form or another an additional $400 million. It is an extraction from the citizens of Canada without their concurrence.

Also there is a Canadian ownership charge which is designed to permit the federal government to acquire control of one or more of the multinational oil companies in Canada. Although there is no reference in the budget to the rate of charge, from an examination of the budget papers, and on the basis of a calculation assuming that we are dealing only with light Canadian crude, the charge would amount to 12 cents per gallon. However, a great deal of the crude oil processed in Canada which would be subject to this charge is heavy foreign crude. If blended in the fashion recommended by the government, it would result in the imposition of a much higher per gallon charge for gasoline.

Also there is a special new natural gas tax at 30 cents per thousand cubic feet. In the short term, this year it will have the effect of extracting an additional $250 million from the public for the period ending March 31, 1981, and a total of $6.6 billion from the date the tax became effective until March 31, 1984.

What are the effects of all these taxes? The very reasons the minister gives for high rates of interest, he destroys with a budget which is designed to accomplish the very opposite.

● (0600)

We are told by the minister that the second main purpose for high rates is to insulate the declining Canadian dollar. The minister has referred to the performance of the rates in Canada as being likened to that of a roller-coaster. My preference, Mr. Speaker, is to suggest that they have, of late, performed much in the fashion of a skyrocket.

Who are the Canadians who will be affected by these high rates? All consumers who borrow for the purpose of making purchases of consumer goods or properties, all businesses in Canada, home owners who are renegotiating their mortgages, and government itself. What consequences flow from the imposition of these high interest rates? Clearly, in the case of the consumer and business, in the event that the decision is made, because the rates are so high that no purchase shall occur, the business community, whether it be a business community which supplies products which the consumer is buying or the business community which is producing the product which is being cut back, will retard its development and expansion. It will not require the number of employees it had in the past. The resultant effect on the entire community is one of increased misery.

Those among the public who are in the process of renegotiating their mortgages find themselves in an extremely difficult position. By way of illustration: in the event one were dealing with a $60,000 mortgage which had to be renewed with the increase at an average rate, over what might have applied before the renewal, of 6 per cent, the effect would be a requirement for an additional $300 a month in mortgage payments for interest alone. But the matter does not end there. That $300 a month, or $3,600 a year, is an after-tax amount. It would take someone in a 40 per cent bracket $6,000 of before-tax income to produce a sufficient amount with which to pay the $3,600 a year. But we cannot all find $500 a month by simply demanding it, by simply suggesting that since we require those funds they are automatically made available. The consequence for many, too many, is that this Christmas and immediately thereafter they will receive a message of cheer from the Prime Minister (Mr. Trudeau) which will read: "Merry Christmas. I am tendering you your writ of foreclosure."

These are matters with which the House should not deal lightly. They are serious. They affect the citizens of Canada who have helped to build this nation with their energy and determination. The human tragedy continues to grow the longer this high interest rate program, supported by the government, is permitted to continue.

The business community is already being assaulted by bankruptcy after bankruptcy, while others more fortunate in the community simply take the easy step of cutting back and laying off employees in the hopes of saving their business future. Of course, the result is the growth in unemployment and the human tragedy which flows therefrom. How will the government be affected? It will immediately be required to make higher unemployment insurance payments, which will result in a higher deficit. Today we are looking at a $14 billion deficit with a $10.4 billion charge for servicing the national debt.

As to the effect upon the government itself of promoting high interest rates, two things will happen. Either the payment of those high interest rates will, in turn, create a higher deficit, or higher taxes must be imposed. In the former case, the creation of a greater deficit has a depreciating effect upon the value of the Canadian dollar, one of the very things which the minister suggests he is trying to avoid. So by creating high rates he is affecting the value of the dollar in the very fashion which he professes he wishes to avoid. In the second case, there is a decline. High taxes result in a decline in business expansion and development. As taxes increase, business declines. It is a simple as that.

Were it not for the fact that we are faced with the real prospect of our southern neighbours enjoying a tax rate considerably less than what they now pay, the matter would not be as bad. But the president-elect of the United States, and those who supported him, have promised the American public a 10 per cent tax reduction for each year over a three-year term. If that happens then the effect on the Canadian business climate will be devastating. I have urged the Minister of Finance to seriously consider the consequences of what most assuredly will be a business-oriented budget in the United States; he has declined to do so.

What steps should the government take to reduce interest rates? Surely that should be the subject matter of this discussion this morning. I suggest they take such steps as will sever the link between interest rates and the value of the Canadian dollar by promoting the growth of the dollar in its own right.

Canadian currency is but another commodity and its value will increase or decline on the basis of supply and demand.

What can be done, then, to increase the demand or reduce the supply? There are a number of steps, Mr. Speaker, which include providing a climate in which business and enterprise will flourish in Canada. The second step is to reduce taxation. Third, reduce the cost of government and eliminate waste and extravagance and the duplication of services. Four, retard the process of printing money in excess of the growth in the gross national product.

What about the climate for business? This is a climate in which only a carpetbagger would be intrigued with the prospect of success. Our federal government has driven a wedge between the east and the west of our country. With the constitutional proposals it has created an anathema between one section of Canada and another. Government has survived on conflict and division. We expend our national energies on constitutional debate and cultural and linguistic programs while our economic framework crumbles around us.

Mr. Speaker, these days are reminiscent of the days when Nero fiddled while Rome burned. There is a curious similarity between the Prime Minister of this country and that rather infamous and idiotic emperor of ancient Rome.

I dealt with the issue of tax reductions when I spoke earlier. What about the need for the reduction in the cost of government? Well, Mr. Speaker, the public has some rather recent illustrations of how well the government has managed our money. We were told this week of a $60,000 potential grant to the pro-Castro, pro-communist, former prime minister of Jamaica, Michael Manley, so that he may pursue his educational endeavours in Canada. We were told not long ago of the expenditure of some $1,360,000 by the language game Santa Claus, the Commissioner of Official Languages, who acquired 200,000 language games to be distributed without charge throughout Canada. We know of $250 million of Canadian taxpayers' money which is to be spent drilling and exploring for oil in the Third World. We know of $400 million of Post Office losses which must be picked up, directly or indirectly, by the taxpayers of this country while their service declines. We know of $577 million paid out this year to the perennial parasite, the CBC, and we know of $1.2 billion spent on foreign aid.

● (0610)

My suggestion is that it may well be time to have some regard for the possibility of saving some of that $1.2 billion, because this country, if it continues on the present path set for it by the government, will be in the category of the normal recipients. The government and their NDP friends and supporters have one common failing. They believe that the economy of Canada can sustain perennially incessant demands for funds to be squandered like water rushing from an artesian well. It is the people of Canada who create the wealth, the people who work and strive and expand their energies on developing a future for themselves, their families and their country, not the government.

The government produces nothing. It extracts, controls, harasses, picks our pockets and rides on our backs. Free the people who make the country great. Give them a chance. This government has proven itself unable to do so, and the consequences are apparent to us all today—the high interest rates of which we all complain, plummeting dollar values, rising unemployment and increased deficits to be borne not only by ourselves, but by our children and our children's children. This government of national destruction has been exposed for what it is, a dismal failure. Let it do one of two things: cure the ills to which we make reference or, in the name of God, get out.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I see the time is almost 6.15 in the morning. I must say that I have sat patiently since the debate began at eight o'clock and listened to members on both sides of the House. I am impressed with the very large number of suggestions which have been put forth by this side. Unfortunately, from the other side we have heard nothing from the minister that would amount to anything more than a recognition that we are in a very serious situation. There were no creative ideas on how to handle this situation. The interest rate is 17.3 per cent at this moment, but later today it will be going up, and it may hit 18 per cent and go even as high as 19 per cent.

The results in my constituency, where there are many farmers, is a building rage and anger which will spill over in some form of action which will be very drastic for the country. As the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) put it, in 1921 the Progressives swept the west and had a real effect on this country. That could easily happen again.

This government is bringing together a constitutional package that turns the province of Alberta and other regional provinces into second-class provinces. It is an attack on the common-law heritage of rights protected under Parliament and the nationalization of a successful industry that is based in the west. It is a combination of that plus high interest rates for farmers who really borrow money at the front end and this will be disastrous for this country.

I am pleased to be able to say that the hon. members for Ottawa Centre (Mr. Evans), Kitchener (Mr. Lang), Lambton-Middlesex (Mr. Ferguson) and Don Valley East (Mr. Smith) have faithfully sat throughout the evening and given the impression—and I believe the honest impression—that they have been listening. I ask those members to go back to their caucus and somehow get across the depth of feeling and the fact that we are not in this to be advancing our own cause, because there will not be an election for another three or four years. Many people will suffer in the meantime, and if they can get across that attitude to their caucus, it would be of tremendous benefit to the citizens of Canada.

I would like to explain how a couple of Liberal policies are having a disastrous effect. We know that OPEC formed its oil cartel in 1959 and that they formed that cartel in reaction to a 50-year conspiracy whereby the western nations permitted the creation of the seven sisters, that the combination of the western industrial complex and the seven sisters held down the

Middle East countries and other oil producing countries such as Venezuela and Nigeria.

For 50 years they put oil into Montreal at $2.35 per barrel. When any of the producing countries in the Middle East tried to increase the price, they ruthlessly and dramatically cut them down at the knees. In 1959 they finally got together and built a solidarity to form OPEC. But they were not able to get a first increase until 1971. Then in 1973 they had a major increase. We knew since 1959 that it was coming. We knew it was wrong. People were speaking out against that type of conspiracy which was holding down people throughout the world. Of course, the chickens have now come home to roost.

What did our government do? It was the government under our Prime Minister (Mr. Trudeau) who really should have been taking a position of leadership, certainly by 1971 when they were able to get the first price increase. But it did not do anything in 1971. Then in 1973 when the price went up, it did do something which was worse than if it had done nothing. What it did was to freeze the price of oil. While Japan and Germany went to world price, the two North American governments said they would not be subjected to blackmail.

They were acting as if the conspiracy could carry on and they were not facing reality. What happened was that it sent price signals throughout our system. It sent a signal to us as individual Canadians that we could continue to buy big cars and continue to waste. It sent a signal to the manufacturers to continue to produce the big cars, and so seven years down the road Japan and Germany, having made the adjustment, are now whipping us handily in the marketplace for automobiles.

So here in central Canada ordinary citizens are suffering a great deal because of a decision which the government took some years ago which in the circumstances was unrealistic. But it was easier as a matter of politics to try to continue to mislead people that they could have something for nothing. The chickens do come home to roost and that is where we are now. Then when the government does feel moved to do something, what does it do? It attacks a successful industry which was working hard toward putting us into a position of self-sufficiency. But that is gone now.

We must understand that in this country we really have three sources of oil. One is the imports at about 450,000 barrels per day for which we pay world price, $3 billion now and it will be $4 billion next year. We also have about 270,000 barrels a day which come from the two synthetic plants which are in place now, the Syncrude plant and the Suncor plant. They receive world price. They receive $38 a barrel and there is the promise of CPI for rates of increase.

● (0620)

Then there is the third source of oil which happens to be the light conventional crude from Alberta. We know as a matter of historical record that there were about 16 billion barrels of oil in 1947 when Imperial Oil first struck oil. Much of that oil has been used and we are now left with about five billion barrels of that oil which is cheap to produce. Only nine or ten years' supply is left because at one time we produced 1.2 million barrels a day. The obvious solution to our problem is to bring on the synthetics and frontier oil. As the light conventional crude diminishes, we need to increase synthetic production. That is what Alberta's offer was to the rest of the country. Alberta said, "If you pay us up to 75 per cent, staged, for that decline in conventional crude, we will guarantee there will be enough synthetic tar sands plants on-stream not only to cover that declining conventional crude, but to cover the imported oil. Therefore, by 1990 we could be genuinely self-sufficient in Canada. Once we are self-sufficient we will not care what the Arabs do or what Mexico, Venezuela or Nigeria do. We will be self-sufficient and we can make those decisions then. However, Alberta's offer went beyond that. Alberta said, "Pay us that kind of money and we will also cover the entire infrastructure costs of putting in roads, towns and sewers to develop the tar sands. We will put money into Fundy tidal power, the lower Churchill, the lower Nelson and into transportation in the west. Out of that will come a much stronger country because every dollar spent will have the leverage and the multiplier effect in Canada rather than in Venezuela or the Middle East." The government rejected this offer.

Another area relates to agriculture. In Canada we have operated under a cheap food policy. It was easier some years ago to make a political decision to let our own agricultural processing industries go in favour of importing cheap food. The Americans with a warmer climate, three crops a year and oil at the conspiracy price of $2.35 could produce food more cheaply than we could. A political decision was made to import food. As a result, we lost 15 to 17 processing plants through the Niagara peninsula. We lost beef manufacturing plants in western Canada. But now that the oil price is up, the cost of importing food from the United States is enormous. But having destroyed our infrastructure, we are caught, because now we have to pay. As the Canadian dollar goes down, the cost of those food imports rises dramatically.

That cheap food policy has had another effect which is even more serious to us as a nation. The cheap food policy forced the smaller farmer off the land. The remaining farmers had to take on the additional land. The price of land rose, and in the meantime we printed more money. This caused the high land prices. The farmer who was surviving and wanted to be efficient, had to buy more land, take on more machinery and more debt. Our farmers now have a debt ratio which is absolutely staggering compared to what it was ten years ago when we started the cheap food policy.

If we continue on this path, it could end in our having only one farmer left. Many people in my constituency, including myself, have the feeling that it was not just an accident which happened. There is a group of people, whether it is the Prime Minister and his close advisers or a group of senior officials, who genuinely believe that central planners can make decisions better than the millions of Canadians individually. We could end up with one farm. There is evidence to lend credence to that. In the constitutional package, we note the glaring omission of the right to acquire and hold property. Why was that left out of the package? These planners are intelligent people.

They had Diefenbaker's example as well as charters from all around the world. Almost all of them included the right to acquire and own property. Why was that provision left out of our package? We are most suspicious of that omission. If we ever get down to that level, we will lose our right and capacity to be self-sufficient in food. We have examples. Russia, at one time, was the world's second largest exporter of grain. Canada was behind Russia. Once they took away those plots of lands from the individuals and put them into state-owned farms, they were no longer self-sufficient. Mexico is another example where a small close-knit group, a kind of aristocracy, ruled the country. Mexico has since entered into a highly centralized planning system. That country, too, has lost its self-sufficiency in food and is an importer of food. Mexico used to export hundreds of thousands of tonnes of sugar. Sugar is now being brought into Mexico from other countries. Having killed off self-sufficiency in oil, I am suspicious that we are now in the process, however innocently it might seem to be, of killing off our self-sufficiency in food. When we reach that point, it will be a very dangerous situation.

A major contributor to it is the capital gains tax. Prior to 1972 we did not have such a thing as a capital gains tax. It was under that fiscal and financial regime that we built up an agricultural infrastructure which was efficient and productive and made this country a large exporter of food.

About 13 per cent of our land has agricultural potential. Only 4 per cent of Canada's land is class 1 or 2. On a global scale, Canada has only 3 per cent of the arable land. In 1972, the government under the present Prime Minister put a tax on this land. There is no doubt that that tax hurts. While there are some rollovers to spouses and to one child who might be farming, or to other children, the inequity occurs when a farmer tries to transfer the farm to children who may be farming, while being mindful of his other children, daughters who have married and moved away or other sons living away as teachers, doctors, even politicians. The situation is absolutely impossible because the land has increased in value so dramatically. Even if the Liberals had honoured their election promise of bringing in a 1974 value, it would have been a substantial help to the farming community. In about 1968 the land was equivalent to the 1974 value. By 1971 land value happened to be in a dip. The tax was brought in then, but the 1974 value reflects a clearer picture. The reality of the 1980 budget is that such a provision was not included. The white paper on capital gains tax, to my reading, clearly says that the government is anticipating not a reduction in capital gains but a substantial increase in capital gains. Whether or not members opposite in their political capacity agree with that, there is no doubt the document prepared by the bureaucrats clearly sets that out as a tone. I am sure knowledgeable people will agree.

There are two principles upon which we should not impose a capital gains tax on our agricultural land. We must remember that we have only 3 per cent of the world's arable lands. It is simply immoral for us to be taxing 3 per cent of the world's land which produces so much food and which could continue to produce that food if we leave it in the hands of individual dedicated farmers. Soil is like their soul. That situation does not occur with state-owned farms where everyone wants to work only a five-day week. Individually-owned farms will keep the land productive. Within our own country it will retain a way of life. We will maintain efficiency. It will keep the cities on class 5 and 6 land and it will keep bona fide class 1 and 2 agricultural land in agricultural production. It will benefit them greatly.

● (0630)

In summary, I submit that the Liberal party has failed. Somehow it has lost control of this governing group. Whether, as I said earlier, that is the Prime Minister and a small group around him, a small group of advisers, or a level of bureaucracy, I do not know. I certainly hope members opposite will take a very close look at their party and try to get it back.

I submit that in 1979 the Canadian people made a decision when they put in Joe Clark and his government. While that government had a slow start in not calling the House back until October, it made some moves, basically the budget, which got this country on the right track. Clearly, it increased the price of oil. That sent the price signal which should have been sent to the Canadian people in 1973. If it had been done then, in the proper way, we would not now have the problem with self-sufficiency or the problems in the automotive industry. We would be able to beat the Japanese, Germans and others just as we have done in the west with our agricultural products.

During the 1930s we had to cut bait in the west. Three out of four farmers had to leave the land. We learned the hard lesson of having to compete in world markets. Now our agricultural farmers are not afraid of anybody. We can beat them. We have to get back to that as a philosophy in this country. Tariffs do nothing but delay the day of ultimate reckoning because others in the world do not have those tariffs. Therefore, it is only a short time before they beat us.

Every farmer was betrayed in this last budget because there was no capital gains rollover. Home renters were betrayed because promises had been made to them too. The home owners and renters, particularly senior citizens, had been promised a property tax rebate so they could stay in their own homes. That would have been of tremendous help.

A decrease in the deficit was a major help for them. It freed up that sense of individual enterprise so that if a person had a good idea, there was a proper climate in this country for him to get out, organize and bring people in to work. That makes wealth for this country. All that was lost as a result of a grab for power by a small group who really did not deserve to get power. I dare the government to call an election now. I believe the Canadian people are much brighter than the government gives them credit for. The NDP in particular would really suffer in the next election. I wish the government would call it.

Mr. Peter Lang (Kitchener): Mr. Speaker, the first thing I want to say is that contrary to what the member opposite feels, the last thing this country needs is an election.

Mr. Kilgour: You wouldn't win your seat!

Mr. Lang: The member opposite says I would not win my seat. The latest Gallup polls indicate that the Liberal party has 45 per cent support, about the same as they had during the last election, the Conservative party 31 per cent and the NDP 22 per cent. That was in November.

To get to the more important topic of interest rates inflation and the economy, as I said, it is now 6.30 and I have listened to the debate for ten and a half hours. I want first to present a general scenario of what I have been hearing and then deal with some of the specifics in the debate.

Most members are well aware that the dramatic events which have occurred in the OPEC cartel have had a major influence on inflation in this country and on our interest rates. At the same time, most members are aware that the branch plant economy we have in Canada makes it difficult for us to say we will lower our interest rates. We need investment in Canada. We need to make sure we can develop our own Canadian economy.

The Liberal government with its budget and its national energy program is doing this at the present time. It has taken a dramatic step toward Canadianizing the energy industry, which means taking control of the major part of our industry. Energy is the lifeblood of Canadian industry at the present time. As well, we are strengthening FIRA to try to bring back our economy so that we can deal with problems such as inflation and interest rates in a more constructive way than being subject to the influences of the United States or the oil cartel.

Some members of the opposition have made constructive suggestions over the past ten and a half hours. Looking at my notes, I am reminded that the hon. member for Portage-Marquette (Mr. Mayer) made some positive points regarding Wheat Board pricing. They are not suggestions I would agree with, but they were given in a constructive manner and that type of constructive suggestion is important. Others, such as the hon. member for Broadview-Greenwood (Mr. Rae) made constructive suggestions.

In this kind of debate we sometimes hear of new, viable solutions which may be better than the ones we have. I have not heard of better solutions to short-term or long-term interest rates in the ten and a half hours I have been here than what the Liberal government is doing right now.

For the long term, our government is taking the approach of getting control of our economy so that we are not subject to importing inflation. In the short term, we are taking a monetary approach which moderates the peaks of inflation so that we are four or five points below the inflation rate of the United States. So at the same time, we have to walk a tightrope in order not to lose too much investment from the United States and other countries and keep economic growth in our economy.

Although I believe the government has taken an economically realistic approach to our problems and although there have been some positive suggestions from the opposition, I am concerned about other members of the opposition who have raised a doom and gloom scenario. I am concerned about this because it not only creates uncertainty in the business world, but for people in the labour force and those on fixed incomes who rely on government programs. In fact, it creates uncertainty for all Canadians and this kind of uncertainty is not helpful to the Canadian people or Canadian economy.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I wonder whether the hon. member would accept a question.

Mr. Lang: If the House leader for the Conservative party has some uncertainty or confusion which he indicates by wanting to ask a question, I hope the confusion will be cleared up during my speech and discourse. If not, he may read the remarks of myself and other Liberal speakers tomorrow in order to enlighten himself. If he cannot do that, I will be happy to answer any questions if he will give me a call at my office. I will be in my office by nine o'clock this morning. I have a squash game in an hour and a half.

As I was saying, the doom and gloom scenario concerns me because of the climate of uncertainty it creates. When the Leader of the Opposition (Mr. Clark) made the point in his speech last night that the energy minister for Saudi Arabia had been talking about the possibility of the price of a barrel of oil going to $80 he implied that this was somehow related to Liberal government policy. That is precisely the reason this government is not tying its energy policy to world prices, or its pricing policy to world prices. We know that for every $1 increase in the price of a barrel of oil we would increase our inflation by .5 per cent. If we had gone along with the Conservative budget and linked our oil prices to world prices then the $80 per barrel scenario would have been even worse, and that would be under the budget of the Leader of the Opposition. I fail to see his point in that regard, other than to create uncertainty and a scenario of doom and gloom.

● (0640)

The Leader of the Opposition also made a point regarding his concern for the poor and the unemployed, yet he would have tied us to the OPEC cartel and we would have reached 75 per cent of the world price of oil by 1984. We all know the effect this would have, not only on inflation and interest rates, but on the unemployed and the poor.

The Leader of the Opposition also made some points about the rubber industry. He indicated that the problems of the rubber industry in the area in which I live, in Kitchener, are the result of high prices for oil, although his budget would have created higher prices for oil. If the Leader of the Opposition, who spent two days in Kitchener, had spent more time listening to the concerns of the people of Kitchener, and more time understanding their position, rather than politicking and

trying to obtain delegates to support his leadership, he would know that the rubber industry in our area is in trouble because of the branch plant economy existing there.

B.F. Goodrich and Uniroyal are doing well there now, particularly in Kitchener. The problem is that the parent company, particularly Uniroyal in the United States, is in great difficulty. As a result there is some question as to whether it will recall its capital, resources and production to the States to solve their problems. Kitchener may lose some jobs in the rubber industry and this is a concern.

The second major thing the Leader of the Opposition failed to hear in the riding of Kitchener-Waterloo about the rubber industry is that there has been a radical change. It has moved to the new age of radial tires. Many companies have had to change production to radial tires. Although the companies in Kitchener have made this change, there has been a production problem, the fact being that Michelin has cornered the market because of its brand name. This has created a very competitive situation.

I suggest to the Leader of the Opposition that if he is going to talk about economic problems he should get the facts. If he is going to talk about those problems in my riding, after being there for two days, he should get the facts, listen to what the people say about the rubber industry, and resist the temptation to relate those problems in some vague way to world prices for oil. If he is going to relate the problems to oil then he should have come out with a budget which involved "loyalism" in order that his argument might be consistent.

I should like to turn now to the comments of the hon. member for St. John's West (Mr. Crosbie). Last evening I jotted down some notes. I was very concerned to hear him say that Canadians are living off the rest of the world. I do not think Canadians are living off the rest of the world. I think Canadians are working very hard and doing their very best to be productive in our economy. Those who are not employed are looking for work.

The hon. member for St. John's West said that problems with our economy started with the former Liberal finance minister, Hon. John Turner, at about the time he introduced indexation. I can tell you directly Mr. Speaker, that the people in my riding very much want retention of indexation.

The last comment I should like to make in respect of the remarks of the hon. member for St. John's West is that when he stated that this government had turned its back on the elderly, he was being inconsistent with his budget which had no guaranteed income supplement. Our budget does do something for senior citizens on fixed incomes. In fact, the Liberal government has a history of social concern manifested by every social program on the statute books. We can go through them all; they include unemployment insurance, medicare, old age security, guaranteed income supplement, family allowance, and child tax credits. All of them are Liberal programs.

I find the statement by the former finance minister that this government has turned its back on the elderly rather inconsistent and not really contributory to this debate. His remarks have no relevance in respect of what we can do toward a short or long-term solution to interest rates.

The Leader of the Opposition also mentioned that he was concerned that we did not have a national energy program which dealt with self-sufficiency. I was very surprised to hear that, because that is one of the three major aims of the national energy program.

On this side of the House we are dealing with both sides of the energy equation. We are providing incentives so that exploration and development of new oil and gas resources can be found and we are providing means for getting away from the use of oil. This will enable us to be self-sufficient in oil, and that is the only energy area in which we have a shortage. Over all we produce more energy than we consume. We are reducing the demand for oil. We have come through on our election promises of committing ourselves to a pipeline to the maritimes and to Vancouver Island.

We are following a policy of "oif oil" so that we can obtain self-sufficiency by 1990. I suggest to the Leader of the Opposition that he read the national energy policy in order that he can be enlightened as to that part of the program and participate more effectively in debates on topics such as this.

I think at this time of the night I should limit my remarks.

Some hon. Members: Hear, hear!

Mr. Lang: The main points I wanted to make are these: I am concerned about the doom and gloom scenario which has been created, spreading uncertainty in the Canadian economy that does not need to exist. We are a country with vast national resources; a country that has the labour force, the technology, and the people needed to attain a strong economy with a secure energy future, particularly with the co-operation of government, business, labour and all Canadian people. I should like to end my remarks on that positive point.

● (0650)

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I see it is now ten minutes to seven.

An hon. Member: You can tell the time.

Mr. Darling: I came into this House last night at eight o'clock, so I have been here a considerable time waiting for the opportunity to say a few words. The New Democratic Party and its leader in particular are to be commended for bringing in this very important motion.

Some hon. Members: Hear, hear!

Mr. Darling: It zeros in on the serious economic conditions in Canada today and the exorbitant interest rates. Members of the New Democratic Party are to be commended. In their own minds they are a saintly group. Some are very good friends of mine. They are not good friends politically, of course. I wonder what that great Privy Councillor, who received that well-deserved signal honour to which he certainly was entitled, thinks about when he is rolling around in bed some nights. He

castigates the present government, yet last December 13 in its wisdom his party made the great decision to defeat the government then in power. They would have called that government a disease but, if they were honest, I would bet they would say that the cure is a hell of a lot worse than the disease ever was. Is that correct? I would like an honest answer to that.

Mr. Rae: It is the same disease.

Mr. Knowles: We don't discriminate.

Mr. Darling: I believe all of us, those who are here, and many who are not, are concerned about the way things are going and about high interest rates. I am sure this is true of hon. members from both sides of the House.

Mr. Baker (Nepean-Carleton): Except for the hon. member for Kitchener (Mr. Lang), who wanted to go play squash.

Mr. Darling: The hon. member for Kitchener (Mr. Lang) was here but did not have time to answer the House leader's question. I will concede at least that he was here.

I shall be returning to my riding. I am sure all members on the Conservative side will be returning to their ridings. They will have a much happier Christmas than will hon. members on the government side, who will be facing irate constituents who will ask them in plain, unvarnished language what the hell is going on. They will have to do much more talking than those who were here did tonight. The saintly group to my left will probably have to answer some questions when they go home.

Mr. Rae: No, we will not.

Mr. Darling: With the exception of constituents who are died-in-the-wool socialists they will be told by their constituents how stupid they were to get rid of the Leader of the Opposition (Mr. Clark) and his government, who had some positive ideas, and to let the tribe opposite in again. Hon. members opposite have proved time and again that they are not fit to govern.

I managed to be returned in my riding in February. I won the previous May by a substantial plurality of 8,500 plus, if my memory serves me right. Then last February there was a rejuvenation or resurgence from political death of the Prime Minister (Mr. Trudeau), and many people in that great riding of Parry Sound-Muskoka were gullible. I say gullible because over half the people voted against the Clark government. I believe in that election I received only 42 per cent. This week I spoke to a group of substantial businessmen at a Rotary Club meeting in one of the towns in my riding. I did not say this, but I felt like saying that if they are angry about interest rates and yelling blue murder it serves them right. That is it in a nutshell.

Forty-two per cent still had enough faith in me as the member to return me. I wonder what goes through the minds of people who voted for the NDP or the Liberals when they see the present outlandish interest rates. In the riding of Parry Sound-Muskoka I felt that the 18-cent gasoline tax was the thing which people just would not buy. I will be honest, and I usually am—

Mr. Rae: That's right.

Mr. Darling: Do not let me say anything different.

Some hon. Members: Hear, hear!

Mr. Darling: I call them as I see them. In any event, a great many people felt that that 18 cents was too much. They were given a promise, as if on a stack of Bibles, by the Prime Minister, that paragon of virtue who decided to leave the political scene, who stated right here in this House that he had done enough damage to the country already. Then with the help of the NDP his carcass was revived, and look at the mess we are in today. The NDP would have to agree that when the people voted against the Leader of the Opposition and a great many Conservative candidates throughout the country, they felt that they had been promised and assured that the price of gasoline would remain at about $1 a gallon or a little less. An hon. member opposite, who is an economic expert, is shaking his head, but that is what the people of Canada thought. They thought the price of gasoline would be $1 a gallon and would stay there.

Mr. Evans: That is nonsense, and you know it.

Mr. Darling: It is, but the people thought that the price of gasoline would not increase more than 18 cents. They were assured by the eminent Minister of Energy, Mines and Resources (Mr. Lalonde). The present Prime Minister swore on a stack of Bibles that the price would not increase more than than 18 cents, and now it is up to $1.40.

It has been mentioned before that there are actually 853,000 unemployed and, as has been rightly been pointed out by members of the NDP, that is a joke—a joke in the sense that the actual figure is as high as 1.3 million, which includes people who have thrown up their hands and given up. I presume they are eking out an existence on welfare today because they have nothing else to do. This is a serious matter, Mr. Speaker. The great Liberal government across the way says it has everything under control and that anything which is not working properly is not its fault. The government blames the problems we have on the sun, the moon, the stars, the United States, this, that, and the other thing—anything but its own inefficiency.

There is no question that the Minister of Finance (Mr. MacEachen) is a Machiavellian wizard. He engineered the great Christmas party.

Mr. Turner: You didn't have enough votes; that's all, Stan.

Mr. Darling: Be that as it may, the Minister of Finance now tries to weasel around and give either non-answers or answers which are absolutely ridiculous with respect to the mess we are presently in.

Mr. Benjamin: It is called free enterprise.

Mr. Darling: We are much better off with free enterprise than we would be with the glorious social system which my colleagues on my left advocate. Let us look at some of the great socialist countries where everything is free and wonderful. I understand that the U.S.S.R. has a great charter of rights to protect the freedom of citizens and to provide freedom of this and freedom of that.

● (0700)

This brings up another point. If the government would pay more attention to the important things instead of wasting so much time on the constitution, as if it were the be-all and end-all—the people of Canada do not give too much of a damn about the constitution—

Some hon. Members: Oh, oh!

Mr. Darling: —especially the millions who are looking for jobs, and the senior citizens and all those on fixed incomes who are worrying about the high cost of fuel, about paying their rent.

Some members of the government have said we have offered no suggestions. We are not in a position to implement measures which will help to alleviate the situation in the country. You birds over there are the wise owls and are supposed to know it all, but you are doing very little about it. This is what you are responsible for and what you will have to answer for. It is all well and good to talk about the constitution and have people traipsing to Room 200, morning, noon, and night. It would be a lot better if there were as much interest shown in high interest rates.

It is amazing to see some of these Liberal rags, these great Liberal dailies which have been the support of Liberal governments through the years. I find the headlines amazing. The headline in yesterday's *Citizen* reads: "Christmas Gaiety Mocks City Poor". I am quite sure many hon. members have read that. It refers to the serious problem which exists even in the wealthy city of Ottawa, as far as the poor and the disadvantaged are concerned. Starting off that news item are the following words written in italics:

To seek to create the just society must be amongst the highest of human purposes . . . On the never-ending road to perfect justice, we will succeed in creating the most humane and compassionate society possible.

That is a very high sounding, plausible statement.

An hon. Member: Who wrote it, Joe Clark?

Mr. Darling: No, Pierre Elliott Trudeau wrote it in 1972. Is that not a big laugh?

As I mentioned before when I was speaking about the editorials, it is amazing to see what some of them are coming up with now. We find the following headline in that great daily, the *Toronto Star*: "End Interest Rate Madness". Is that the issue of December 18? It is, like hell, with due respect, Mr. Speaker! It is the issue of November 29. It reads:

The interest-rate madness that afflicted the nation last spring is upon us once again. The Bank of Canada has now raised the interest rate it charges the chartered banks to a whopping 13.95 per cent—

The Bank of Canada and the federal government try to justify this upward spiral by arguing that high interest rates are required to curb inflation—

Then it goes on and ends with the following statement:

Whatever short-term inflationary impact such policy might have would be more than offset by the greater industrial productivity, new job creation and sustained economic growth and expansion.

I certainly agree with that. I am wondering what they will come up with in today's editorial when the situation becomes much worse.

Another heading in *The Citizen* of December 18 reads: "The bad news and worse news about our economy". There is good news there. It reads:

The good news is that governor of the Bank of Canada Gerald Bouey at least hasn't lost his sense of humour.

That is the good news, and I am sure the poor people of Canada will be delighted to hear that. He was interviewed. After coming out of a meeting he was asked how he fared when he was facing the ten provincial treasurers and the Minister of Finance, to which he replied, "I left to wild applause."

The article goes on to read:

The bad news is that in private Bouey apparently has advised officials and bankers that he believes the U.S. policy of high interest rates is wrong, but he has no choice but to do what he is doing to Canadian interest rates, even though he doesn't believe it will do much good—

That is, to help inflation or to help the economy.

Mr. Speaker, let me read the following to my wonderful friends to the left, from the same *Citizen* article:

So much for the bad news. Now for the worse news. A panel of four economic experts when interviewed all forecast Canadian interest rates will "cross" or go higher than U.S. rates before 1981 is ended.

Let the Liberal government as well as our economic expert from Ottawa Centre (Mr. Evans) read that and digest it. The article goes on to read:

Typically, Wood Gundy chief economist John Grant expects that today's 3-point spread in our favour will turn into a 1 per cent or more handicap—

Canadian rates will be forced ahead of U.S. ones—

This is something that frightens many of us a great deal. The consumer price index was up 1.2 per cent in November. It is now 11.2 per cent above last year's level, the worst year over year performance of the consumer price index since March of 1975 when it stood at 11.3.

The cost of buying trucks and cars rose by 5.2 per cent last month. The cost of gasoline, as I have already pointed out, is up 3.1 per cent. The cost of fuel is up 4.2 per cent, and domestic gas is up by 4.2 per cent. As you are well aware, Mr. Speaker—but we have to keep hammering away at it—the Bank of Canada rate is 17.3 per cent, and the prime rate for the banks to their top customers is 18.25 per cent. That certainly does not include the many little businesses which are struggling to save themselves from bankruptcy. Concern about this has been voiced by many members on the opposition side of the House. The situation is very serious. What will small businesses be paying for their loans starting today? They will be probably be paying 21 per cent because when they go cap in hand—probably some cannot even afford one—to the bank

manager, they will get that cold, steely look from him, and that is it. It is well and good to talk about prime rates, but what is that going to do to many of them?

Somebody mentioned pre-Christmas sales rather than post-Christmas sales. I managed to steal away from the House yesterday for 15 minutes to do some Christmas shopping, and I hope I will be forgiven. I found a sale on in one store which had reduced the price of its goods by 80 per cent. That store must be in a pretty tough situation.

Is my time almost up, Mr. Speaker? It has been a privilege to say a few words, even though it is ten minutes after seven o'clock. I shall be listening with interest to the many more speakers who are concerned about the situation. Let me say again, tongue in cheek, to my Liberal friends across the way, merry Christmas to you when you go to your ridings! I bet that a good many will be in their ridings for just one day and then they will disappear to Florida or somewhere else.

• (0710)

Mr. Rae: Mr. Speaker, I rise on a point of order. During the course of his remarks, the hon. member for Parry Sound-Muskoka (Mr. Darling) indicated that the headline "End Interest Rate Madness" was from the December 18 edition of the *Toronto Star*. I should like to tell him that the December 18 article of the *Toronto Star* is entitled: "End Interest Rate Falling". The hon. member is correct, so I am sure he will appreciate why I nodded to him and said it was from the December 18 edition. This article is exactly the same as the one from which he read. It must be a reprint which they put in every Thursday when interest rates go up.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, despite the Christmas wishes of good cheer from the hon. member for Parry Sound-Muskoka (Mr. Darling), which were almost enough to draw me into a mellow mood, I will resist the temptation and deal in a more serious manner with the economic crisis we are debating.

A minute ago members on the government side of the House were down to a not-so-dynamic duo. A while ago there were the three mouseketeers. Now they are playing solitaire on that side of the House. Obviously the Liberals do not have much staying power.

Mr. Evans: This one does.

Mr. Kristiansen: At 7.10 in the morning I suppose we can forgive them the lack of staying power. After all, some of us have put up with quite a bit during the last few hours, including a masterpiece of "MacEachiavellian" manipulation by the Deputy Prime Minister and Minister of Finance (Mr. MacEachen).

An hon. Member: How do you spell it?

Mr. Kristiansen: *Hansard* will figure it out.

Not only that, but the blues are crying the blues, seeing the creeping pink panthers; there is the reds-under-the-beds scare, the feds-under-the-beds scare, or whatever it happens to be. If we have managed to put up with those manipulations, I hope before many more minutes have passed that we will see some reinforcement for the sole, solitary, lonely figure on the other side of the House. I congratulate him for his staying power.

Mr. Mayer: How do you feel over there all by yourself, John?

Mr. Kristiansen: Well, that is power.

This is a very, very serious matter, and I should like to take the opportunity to read a letter from one of my constituents, a 16-year old girl from Nelson, British Columbia, who puts, perhaps not in the most eloquent of terms, the sincere sentiments she feels very deeply. In rather strong language her letter reads as follows:

Dear Sir:

I am a 16-year old girl. I am writing about the cost of living. I think it is disgusting. I would love to have three of the people that are in the government to come to B.C. where I live with these families and have nothing. I mean nothing but $20 and that's it, for food, until pay in two weeks. Then you get your cheque $500. This is to make house payment, pay other bills and food, then hope us, the children, can wait until next pay for our shoes, jeans, school fees, etc. And we would like an allowance for birthdays, Christmas gifts, etc. Young people like me will soon be trying to get cars, homes to live in. You know as well as I do that some day we will be the future runners. How can we accomplish this with the prices the way they are? The living the way it is, the homes are so high. In the future we will be living in the street, and getting food out of rich man's garbage. You people that sit on your big king chairs look down and see people that can't survive. People are dying because of the high prices. No food, shelter or clothing. Don't you worry, you can walk into a store and pick out $55 or $100 worth of items and then walk by a starving child. I know my family, neighbours, friends are surviving right now. But for how long? You guys get things and hardly no fight. But we have to fight for what is right. You the government promise things. You got elected. Where are these promises for the people?

I must say it is rather tragic, but after listening to some of the debate tonight I must ask if it is any wonder that so many Canadians, particularly many young ones like the girl who wrote the letter, are losing respect for parliamentary institutions and politics? That respect is at a low ebb, yet we witness the heighth of hypocrisy to which the government and some members of the official opposition have fallen or risen to tonight.

I shudder to think what will happen to many young people—hopefully not too many more generations—if they must put up with the duplicity we have seen over the last 1.5 or two years. In this particular period, young people have had a chance to witness political hypocrisy at its highest. One would think one was listening to the same speeches. The Liberals and Tories have both said we must tighten our belts and bite the bullet. Certainly we heard this from the people on my right during the last election. Now we hear it from the masters of manipulation who sit on the government benches.

Mr. Kempling: Perhaps we should call for a quorum.

Mr. Kristiansen: Bite the bullet and tighten the belt was part of the member's campaign. We saw the cartoon which appeared in some newspapers during the last election campaign. It depicted one fellow with a hard hat and a little old lady, with a belt around the then Prime Minister, the right hon. member for Yellowhead (Mr. Clark). Both parties are

deserving of criticism. It is the system of the Liberals and the Conservatives, not ours. That is where the problem lies.

Both the government and the official opposition took exactly the same position on interest rates. They tied interest rates to American levels. One was the same as the other. Both surrendered to the governor of the Bank of Canada. We have listened to the members on my right baiting both our party and the government for some time. They do not like to get it back. I excuse the hon. member for Parry Sound-Muskoka, because his speech was in a different vein. There is no enmity, but the tragedy is the political hypocrisy which has been repeatedly demonstrated over the last several months. It has been such that feelings for the democratic political process have fallen. That is a tragedy in itself.

The Minister of Finance, in his early entry into this debate, suggested that the policies pursued by the New Democratic Party would cause short-term inflation, and he rejected them. No one ever suggested that growing up was easy, but surely one of the reasons we find ourselves in the present economic malaise is that governments—particulary the party which forms the government of the day—have neglected the structure of the Canadian economy for years and years and years. They have refused to make any action to become masters of our own house. Despite all their words of new found courage and how they will Canadianize the oil and gas industry, or take control of our own destiny, surely it is not difficult to understand why some of us on this side find some of those arguments and new-found postures rather incredible. The batting record just has not been there.

● (0720)

What are some of the things which have taken place in the period of the last few days? The Bank of Canada interest rate today is up to 17.36 per cent, the highest ever. The prime rate charged by chartered banks is 17.5 per cent.

Tomorrow one of the major banks will increase its prime rate to 18.25 per cent, that is today, at least I think that today is the tomorrow of yesterday. Where are mortgage rates going? What will it say in today's newspapers as we look at them in an hour or two from now?

The budget forecast that the unemployment rate for 1981 will be the highest since the depression. And then they say that policies suggested from this side of the House, whether from the official opposition or from this party, will not work. My God, can there be any clearer example of absolute and total failure than a look at the statistics to which I have just referred? If that is not total, abysmal failure, then what else is it? It would be very difficult to do worse. Surely it is worth a try. Other jurisdictions in other countries with governments left, right, or centre, have done better. Sooner or later we must begin to turn it around.

Business bankruptcies for the 11 months of 1980 are up 16 per cent to 6,051. The breakdown by provinces is rather interesting. For Newfoundland the increase in bankruptcy is up by 131 per cent for the last 11 months; for Prince Edward Island, 100 per cent; Nova Scotia, 30 per cent; New Brunswick, 48 per cent; Quebec, 27 per cent; Ontario, 18 per cent; Manitoba, 60 per cent; Alberta, 16 per cent; and Saskatchewan, that socialist province where free enterprise should be doing so badly according to members to the right, bankruptcies were only up 5 per cent. Surely there is a message therein. If this is not a crisis I do not know the definition of the word.

Earlier I referred to the masterpiece of "MacEachiavellian" manipulation by the Minister of Finance in his contribution to this debate. A few days ago I asked a question in the House and the minister was not here, as he is not here now. But the policies that we are getting were obviously predicted when he said in Toronto on July 10, which quite remarkably was just shortly before interest rates began their dramatic rise again—a continuous rise after a period of decline, that he himself found:

> —some affinity for the Keynes who wrote: But beware! the time for all this is not yet. For at least another hundred years we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our goods for a little longer still.

Well, I do not know if the policy is one of precaution, but it is certainly a policy of avarice and usury. I would hope and pray that we are not struck with it for another hundred years.

The Minister of Finance said he was unsure with respect to some things which were to happen in some of his predictions. But I wonder whether foul is fair or fair is foul, and which of those is coming true. Is it the long-term policy of the government, or have ministers just stumbled into it in the short run?

I have before me an interesting article which appeared in the December 8, 1980, *Financial Times*. It is an article written by Don McGillivray. It is with respect to workers. Nobody tonight has decided to blame workers. I suppose they will get into that if the economic crisis which the country is now facing continues for much longer. There have been advertising campaigns blaming the unemployed for some problems. They are trying to cut some more people off UIC benefits. Ministers of the government say they are reviewing these programs. But in the meantime people continue to get cut off and they receive worse treatment than they were getting from the bureaucracy just a short time ago. I suppose that organized workers, in particular, will start being hit by spokesmen of the government and perhaps by members of the official opposition in the next while. But the article to which I referred reads:

> The National City Bank of New York has just published an updated comparison of wage rates in a dozen industrial nations, including Canada, in 1979.
>
> Average hourly compensation in Canada is listed, in terms of U.S. dollars, at $8.34. Only Britain and Japan have lower factory wages. The comparable figure for the U.S. for example, is $10.16. German factory wages average $11.56 an hour. France is about $9. Italy is about the same as Canada.

The article continues later on:

> A failure of real wages to keep pace with other countries is nothing to boast about. Factory wages have run parallel to those in other parts of the economy. This means that Canadians had relatively little advance in their standard of living in the 1970s. The failure of real wages to advance is one reason, of course, for the stagnant economy.
>
> But it does indicate that the blame piled on labor in the mid-decade was misplaced. The scramble for better wages was a symptom, not the cause, of Canada's economic problems.

The article continues later on:

The real issue is probably the increasing integration of Canada's economy with the U.S. with Canada supplying intermediate and primary goods to be finished in the U.S.

And who is to blame for that over the last umpteen years? That undynamic duo on the other side and their colleagues. What happened to the "zap, you're frozen!"? Will we see them retreat again into the kind of mischievous, ill-informed and wrongly directed policy that we saw in 1975?

Other members in this debate have talked about the people who built this country. And they seem to feel, many of them, that that only applies to some people in the business community. But how about some of the people whose labour has built most of the wealth, if not all of the wealth, that we have in Canada today? Are we going to turn on them again, as the Prime Minister did in 1975? I hope not. I am afraid I have little faith. Not in this country—there is a lot of faith in Canada—but we have very little faith, and much evidence for our lack of faith, in the ability of that party that forms the Government of Canada today to come through on what it says in some of its grandiose policies and announcements.

They wonder why we disbelieve them when they talk about a new Canadianized national policy for the energy industry in Canada. What evidence have they ever given us? In the past they promised medicare, for instance, for 50 years before we got it. I believe it was the member for Qu'Appelle-Moose Mountain (Mr. Hamilton) a short time ago who said that there were a number of Liberal prime ministers who retreated from their tradition of—I notice he did not mention Mackenzie King—"do nothing by halves that can be done by quarters", a saying which is as true of the administration of the current Prime Minister and the Minister of Finance as it was true of William Lyon Mackenzie King back a number of years ago.

Mr. Speaker, this is a crisis. We hope that the government will finally recognize that new measures and a dramatic turn around in the direction of the Canadian economy are needed if we are going to do what we have to do if this country is to grow up.

• (0730)

Mr. Girve Fretz (Erie): Mr. Speaker, it is a privilege for me to speak on a subject which is of so much interest to our party and certainly to the party to my left. I would spend another night to stay here just for the opportunity to speak on a subject which has so much importance to us all. I would spend another two nights even though the time is 7.30 in the morning and though many of us have spent the whole night here waiting for our turn to speak and listening to most of the excellent speeches on this important topic of the economic situation in Canada today. I do recognize it indeed as a rare privilege.

It was October 28 when the so-called budget was brought in by the government to Canadians, an indication that Hallowe'en had come earlier because the Minister of Finance (Mr. MacEachen), dressed up in sheep's clothing, came knocking on the doors of Canadians. Canadians were expecting the big bad wolf, and seeing the little black sheep they heaved a sigh of relief. However, the Minister of Finance is a canny, conniving fellow, and under his harmless exterior the big bad wolf really lurks.

He is like those Russian dolls that nest one inside the other, layer upon layer, and you do not know what you will find once you start digging. You are just not too happy looking for it. He is an astute wee beastie, that minister, plotting and scheming. "Let us frighten the living daylights out of them", he must have mused to himself. "Let them think that they are going to be smitten both hip and thigh. The taxes will be raised and protection from inflation withdrawn. Let them think the absolute worst," I am sure he must have said. "Let us have them dangling over the abyss until they are jibbering with fear, and then let us pull the line in. Let us pull the line in and we will brush them off and we will calm them down and then we will slip them a slow-acting potion, that is what we will do, one that will do its work insidiously so that they will love their government for saving them from this dreadful fate, the fate which had been threatened."

"Let them slowly, if ever, come to the realization that, ladies and gentlemen, they have been conned", by one of the masters of deception who sits over there in the front row. "If they begin to become aware of this treachery, let us pull another boondoggle and we will advertise their fears away. We will advertise away their fears with their own Canadian moneys, that is what we will do."

The Minister of Finance has a very low opinion of the intelligence of Canadians, for it is his obvious belief that Canadians will forget that deceitful budget and the promises which were made in the election campaign, promises that have been broken. No, I would say more than broken, they have been shattered by this hypocritical sham. The budget is a hypocritical sham. It reminds me of something that took place many times when I was a kid in school.

I was raised during the depression and one of the games which we liked to play was the game of alleys and marbles. We would take our alleys and marbles to school and draw a circle in the ground or the gravel. Sometimes we would dig a pit and we would each contribute some of the alleys into that pit, and then we would play the game. We always enjoyed the game, but occasionally there was a part to it that we did not enjoy, because there are always the school bullies, and there were a couple of them in our school. I remember them well, head and shoulders above the rest of us, and they would swoop down on the game of alleys and yell, "Fifty-two pick-up!", pick up our marbles, and run away.

I suggest that is what has happened to the Canadian people with our Minister of Finance. He has played "52 pick-up" with the people of Canada. The budget is a hypocritical sham for it is a budget in name only, for what it really is is a plot by the federal government, in its lust for power, to plunder and pillage the resources of the provinces and to impose the will of the federal government over all. Well, this imposition on the part of the federal government has caused the alienation of the west. I understand now that that term is not even strong enough because many of the people there are mad. They are

not mad at the people in eastern Canada, they are mad at the system and at a government which is uncaring, unloving, and they are mad at the budgetary and energy policies brought in by that government.

This then is the budget brought in by those who, last winter, campaigned against the forward-looking and progressive budget of my colleague, the hon. member for St. John's West (Mr. Crosbie). My, how those opposite squealed last year. The cries of rage and fear and the oceans of crocodile tears which they shed. They said, "Nothing for the little guy." They moaned, "regressive, cruel and hardhearted". They wailed. They said, "Listen, Canadians, let us back into power and we will save you". They pledged, "We will save you", and then, like the Phoenix bird which arose from the ashes, we saw the resurrected Prime Minister (Mr. Trudeau) come back in all his new and majestic, gleaming beauty and glory.

So, they rode back into government, these knights in shining armour, ready to save the maiden from the embrace of my colleague, the hon. member for St. John's West. Can you imagine it? But now, we have the Minister of Finance and his armour is somewhat tarnished. His armour is blackened, and what is he doing? He is casting his avaricious glances at the prostrate Canadian public. Those who aided him in his ascent to power, those sword bearers to my left, where are they now? Their swords have been taken away from them, and all they can do now is stand on the sidelines and, in their soprano voices, impotently bewail the fate that has befallen the poor Canadian public.

Last winter they raged, but what do they find themselves with now? Are there any measures in the minister's illusory budget to combat inflation? Is there anything to give relief to the over one million Canadians who are unemployed? Has anything been done to combat the overwhelming deficit that is crippling Canada? The answer has to come back, "No, no, no, nothing". The budget is a shameful document, one that would bring blushes to the countenance of anyone with a conscience. On Monday of this week I introduced a motion under Standing Order 43. The resolution read this way:

Given the fact that the Canadian Federation of Independent Business has predicted 50,000 bankruptcies if the current policy of high interest rates is followed and, further, given that such warnings fall on deaf ears as far as the Minister of Finance is concerned, I move, seconded by the hon. member for Oxford:

That this House urge the Minister of Finance to visit during the Christmas season with children whose despairing parents are unemployed, thereby gaining an insight into what his hopeless policy means in terms of human suffering—

That resolution was turned down by that uncaring government across the aisle. The minister earlier this evening, or rather last evening, during this debate stated that he was concerned about high interest rates. If he is so concerned, why could he not call in the governor of the Bank of Canada and bring him before an all-party parliamentary committee in order to allow us some time to study this issue of high interest rates? Last winter they raged on and on.

• (0740)

The irony is that this government bills itself as the friend of the little guy and the protector of the poor and the downtrodden. Believe me, the Liberals show their concern in strange ways by raising the price of home heating oil. It seems a peculiar way to aid the poor, the aged, and those on fixed incomes—denying them an energy tax credit which would help soften the blow of the rise in price of petroleum products. Requiring farmers and fishermen, who provide Canadians with food, to pay high fuel prices, with no hope of relief, will only mean that the cost of their products will increase and continue to deplete the dwindling funds of the little guy. This is a bizarre method of demonstrating solicitude.

An increase of 33⅓ per cent in unemployment insurance premiums, which reduces the take-home pay of the little guy lucky enough to have a job, is an outlandish means to show the love the government swears it holds for Canadians. This is a tax on a take-home pay which has already been buffeted by double-digit inflation and soaring interest rates. Now it is heir to yet another assault by this government which purports to care for the little guy. I wonder whether it does.

We remember the occasion when the Prime Minister said he was going to wrestle inflation to the ground. Perhaps he is a torso twister, but he is certainly not an inflation squeezer or an interest rate reducer. When we see interest rates exceeding 18 per cent, I would recommend and suggest that the Prime Minister resign. Not only should he resign now but he should take with him the self-appointed redeemer of Canada's fickle fiscal monetary policy, the hon. member known as the Minister of Finance. Let him do it, and do it now.

How does the government demonstrate its love for Canadians? That is easy to show. Those poor benighted taxpayers in the 50 per cent range are the ones this government looks out for. They are the ones provided with yet another tax shelter. They are the ones who will get a tax break for investing in MURBs. They are the ones who will benefit. Lucky them! They have income to spare, income to invest, while some senior citizens in Canada are reduced to eating dog food. It passes all comprehension how the Minister of Finance can profess to care for the downtrodden. I do not know how he can sit in that seat every day without even squirming. I do not know how he can look into his mirror when he shaves every morning, this self-proclaimed arbitrator of social justice who apparently abides in a cloistered cocoon. Social justice, Mr. Speaker? Humbug!

When I think about the speeches which have been delivered this evening and the news I read in the paper every day, as well as the activities taking place in our nation, I feel crushed. I feel crushed when I look at what is happening to our beautiful country. Every speaker who has participated here tonight would emphatically say he loves our country. It is a great country. But will our children and our grandchildren forgive us? Will they forgive us for what we have done and what we are doing to our nation? If they do not forgive us, may God forgive us.

[*Translation*]

Mr. Pierre Deniger (Parliamentary Secretary to Minister of State, Multiculturalism): Mr. Speaker, at 7.45 a.m., on this December 19, I cannot help but remember that a year ago today, almost to the hour, I was hitting the campaign trail for the second time after our party, with the support of the NDP, defeated a budget which was morally and economically unacceptable to us.

And so a year later, there are still some who refuse to accept the will of the Canadian people and who rise in this House to attack measures which are quite fair, Mr. Speaker, and absolutely necessary in 1980, considering the seriousness of the economic situation not only in Canada but all over the world. It is indeed a serious situation but I hesitate to say, as some hon. members opposite claim, that it is urgent.

Mr. Speaker, last night at 10.30, after a very long day with Dr. Bandeen at the Standing Committee on Transport, I was invited, together with the hon. member for Regina West (Mr. Benjamin), to a small reception where there were a great many people from various countries, and those people were wondering why we were still sitting at 10.30 p.m. So I wonder, Mr. Speaker, what they would say if they knew that we are still here at 7.45 a.m. They are probably all asleep. They were asking, "But why, Mr. Deniger, this emergency debate?" So I said: "Well, the opposition, under Standing Order 26, deemed it necessary, because of high interest rates, an ever-increasing deficit and a fluctuating dollar, to call for an emergency debate." They said, "You know, Mr. Deniger, we think Canada has a strange notion of what constitutes an emergency." And they were quite right, Mr. Speaker, because if you compare the economic situation in Canada with what exists in other countries, you realize that even with our problems, we are quite privileged. As you know, Mr. Speaker, it is very easy to find all kinds of reasons to justify a lessening of the tax burden.

If there is unanimity between people on this earth it is certainly over the fact that nobody likes to pay taxes. Taxpayers are dissatisfied with the taxes they have to pay, some even claim that income tax and land taxes distort the economy and affect its growth. Others maintain, and that always amazes me, that if we do not immediately decrease taxes, all that is going to happen is that those taxes are going to continue increasing, so that we must put a stop to this and decrease taxes. Still others claim that because of high unemployment, we must lower taxes, because otherwise it will just keep on getting higher.

A well known author by the name of Oliver Wendell Hayes once said that taxes are the price we pay for a civilized society, the price of government. Obviously, Mr. Speaker, one can question how civilized our society is in 1980, considering the injustices which persist on this planet, but if we compare the services we receive, I think we get our money's worth.

And that, Mr. Speaker, is precisely the heart of the problem. Since we get more than what we pay for, there is necessarily a deficit. Let me explain. As you know, the concept of a balanced budget had a certain economic validity at the beginning of the century. What happened? What happened was that the new fiscal and monetary theories, which form the economic policy of a country, changed.

For a number of years, the goal was always to have a balanced budget. The idea of a balanced budget is easy for everyone to understand, Mr. Speaker, because the taxpayer, the small businessman, a couple, a housewife must all live within a certain budget, and if they fail to do so there is simply no solution.

That was the situation that faced governments at the turn of the century. It was then thought that to meet government expenses, one simply had to rely on taxes.

• (0750)

But obviously at that time, the only rule that was used was that of fiscal policies, and monetary policies did not enter into the picture very much. According to the fiscal policy of the time, taxes had to be high enough so as to control inflation but low enough to control unemployment. But that solution no longer works, Mr. Speaker.

What happened in the thirties and afterwards was that the government brought up the notion of monetary policy under which the government can provide many services, while taxing "below services", by borrowing to make up the difference. But borrowing means debts. The average Canadians who are listening to us at 7.50 this morning are well aware of the fact that one cannot keep on borrowing forever and that there always comes a day of reckoning. It is precisely at that point, Mr. Speaker, that monetary policies and interest rates come into the picture.

The hon. member who spoke before me asked why the governor of the Bank of Canada did not appear before hon. members to explain his monetary policy. Mr. Speaker, I was there about a month ago, or perhaps two or three weeks ago, and so was the hon. member for St. John's West (Mr. Crosbie), as well as the hon. member for York-Peel (Mr. Stevens), the hon. member for Broadview-Greenwood (Mr. Rae), and the Parliamentary Secretary to the Minister of Finance (Mr. Evans) when the governor of the Bank of Canada testified before the Standing Committee on Finance, Trade and Economic Affairs. But the hon. member who was complaining about the absence of the governor of the Bank of Canada was not there to ask the questions which he seems so eager to ask today.

Mr. Speaker, if that hon. member and all others who criticize the governor of the Bank of Canada had taken the opportunity that the governor gave all of us parliamentarians to go before the committee to ask him questions, all those embarrassing and non-partisan questions that we can think of because we are all concerned with interest rates, they would have had answers.

Mr. Speaker, you cannot have it both ways.

You cannot at the same time decrease the deficit and lower taxes. That is impossible. There are some economists who claim that the surplus that would result from a decrease in taxes would stimulate economic growth. In the U.S. that theory is known under the names of two congressmen, congressmen Kent and Roth. Although not an economic expert, I would not support that fiscal theory.

The government is accused of being unfair, of having no respect for the taxpayer. Nothing could be further from the truth when one considers the following of the Liberal party. It is a following which historically has not been privileged by the economic policies of our country. It is a following that has a budget to manage and to meet every day.

Mr. Speaker, they know exactly what they have to do. When we are being blamed for very high interest rates, I cannot help but recall what happened about a month ago when government bonds expired. What did the small investor who has bonds yielding 9 per cent interest do? He analysed his 9 per cent, and he said to himself: do I keep them for another year or do I sell them to buy new bonds yielding 1 per cent or 2 per cent more? Are we blaming him for selling his bonds and buying new ones at 2 per cent more? We consider that a wise business decision. Yet that is precisely what we are trying to say here, that since the U.S. has an interest rate that is much higher than ours, there is nothing to prevent the big investor, who has $100,000 or more to invest, from simply cashing in his Canadian bonds and investing his money in the United States where it will yield 4 per cent to 5 per cent more.

That is the dilemma with interest rates. Our Minister of Finance (Mr. MacEachen) has been accused of the worst evils since the beginning of the evening, but I for one, Mr. Speaker, think we have an excellent Minister of Finance, one who has taken a decision which I consider very wise, and I cannot understand why hon. members opposite cannot accept it, namely, the decision to let the market set the rates of interest.

As you know, Mr. Speaker, every Thursday, the banks decide, according to a bidding system, the yield on treasury bills. And it is based on treasury bills that the prime rate is set.

That seems so logical, Mr. Speaker, so favourable to what we call the private sector, and yet we are blamed for high interest rates while a year ago our interest rates were higher than in the U.S. Today our rates are lower than in the States, and that means that an investor could be tempted, because he wants to make money, because he has obligations to meet, and debts to pay, to go and invest elsewhere where the yield is higher.

Mr. Speaker, we are faced with all that, and so what are we supposed to do? Some claim that the deficit is unimportant. Others maintain that inflation is public enemy number one in Canada. And they are right. Inflation is our public enemy number one.

This morning before coming to the House, I heard that following the vote, a strike by Air Canada flight attendants was almost certain, because 78 per cent of them had voted in favour of strike action and 22 per cent against. The main reason why the attendants voted for the strike is precisely because inflation is "x" per cent while the salary increase offered was of "x" minus something per cent, so naturally the attendants want more money. Can we blame them?

Mr. Speaker, we ourselves as members of Parliament want more money. We ourselves find that we are not well paid. But there comes a time when it has to stop, and therein lies the art of government.

I think, and I have said this in all my speeches, before any audience, that never before 1980 has the art of government been so difficult, because I am not sure that people here in Canada and in Quebec are prepared to make the necessary sacrifices.

Obviously, Mr. Speaker, we cannot continue to borrow to pay off our debts. There is no doubt about that. And there is no doubt also that we cannot lower taxes because that would not have the benefits that some think, because such a move would only be useful if government spending decreased at the same rate.

As you know, Mr. Speaker, most of the government's expenses are tied to transfer programs or statutory programs that afford the government little or no latitude. The government is bound to make expenditures. It has only about 10 per cent with which to play. And that, Mr. Speaker, is not the way we are going to rescue our economy.

I do not understand—some hon. members opposite admire the British Prime Minister, saying that this woman is fantastic, that she has an iron hand, that she really deals with economic problems. Yet that is exactly what we are doing here in Canada. That is exactly what we have done here, Mr. Speaker. We have analysed the situation in Canada and we have come up with the type of budget that was presented.

What did we do in that budget, Mr. Speaker? We decided not to do away with indexing. We decided to do that because that is the only way the majority of the electorate, the majority of people who are listening to us this morning, can face inflation, and the only way to ensure that we, as a government, do not profit from inflation at their expense.

That concerned hon. members opposite to such an extent, Mr. Speaker, that, as you will recall, they even bought full-page ads in the newspapers, in Canadian dailies, to ensure that the government would not take such disastrous action. They were right to do so, Mr. Speaker. I do not think that influenced us a great deal, but they were right, and I certainly agreed with the Progressive Conservative government's policy to keep on indexing personal income tax exemptions. Of course

one should never say never, but that was certainly our party's policy and I recall that, without disclosing caucus secrets, our caucus was unanimous in recommending to the Minister of Finance not to tamper with the indexing of personal income tax exemptions. And that is what happened. Yet, Mr. Speaker, some ultra right wing economists consider that indexing is disastrous for our economy. But we do have a social role to play and that is precisely to ensure that government does not profit from inflation.

We were also blamed earlier for having increased the price of heating oil. It is true that the price of heating oil has increased. But while we are being blamed for that, we are also blamed for not giving enough money to the oil companies. I am totally confused. True, it is early in the morning. But I cannot understand how we can be blamed for increasing the price of heating oil and not increasing it enough to satisfy the oil companies. Contradictions again. I know the situation, Mr. Speaker, because when I was in opposition, during the interlude, I certainly liked to rise and speak quite often. I always liked doing that because you can say almost anything in that situation, you do not have any policy to follow. An hon. member can rise and blame the government for not giving the companies what they wanted. That is fine when the hon. member comes from a producing province.

However, there are some of us who represent areas where there is no oil, areas which are energy poor, and then we can complain and say, "Mr. Speaker, is that normal? What the government is doing is cruel. It is increasing the price of oil. It is increasing the price of gas at the pump." It was great when I was in the opposition, because it is easy to be tempted by such irresponsibility. But that is not what government is all about. Government means having one policy for the whole of the country. I hear one hon. member say, "Taxes are too low", and yet another say, "Taxes are too high". So I say, make up your minds, because what you are doing does not make much sense. Our Minister of Finance was highly criticized tonight. Personally I feel we have a terrific Minister of Finance who is not afraid of expressing his opinions. He is an excellent Minister of Finance, who understands the situation. He is an excellent Minister of Finance who is not afraid to make difficult decisions.

What makes a good racing driver is being able to apply the brakes. Anybody can go fast, can spend. But the only way to see if a Minister of Finance is good is to see what kind of tax measures he introduces to decrease expenditures, ensure social justice throughout the country and make sure that the tax burden is shared equally. I think that our Minister of Finance has fully understood the task at hand. And I for one, Mr. Speaker, am not afraid to support our fiscal and monetary policies. I therefore encourage hon. members opposite to come and ask the governor of the Bank of Canada or the Minister of Finance, next time they appear before the committee, the questions they feel necessary, but not to accuse them of refusing to answer questions when they themselves are not at the committee meetings, where they could ask those very questions.

• (0800)

[*English*]

Mr. David Kilgour (Edmonton-Strathcona): Thank you, Mr. Speaker. Again I can tell the time. It is 8.04.

Some hon. Members: Hear, hear!

Mr. Kilgour: Thank you very much, members of the NDP.

Mr. Knowles: It is 8.04 a.m.

Mr. Kilgour: I confess to the hon. member who just concluded his speech and who just joined us before making his speech that I wish I could have done the same thing, having missed the all-night session and just come in in time to make a speech. On the other hand, I think it is important for all of us, and there are many who have been here—something like 26 speakers from this party—to have heard what has been said. I am sure none of us would have wanted to miss the debate. I am sure we all have learned something, and I am sure all members would want to say something about matters they feel strongly about.

The simple theme of my remarks is that the economic policy of the government as disclosed in its budget is economic lunacy. It is not just lunacy but something which is causing a great deal of pain to virtually all Canadians, the young, the old—and above all, the old—the in-between and everybody who has an honest occupation and believes in working for a living. I am sure it causes concern to housewives, public servants, small businessmen and everyone who believes in Canada and puts more into that concept than he or she gets out of it.

I would like to add something first about the inflationary situation which I believe is exacerbated by this budget, directly by the increase in the compulsory payments to UIC amounting to almost $1 billion per year. I believe this inflationary trend has been contributed to indirectly by the $3.5 billion increase predicted—and I believe it will be far more than that—in the deficit. I suspect the increase will be somewhere between $4 billion and $5 billion next year.

The government will simply monetize that entire debt, or a great chunk of it, which simply means politely that it will print fresh and ever more worthless dollars, hoping that most people out on Sparks Street, in Grande Prairie, La Prairie or anywhere else, will not know that what they are getting from their banks every week is a little more diluted.

Having regard to the budget, I would ask hon. members opposite, which serious commentator has had anything good to say about the budget? I challenge them to give me the name of anyone.

Inflation is the subject I would like to speak about for a few moments as I think it is the real cancer in our economy; it is

the real cancer that those people opposite are encouraging in many small and large ways.

Chronic inflation wipes out people's savings, impoverishes pensioners, rewards speculators, hinders trade competitiveness and does a great deal of general harm. Helmut Schmidt, the Chancellor of West Germany, has said that "inflation for economies is a killer disease". My friends in the New Democratic Party in the House usually say that he is a social democrat. Indeed he is, and I wish all social democrats were the same sort.

We saw a symptom of inflation yesterday in the announcement that the CPI is now running at 11.2 per cent, the highest increase since March, 1975. Somebody did a calculation in the House the other day which indicated that a family receiving $15,000 today would need, according to the projection of the Minister of Finance (Mr. MacEachen), and that is now stale, $29,000 just to stay even today, or within five years, and $40,000 to stay even in ten years. I wish members opposite would take their calculators and work out what inflation at 11 per cent would do to each and every Canadian within 25 years.

I think I made this point the other day, but fully half of those Canadians who receive old age security benefits now also receive the guaranteed income supplement, and the OAS and GIS together come to $4,350. The OAS and the Canada Pension Plan come to $5,296, which is almost exactly on the poverty line.

• (0810)

As has been said before, what we have is a cumulative problem. Over the last ten or 12 years we have spent more money than we have earned. We have financed on credit and as I mentioned before we have inflated our money with freshly printed currency. I believe that most of our economic problems to date stem from the inflationary bias of past government policies which motivated all of us to spend too much and save too little, which encouraged consumption rather than investment for the future, and which resulted over a ten-year period in a reduction in real growth and an upswing in expectations and, above all, too many dollars chasing too few goods.

To put what has happened very briefly, the M-1, which is the money supply as the Bank of Canada defines it, is up. I think the figure is 20 per cent in the last five months, and that, as surely as the sun is up this morning, will result in more inflation.

Mr. Evans: You are wrong again, but that is nothing new.

Mr. Kilgour: From 1968 to 1978, which is my most recent date, the M-1 was increased by approximately 160 per cent. Real economic growth was about 54 per cent. The general price level in the economy increased by 106 per cent, which was an amount very close to the amount of excess money put into the economy in a vain attempt to spur real economic growth.

I do not think hon. members opposite really know what hyperinflation is, so I will give them a couple of ideas to consider on the subject. That is where I think their policies are taking the greatest and most fortunate country on earth, and I remind them of some of these things. Between July, 1920, and November, 1923, in Germany the German mark exploded to one-trillionth of its pre-World War I value, sending wholesale prices soaring by an almost unimaginable 55 billion per cent. The result was the complete collapse of German society and the rise of Nazism. Argentina is another example of similar policies to those we are getting from this government, although perhaps more exaggerated, which eventually resulted in the inflation rate hitting the staggering figure of 17,000 per cent in March of 1976.

Hon. members opposite say that cannot happen here, but if we allow inflation to slip from its moorings and roar out of control, we can reduce this country to a state of near total ruin. If that happens, savings will stop occurring, prices will soar, nobody will be able to afford to save and those who can save will not want to. The bond market will collapse, as indeed it is collapsing today in this country. Credit will begin to dry up. Firms will be starved for funds. Many of them will go under. My colleague, the hon. member for Erie (Mr. Fretz), pointed out that the Federation of Independent Businesses predicts as many as 50,000 bankruptcies. The rest of the businesses will stagnate. If the idiots on the other side of the House continue with their policies, unemployment will mount.

Mr. Evans: A point of order, Mr. Speaker.

Mr. Kilgour: Inflation will continue to soar. There will be no new plants and no new jobs. There will be more unemployment and more unemployment insurance. Welfare will go up, with which hon. members know the provinces are saddled. Everyone will spend everything they have knowing that their dollars will only buy less in the future. That is a recipe for hyperinflation. I counsel hon. members opposite to examine hyperinflation as it has occurred elsewhere around the world.

I remind hon. members opposite that hoarding results from hyperinflation. Gun dealers do well because people expect their homes to be robbed.

An hon. Member: Oh!

Mr. Kilgour: They laugh and guffaw. Looting occurs. Crime soars, and in other countries where there is hyperinflation there is prostitution. I think that was mentioned by someone. Social services disintegrate as policemen and garbage collectors walk off their jobs knowing that they cannot earn enough in their public service positions. The whole value system of a country can collapse.

If I may turn to the subject of interest rates, western Canada cannot survive the interest rates we have as a result of the policies of the government in the past. Our country is a producing region. We need low interest rates. I suppose no one on this side is more cynical about hon. members opposite than I am as a one-time Liberal and a westerner. Is this another means of driving the west away from feeling close to Canada? I believe a case can be made that westerners suffer more from high interest rates than any group in Canada.

I am told that Visa is now charging 21 per cent interest. Mortgages in the part of the country where homes are being built are going so high, as pointed out by various members, that young couples cannot buy them. Consumer durable spending is down. Business loans have to go down. Capital loans are down. Small businesses which are immensely dependent on low-interest rates suffer the most. I say with all sincerity that if hon. members want to divide this country, they should just build interest rates higher and they will be dividing it as effectively as anything, including their absolutely moronic energy policy and the constitution, has done to date.

Let me turn briefly in the time available to me to energy. It is almost beyond belief that a country which occupies half a continent and with 24 million people is out begging on the world oil markets to buy 450,000 barrels a day. I recall being at a United Nations congress not very long ago, and someone from a Third World country stood up and said he thought it was a crime that the wealthy and advanced countries—he did not say it, but he could have said "like Canada"—are out buying oil and outbidding Third World countries. I think he used the example that half of his country's exports were used to buy fuel on world markets. In my opinion that as well is a crime that Canada continues to commit at the expense of underdeveloped countries around the world.

Let me turn to a current issue of *Maclean's* and an interview with Jim Gray, one of the founders of a company called Canadian Hunter Exploration, which is one of the great success stories in western Canada. Gray talks about the budget and what it will do to his company and to his industry. This is what he said:

> First there's the 8 per cent production tax, which is not deductible from income so it's more like 20 per cent. The write-offs have been changed. They have held the price to the producer of natural gas flat for next year, but inflation is pushing our costs up 20 per cent. So our gas price is actually lower. The net effect is to slash our after tax income by 25 per cent.

In the next column he puts it pretty well when he says, and I quote:

> If they said you can't charge more than 20 cents for a cup of coffee for the next ten years, then in about five years there would be no more coffee.

In a nutshell that is what is happening to the oil and gas industry in western Canada. Gray goes on to say what the government should do about oil and gas. I remind hon. members opposite of their xenophobia. I am astounded that the Parliamentary Secretary to the Minister of Finance (Mr. Evans) will put up with it. He is a newcomer to Canada and I welcome him, but I wonder how he likes the xenophobia of this government which, I gather, extends to every person from every country in the world except those who were born in Canada. Mr. Gray is a Canadian-born individual who has lived in Canada all his life. He tells what he would do about oil and gas, and I quote:

● (0820)

> I would emphasize supply and I would realize that the only energy forms that can be had in the near term are from conventional sources.

Let someone point that out to the so-called minister of energy. Further down in the article Gray talks about Canadian-owned companies. He points out that there are 500 or 600 companies in the oil business. He is asked how serious is the disenchantment among oilmen and he says:

> It's really serious. There isn't a single Canadian company in Calgary that I know that either has not already or is not immediately planning to move part, and sometimes a lot, of its operations to the United States. I'm not worried about the money, it's the people. Exploration talent. Today's explorers are tomorrow's producers.

A little further down he says:

> The Canadian content of our industry is being destroyed by these economic nationalists. The Canadian companies like Canadian Hunter are being kicked out of Canada—

I repeat that Canadian Hunter is a Canadian company.

> —by their attitudes and policies. I am as good a Canadian as they build. And yet we are being forced to incorporate American Hunter.

That is a pretty good description of why, to put it mildly, many of us in western Canada do not like the government's energy policy.

In conclusion, I should like to quote somebody for whom I have a great deal of regard, and I recommend these words to the government:

> You can't bring about prosperity by discouraging thrift . . . You cannot help the wage earner by pulling down the wage payer . . . You cannot establish sound security on borrowed money . . . You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could do for themselves.

Those are Abraham Lincoln's words.

For the reasons I have mentioned, Mr. Speaker, I submit that the economic policies of this government, as I mentioned at the outset, are lunacy; and more than lunacy, they are painful lunacy for millions of Canadians, I suggest.

Mr. Bruce Halliday (Oxford): Mr. Speaker, I see it is about 8.25 a.m. and I think it is not in the memory of too many members of the House to have had a debate which had started at 8 p.m. the previous night going on until this hour, with probably a dozen or more speakers still waiting to be heard. It is indicative of the concerns which, if not the government, certainly members of the opposition have for the crisis which exists in Canada now with respect to the economy. I give Madam Speaker credit for coming to a very quick decision when she was faced with the two motions from the opposition parties indicating, independently, a desire to tackle this problem as an emergency debate yesterday and today. I think the response which you see, Mr. Speaker, from the opposition parties indicates the concern which we as representatives of Canadians have on this matter.

I do not want to go through the long list of problems which have been very well documented by my colleagues, on this side of the House, save to mention that it ranges all the way from the various aspects of the economy in all its parameters. Energy policy is a subject on which I should like to touch a little later on, and I will speak on a different aspect of the energy policy which I think has not been mentioned tonight.

My colleague the hon. member for Capilano (Mr. Huntington) gave a very interesting speech in which he spoke of the succession of stages that civilizations have gone through. I

believe he mentioned that ten civilizations have gone through a successive series of events which he classified under the age of decadence. It is certainly easy to see how we fit into that pattern which has been so typical of other civilizations. We have heard the discussions about the constitution, we have heard talk about inflation and about money supply. There is virtually nothing that has not been touched upon by various members on this side of the House, as you know yourself, Mr. Speaker, having been here for a good part of the night. It was done in a very eloquent fashion and with good information presented. We did appreciate having a few members of the government staying with us. In fact, two or three have spent the whole night with us, and there is one still here now who has spent the whole night with us.

I want to lay emphasis this morning, not on what we have heard today so far, mainly an emphasis on short-term problems and short-term solutions. I would like to touch for a few moments on what I look at as being the long-term problem which has led to the crisis which we have and suggests that the long-term solution has been completely ignored by the present government. I think it behooves them to look more seriously at this long-term solution. I look upon the long-term cause of the crisis we are in now as being, as was mentioned many times, the desire of this government to get power. We have seen this over a good many years where their main motivation has been to get power over and beyond any concern for principles, scruples or what have you. If they could have power, that to them was the ultimate goal.

If one looks at how you get that power in a democratic society such as we have, in my view—and I have thought about this since coming to the House in the last six years—perhaps the greatest weakness of our democratic system is the fact that a political party which is as determined to have power as this Liberal party has been over the last two or three decades is able very easily to convince the people that they deserve to be in power, but it is done by nothing less than bribery, in my view. It is a system whereby a political party will guarantee to the people something for nothing, something that the people perceive to be for nothing. It is guaranteed and promised to them through their own tax dollars, which in my view is despicable.

Some hon. Members: Hear, hear!

Mr. Halliday: We have witnessed something that was very well described recently in one of the standing committees when we had as a witness the president of the National Research Council. We saw the Liberal party choose a course after the last war, the main goal of which was to get power, but their mechanism in this kind of a democracy was to get power by promising a new social program come every election, something tangible in the form of money which they could get for nothing.

Much as I appreciate the need for social programs, I have long been an exponent of the necessity of having the appropriate social programs which look after the needs of those people who have special needs. Nonetheless, I maintain that 90 per cent of Canadians, or perhaps even more, are very capable of looking after their own needs by their own endeavours. Part of the slow destruction of our civilization is a result, in my view, of the usurping by governments of the responsibility and the individuality of people in their opportunity to provide the social programs for themselves. I think governments have a real responsibility to provide for the citizens of their jurisdiction those things which the citizens cannot provide for themselves. I am thinking of such things as the postal service, the immigration service or the military service. Those are the essentials that an individual cannot provide for himself. There are certain people in our society who are unable to provide for their medical services, services for children, old age security, and so on. The government should accept that responsibility, but as soon as it goes beyond that and decides to take care of all of us, then the people start to become irresponsible and we see an increase in crime such as we have today. This is due to the fact that governments have made individuals less and less important; it leads to that type of irresponsibility.

• (0830)

Over the last two or three decades, in its effort to retain power, the government has promised one program after another. Over the last ten years in particular we have heard the idea that everything must be universal; universality was the catch word. It is interesting how it began to change in the last year or two. In fact, the Minister of National Health and Welfare (Miss Bégin) is actually obsessed with it. She has a real obsession that things must be universal.

It is interesting of late that this minister is not only suffering from a compulsive type complex but she has now become schizophrenic in a sense. As recently as this week, in response to a question by the hon. member for St. John's East (Mr. McGrath) concerning social programs and medicare, she made the following statement as recorded on page 5847 of *Hansard:*

We are reviewing our programs with a view to focusing on those most in need.

For years I have been suggesting—and I still maintain it—that this is a responsibility of government. The government should focus, as the minister said, on those most in need. But how can a minister who pretends to be responsible deny a certain type of schizophrenia if, on one hand, programs are supposed to be universal and, on the other hand, the minister wants to look after those who are most in need? Obviously they are incompatible, and it behooves the Minister of National Health and Welfare to take a look at the side of the issue on which she wants to be. She cannot have it both ways.

In my view, that is the reason for some of the financial difficulties. The crisis of today is partly because the government, in order to retain its power, promised programs for which it has been unable to pay. It becomes abundantly clear, when debts of $15 billion a year are being financed, with service charges of something in the order of $14.5 billion, that we are unable to finance social programs, as good, desirable and necessary as they may be for some people. But by no means is it necessary for that kind of service to be supplied to

people such as those who are in the House of Commons right now.

From that I want to lead into a few comments about where we should be using that money. As the Minister of National Health and Welfare suggested, that money should go to those who are most in need. Four members on the government side of the House and three members on this side have spent the last six months studying the needs of the handicapped and the disabled in Canada. We have had a chance to see the plight of handicapped people and the way they have been ignored by society. It was an eye-opener for us on the committee to have before us dozens of witnesses and to have received many briefs, totalling approximately 600. They indicated the lack of concern of Canadians for many aspects of the needs of the handicapped and disabled.

We should be helping to alleviate the financial and economic crises of our handicapped people. Over the last number of years, the Minister of National Health and Welfare adopted the theory that it is not very important to look after their needs; rather it is far more important to provide some universal plan to millions of Canadians who do not need it. There are over two million Canadians who suffer from some form of disability or handicap. They are prepared to let those people linger at a level of opportunity far below that of most Canadians. They are limited in mobility and in their perceptive senses of hearing and vision. They are limited in their job opportunities. Approximately 70 per cent or 80 per cent of them are unemployed. They are limited in their accessibility to buildings, even the House of Commons and the Parliament Buildings. These are people on whom we should be spending money to bring them up to the universal level of all members of the House. Yet the minister is prepared to deny those people the economic benefit to raise them to the universal level with which all of us dealt from day one.

It is rather deplorable that the minister takes that double standard. One day she says that it must be universality; the next day she says that she will help those who need it most. She just does not mean it. We will have to deal with that as the days go on.

I started off by indicating that there was a long-term problem because of the desire of the Liberal party for power at any cost. I want to suggest now what is the long-term solution. It has been virtually ignored during this debate by speakers on all sides of the House.

I am referring to the issues of research and development and science and technology. During this session questions have been asked repeatedly, and we have received rather unsatisfactory answers from the minister. The answers we are receiving now are no different from those of his predecessors over the last four or five years. They are always going to do more for research and development and more for science and technology.

A few weeks ago Dr. Kerwin, the president of the National Research Council, appeared before one of the standing committees. His testimony was very enlightening. Questions were asked as to why we were in our present economic state as compared to Germany, Switzerland and Japan. He made the simple observation that following the last war those countries chose to opt for and put their resources into investments which pay dividends, whereas Canada chose to put its investment into social programs with limited returns. It raises our standard of living and makes us feel more affluent, but it does not pay the dividends of dollars invested in research and development.

He gave the committee some interesting figures which he had given to NRC a few days before. I do not have the figures in front of me, but I can give approximate ones in order to illustrate what he said. NRC has a program where money is lent to small industries for research and development. Over the four-year period from 1974 to 1978 or from 1975 to 1979, NRC lent $90 million, it found that approximately 20 per cent of its research programs came to nought, and that another 30 per cent or 40 per cent were a saw-off; they were of some benefit but not too much. Approximately 30 per cent of those programs returned real dividends to the country. If I remember Dr. Kerwin's figures correctly, $90 million of investment returned in export trade something over $3 billion, because of the development of new products for sale. Out of that $3 billion in trade there was a tax revenue of something over $1 billion. I think it was $1.8 billion in tax revenues.

● (0840)

That is the kind of investment that the government has been refusing to make for years. If we are to have any change in our economy, or to break this crisis in the long run, we must take a new approach toward science and technology and research and development. If we are to be given a chance to catch up to Japan and Germany, what we must do is put money into research and development.

I would like to speak about energy, which was mentioned earlier. We have heard much about energy tonight and about the need to be self-sufficient. I would remind hon. members that there are good authorities which would suggest to us that energy is, indeed, a necessity, but it is not the answer to our future. No matter how much energy we develop, if we do not choose to use that energy in a productive way by producing something we can sell, we will stand pat as we are. As the Minister of Finance (Mr. MacEachen) said, he is going to stand pat on his present budget. Unless we put money into science and technology to develop products that this world wants and which we can therefore sell, we might as well forget our economy blossoming into the state into which it should develop.

I am suggesting that we have had a long-term problem, namely, the desire of the Liberal government to be in power at any cost, spending grossly over the annual budget to the tune of 25 per cent more than we could cover with our revenues, getting us into debt which entails payment of a service charge. If we are to get out of that sort of situation we have to reverse our policies and start spending money on programs such as the ones NRC has. They cannot get any more money for these programs—although that is hard to believe—even though they can make tremendous profits for the national treasury.

I submit, Mr. Speaker, that we are, indeed, in a crisis situation, and unless we have a government which is willing to look at that type of problem beyond the next election then it will not win the next election. Of course, if you promise money for research and development then the public will not necessarily vote for you. That is the trouble with our democracy. If you promise money for research and development for some time way down the road, then that does not win the next election. So I hope, Mr. Speaker, that the present government will take a serious look at the situation, especially after this debate tonight, and perhaps give our research community a little better chance to help rectify the present situation.

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, it is a privilege to enter this debate, although I must say that I had to wait quite a decent time before I could stand up to speak. It was all night—an indecent time. Yes, I am still standing up.

I must say this is an important debate and as I understand it, although my experience here is not long, it is a rare occasion when the Chair accepts a motion under Standing Order 26. The Chair, at least, recognizes that there is an economic crisis in Canada and that this matter requires debate. The reference in the motion which my leader and my party put forward to the rises in the cost of living—now the highest since March of 1975—and interest rate increases which have really gone through the ceiling, above all previous levels, is clear evidence that we have a real problem which requires the attention of this Parliament and of this government. Now, by virtue of the Chair accepting this motion and allowing the debate, the Minister of Finance (Mr. MacEachen) was at least forced to address the economic situation in Canada today.

I would like to review a little of what the minister had to say and to comment upon it. Clearly, what he had to say was in no way adequate and he did not finish by giving us any promise of action. Perhaps after this night of admonition to the government, and of advice, they may have a change of heart. It is not likely that that will occur, but at least they do have an opportunity for that to take place.

The Minister of Finance started off by acknowledging that there are economic and inflation problems. He even admitted that these problems were getting worse. This seems to be his strategy, and one which he set out a long time ago when he brought down the budget which, incidentally, was very delayed in coming. Obviously he had thought this matter through because he outlined clearly in that budget that we had very serious and deep economic problems. Now he is able to say in the budget that he acknowledged these facts. The problem is that he did not follow them up with any action.

He goes on to say that there is nothing that Canada can do, that we are influenced by forces outside our borders and that the problems we are facing today, the interest rate problems, do not originate in Canada. He says that what happens in the United States influences what happens in Canada and so on.

Of course, Mr. Speaker, he never tells us why we are so vulnerable to outside influence, and clearly that has to do with the fact that we have a very weak industrial base. We have the well-known branch plant economy, and if the successive Liberal and Tory governments had, a long time ago, done something about an industrial strategy for this country we would not be so vulnerable today to influences from outside our borders.

Some hon. Members: Hear, hear!

Mr. Keeper: The minister somehow attempts to deal with the criticism that somehow or other we simply fall into step with the Americans with respect to interest rates. But he does it in a rather unique and very unconvincing way. He says simply that because we have a lower rate of interest in Canada we are therefore not following the American interest rate. Well, really, we are following it, but it is simply another endeavour on the part of our finance minister to finesse his way out of a very difficult economic situation in which he should rather be accepting responsibility and taking action. We have become familiar with the capacity of the Minister of Finance to finesse his way out of economic responsibility. He clearly demonstrated this when he brought down his budget and hid the taxes he was imposing upon Canadians. He hid the measures which were leading to rises in the cost of living. So he is certainly a master of finesse even if he takes no action on financial problems.

But the minister's chickens are beginning to come home to roost. The fact that we have been having this debate all night and are continuing on into today clearly demonstrates that people in this country are beginning to recognize that the government is not facing up to its responsibility for economic policy in this country.

Another criticism that the minister deals with—and obviously quite inadequately—has to do with the question of why it is that Canada is so vulnerable to outside influences in regard to interest rates and other economic matters when Japan is not. Why not Japan? The minister simply labels that as a juvenile question. He does not choose to deal with the substance of it, which I suggest has a great deal to do with the fact that Japan has an industrial strategy while Canada never has had one, certainly not a serious one. He also deals with the criticism which has been thrown at the government that people are hurting—particularly the low-income earners—by the lack of an economic policy of this government. He reels off and names the whole array of social programs which we have developed in this country over the last several decades—old age security, guaranteed income supplement, family allowances, unemployment insurance—and, of course, he indicates that they are all indexed. He fails, of course, to mention that they never would have been indexed if the government opposite had not been pressured into that indexing during a minority parliament.

● (0850)

Mr. Cullen: That was in a minority Parliament.

Mr. Keeper: My colleague indicates that this indexation was brought in during a minority Parliament, and it was due to pressure from the New Democratic Party. But now the minister is attempting to put a veil over things to fool us and make

us think that people in this country are not hurting. We all know that we have good social policies and good social programs in this country. Obviously, they are somewhat inadequate. The fact that we have social policies and social programs does not in any way make up for the fact that we need sound economic policies which take into account people, families and their financial situations and which have some compassion and seek to help those who are hurting in this present inflationary climate.

The minister brought in a budget which he felt recognized the chief economic threat in Canada today as being inflation. He has the gall to go on from there and say that because there is now additional inflation, since he predicted inflation this confirms that he has adopted the proper economic strategy in his budget.

Clearly, this is just an attempt to pull the wool over people's eyes and evade responsibility. Once again he fails to deal with the economic situation. The minister merely attempts to smooth it over, to deal with it in a cosmetic manner, not a real economic manner, not in the manner of putting together better policy and more action. The minister also indicated in his statement that he wished to maintain government expenditures within economic growth. That is a good objective, but the problem is that it is backward. It has things turned around.

What the government should be doing now is seeking to stimulate and promote growth so that we can afford the expenditures which are necessary in the country to meet people's needs. The government seems to fail to recognize that it has a responsibility at all levels for the economic policy and the general economic health of this country. The minister talks about what he has been hearing from this side of the House. He has basically two simple points; he calls for a reduction in the deficit and for increased expenditures. He attempts to paint himself as being in the responsible middle.

This suggests to me that all the minister and the Liberal government have is a political strategy, a public relations strategy, but no economic strategy which is what we need. I would like to say a bit about what the economic situation is, as I see it, and put some facts before the government so that it will have something solid upon which to reflect, rather than merely their own rhetoric.

With regard to mortgages, it is still a dream, and a legitimate one, of Canadians to own their homes. From 1975 to 1979, the average mortgage rate was 11 per cent. On a $50,000 mortgage over a 25-year period, this would have meant a payment of $481 a month one year ago. When the interest rate went up to 14.75 per cent, the mortgage payment jumped from $481 to $614. This occurred under the Tory administration. Today we are up to 18 per cent mortgages and the monthly payment will be $733, as compared to $481 per month in 1979. Clearly, people cannot afford to pay that kind of increase in mortgages if they are to own their own homes.

It is not only in the area of home ownership and mortgages that the economy is causing problems. There is also the problem of unemployment. The officially unemployed in November was 787,000. That in itself is a very high statistic and should be enough to shake the government and convince it that economic measures are necessary, that people need help and work. But when one takes a look at what the real unemployed rate is for this country, they will find that the figure is 1,322,000. Clearly, that is a figure which is shocking and justifies the Chair's acceptance of the motion under Standing Order 26 and the fact that this House has been dealing with the question of the economic situation and the economic crisis in Canada all through the night and into today.

As well as these figures with regard to the levels of unemployment, there are figures which illustrate the same kind of problem when we deal with lay-offs. There have been great lay-offs particularly in the province of Ontario. Plant after plant over the past year has had lay-offs. I know that in my own province of Manitoba the same situation prevails. There have been plant closures with no hope of economic stimulus. The Swift meat plant closed and recently the Maple Leaf flour mills closed. Certainly in a province like Manitoba we cannot afford to have lay-offs and plant closures, particularly since in that province we are suffering under both a federal Liberal administration and a Tory provincial administration.

Mr. Rose: That is double jeopardy.

Mr. Keeper: It is certainly double jeopardy when we are getting hit by both sides, and, by God, that is getting hit harder than anybody should be hit. I must say at this point that it would be wise to indicate that while the Tories are now free in opposition to criticize the government on interest rates, I find it interesting, although I was not here in the House in the last Parliament, to read in *Hansard* how the Tories responded to questions about their high interest rate policies and their lack of control over interest rates.

Mr. Blenkarn: That was low interest.

Mr. Keeper: The hon. member may think it was low but the people of Canada did not think so.

Mr. Blenkarn: Compared to today?

Mr. Keeper: The minister of finance under the short-lived Tory government said in response to a question on interest rates from the hon. member for Broadview-Greenwood (Mr. Rae), "I do not plan to take any action. We have a market economy." That is the attitude of the Tories with regard to interest rates. That was not the only occasion. This was not merely an accidental utterance by the then minister of finance. My hon. friend for Winnipeg North Centre (Mr. Knowles) asked a question with regard to interest rates as well. The prime minister of the day, now the Leader of the Opposition (Mr. Clark), said: "What this House can do if it has a practical alternative which is preferable to the policies being recommended by the Bank of Canada and by this government, is to make those policies known to the standing committee".

● (0900)

Welcome, Allan! I was just reviewing your comments of last evening and wondering where you had been all night while members concerned about the economy of this country have been offering advice to this government.

Mr. MacEachen: I was where your leader was, out of the House. He left after I did. I did not ask for the debate. He did, and he left his crisis to go to bed.

Mr. Keeper: Now that the Minister of Finance is here, I will continue my advice to the government. The former prime minister responded in the same way with regard to questions on interest rates as does the present Prime Minister (Mr. Trudeau). As reported in *Hansard* for October 29, 1979, at page 685, we find the then leader of the opposition asked the following question:

At what point will the government look at these alternatives, rather than following the American interest rate up to 13 per cent, 14 per cent and God knows how high?

The then prime minister responded:

—I hope that members of all parties—and, indeed, members of the public—will take advantage of the fact there is now a standing committee inquiry into interest rate policies, to put forward alternative policies they think might be more effective than those which have been proposed by the governor of the Bank of Canada and supported by this government.

Clearly we are dealing with a lack of economic strategy, which is common to both Tories and Liberals. It is a strategy of inaction and insensitivity. It is a group, a coalition, which does not care for people. What we need is for that government over there today and the minister who is now leaving the House to wake up and to take some sane economic action.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, all night long, for something a little over 13 hours now, debate has raged in this House with regard to interest rates, inflation and the flight of capital out of this country.

This is not only a debate about what is best for Canada, it is also a debate about the very existence of Canada. I have never been accused of calling a shovel a spade in my life. My language will be a little strong and some of the points I will make are going to be somewhat horrendous. However, the policies of this government have led us into a bottomless pit into which no light has penetrated. This government's sensitivity is totally lacking.

The Minister of Energy, Mines and Resources (Mr. Lalonde) made a statement last night which caused me to tremble for my country. I shall paraphrase his statement, but he said the oil and gas of this nation must be for the benefit of all Canadians. I agree with the comment, as I think every member of this House does. Let me repeat his line, and add the other words he should have added: the oil and gas of this country must be for the benefit of all Canadians, but not at the expense of some Canadians. Unfortunately, the inference in some of what he said indicated to me that there may be an attempt for a total federal takeover of the ownership and control of oil and gas in this country. That is why I am scared. It will not be allowed to happen. It simply cannot be allowed to happen.

Already the policies of this government have led to exploration cutbacks. They have led to drilling rigs leaving the country, and I might add it is a trickle of drilling rigs. However, most of the winter exploration programs were set before the disastrous budget came down and along with it the oil and gas policy. Let hon. members check for the month of April to find out how many drilling rigs are likely to be working in Canada. Border points will be stacked up with jobs, money and capital leaving the western part of the country. There has been a raid, and I will call it a raid, on the natural gas revenues of British Columbia, revenues which have been going to the B.C. government. I never quite understood why this Liberal government is prepared to pay Mexico, Saudi Arabia, Iran or anyone else the world price for oil while robbing Canadians by paying them a very small portion of that price. That is the key factor here. But I must outline what is likely to happen.

There is a large growing separatist movement in western Canada. When the remarks made by the minister of energy last night are carried in western Canada and understood by western Canadians, he will have made several thousand more separatists. I say to hon. members: do not think you will have the same kind of referendum in western Canada as you had in Quebec. This is not so much an emotional issue in Canada as it is an economic rip-off issue. Let me put some examples on the record.

In Quebec, the referendum was partially won because there were liberal canvassers going door to door. If they encountered a mother with young children the statement was made: you know, if you vote yes on the referendum the baby bonus will stop. If the canvassers encountered an old age pensioner, the statement was made: you know, if you vote yes, the old age pension will not be coming the same way any longer.

Mr. Deniger: We never said that, and you know it.

Mr. Cook: In western Canada, separatist canvassers will be saying: "if we separate, the baby bonus will be doubled; if we separate, the old age pensions will be doubled; if we separate, there will be no necessity for an income tax in western Canada. These are believable statements, because all one has to do is look at the difference between $16.75 a barrel for oil and whatever the world price is at that particular time. The revenue is there.

The constitutional issues are also splitting this country, combined with the economic policies. Nobody wants to be a second-class citizen. The Liberal proposals in terms of an amending formula make every western Canadian a second-class citizen. They make every citizen of Prince Edward Island a non-citizen. Not only that, but the proposal to hold referenda bypasses totally the legitimate provincial governments at the whim of a government which not only sets the question and the time of the referendum but also spends all the money necessary attempting to convince people. It is a direct raid on the power of the provinces.

If I am interpreting this morning's news correctly, what is happening today is that representatives of the three western provinces will be meeting to formulate a joint stand in terms of the energy policies of this country. This scares me in several ways. It means that Mr. Blakeney of Saskatchewan is no longer the "kept man" of this federal Liberal government. He is looking out for the best interests of the people of Saskatchewan, as he should.

If you are going to criticize, and I have done so, you should have something constructive to offer. We have two alternatives. We can go the way this Liberal government is now going, which means in March a cutback of 60,000 barrels of Alberta oil and two subsequent cutbacks as well as the year rolls on. There are two subsequent cutbacks as the year rolls on. I do not believe this country can stand that. It should not have to stand it. However, that could take place.

● (0910)

Also, we have an energy minister who has shown a complete inability to negotiate and does not have the faintest idea of what is taking place in western Canada. That will mean continued difficulties, a major slowdown in drilling, exploration and development in the maritimes and the west. That is one policy.

There is another policy which this government in one way or another could follow and which would solve most of the economic problems of Canada. We require in this country $1.2 trillion for the development of tar sands, for exploration on Sable Island, Newfoundland, the north and Alberta. Where will that money come from? It cannot come from the Canadian people, although that seems to be the proposal of the government. That trillion dollars is investment capital and it is available if we will treat the companies and investors fairly, and that means they should have their world price.

Let that flood of money into this country to develop a couple of tar sands plants. Bring back the drilling rigs. Tell the companies we will treat them fairly, that we will make them a deal they cannot refuse. A drilling rig working in Colorado does absolutely nothing for Canada. A drilling rig working in Canada can make a difference to our energy self-sufficiency. Therefore, we must bring them back.

This has to be the best policy for Canada to adopt. This year, $5.5 billion will be paid out for foreign oil. Over the past nine years, we have had a total deficit of $65 billion. If we attract the capital to obtain oil self-sufficiency, we are $5.5 billion better off this year. Over the next decade, we will be better off by more than $65 billion.

My friends on the extreme left want social programs. Think what we could do for the poor, the underprivileged, the low-income people of this country, if we did not have a drain of $65 billion, $5 billion a year, in terms of an oil subsidy. Those are the choices we are looking at.

The policies of this government will lead to the separation of western Canada. That should be stated flatly and straightforwardly. I do not think anyone in the Liberal benches is listening, nor do they have the faintest idea of how serious the situation is out there.

All it is going to take is one more insult to the west. That insult could easily come this spring. If this government attempts to use "peace, order and good government" or if it attempts to use the declaratory power, I suggest secession will be a possibility. If they go as far as the War Measures Act with regard to some of the things that seem to be on their agenda in terms of oil and gas policy in detriment to the west, secession will not be a mere possibility, the people will be demanding it. For heaven's sake, consider your options. Realize there is something more at stake than interest rates and economics. The very fate of our country rests in the balance of what this Liberal government does in the next six months. God help us all if the government does not revise its policies.

[*Translation*]

Mr. Marcel Dionne (Chicoutimi): Mr. Speaker, one year ago at this time I launched vigorously into my second electoral campaign and, thanks to the performance of a Progressive Conservative government, I was returned to this House with a majority never achieved before by a Liberal candidate in my riding.

Mr. Speaker, I am sorry to say that the opposition has enabled us to gain a renewed mandate for several years and that this debate has not really been initiated to find solutions to our current problems but indeed to earn political capital at a very bad time of the year. When we relate interest rates to the moral problems which certain regions of our country have experienced, Mr. Speaker, I suggest that most hon. members who took the floor during the night have failed to come up with truly serious arguments to help the have-nots.

Mr. Speaker, I think that under the circumstances the Minister of Finance (Mr. MacEachen) has acted very courageously and in the best interest of Canadians. Let us go back to last year, Mr. Speaker, and recall the policies of the Progressive Conservative administration which today passes itself off as the defender of the poorest people in this country. Let us recall the policies advocated to help the rich. How were we going to help the rich? By levying an 18-cent excise tax on a gallon of gas to the detriment of the poor. It should be said, Mr. Speaker, they stand in the House to uphold the interest of hypocrisy pure and simple.

It is unthinkable, Mr. Speaker, to hear them say our country is going through a crisis, and to witness debates such as we have heard throughout the night and monopolize the time of all hon. members, of an entire nation, in an attempt to warn against an emergency situation. We are still in a privileged situation if we compare ourselves with all other industrialized nations. Indeed, Mr. Speaker, we should mention our energy policy, knowing full well as we do that our energy policy is perhaps one of the most outstanding ever introduced in the House. Mr. Speaker, the time has come for us to put the accent on a nationalist policy in this country. We know that

with such an energy policy billions of dollars which were previously exported to other countries by the multinationals will remain here. Let us be proud of that policy, let us be proud of that policy—

Mr. Rae: That's not true!

[*English*]

Mr. Dionne (Chicoutimi): Do not be afraid to say that our profits are higher, but less goes into exploration. Members opposite must stop saying we do not have a good policy. They talk about frustration and alienation in this country. It is not the people who are frustrated. Most times it is the politicians on the other side of this chamber who are frustrated. This frustration is broadcast all across the country by politicians, not by the people. I suggest they show some pride.

[*Translation*]

They talk about policy but perhaps they should spend a little time in Europe. A gallon of gas costs $3 there. Here we still have an energy policy acceptable to all Canadians. For the first time, Mr. Speaker, we have a Prime Minister (Mr. Trudeau) who advocates great policies. When we refer to free exchange of goods and services or to distribution of natural wealth to all citizens, that is what we mean by a policy which helps all classes of society. The energy belongs to all Canadians, Mr. Speaker, and the time has come to start benefiting from that policy. How hypocritical, Mr. Speaker, after one year they are scandalized by the attitude of people who cannot refrain from spreading all kinds of falsehoods throughout the country.

Mr. Speaker, the debate would have been much more useful had it been held at a more appropriate time. No one here will convince me that we have managed to improve the economic situation during the night. If we were really going through a crisis as described yesterday and if people were really responsible for the administration of the country we would have behaved more seriously. Many suggestions have been made but I am not at all sure they were always the ideal solutions to redress our economy.

Mr. Speaker, again I say that our finance minister has acted in the best interest of Canadians. Let us be realistic and honest. Let us compare our economic conditions and those of other major industrialized countries in the world. Let us compare conditions with our fellow citizens and we will readily conclude that we are privileged indeed. Mr. Speaker, we should stop spreading insecurity in all ranks of Canadian society. Our economy does not stand to gain anything from such comments as those voiced by the Leader of the Opposition (Mr. Clark) and the former finance minister.

It is true, Mr. Speaker, that we are going through hard times and that interest rates are high. I hope this situation is temporary and I would urge all politicians to stay calm in these circumstances. I live in a very remote area, Mr. Speaker, but I can state clearly that our aluminium, pulp and paper and lumber industries are all operating at full capacity. They have made great progress in recent years because of the gap between Canadian and American currencies.

Mr. Speaker, I do not think we should be unduly alarmed because after all there are certain regions in our country where the economic outlook is promising, including mine. My area is known especially for its export products and that is certainly an asset these days. Of course we may see danger signals if our dollar grows weaker still because of imported goods. But perhaps the time has come in that so-called economic crisis as described last night for us to have a second look at some of our habits and put more emphasis on Canadian goods instead of always seeking imported products. Mr. Speaker, we have all kinds of agricultural products in this country which, in the past, may not have been the envy of consumers, but which are just as nourishing and certainly lower priced than produce imported from California or Florida.

I know, Mr. Speaker that we ought not to play hide-and-seek. We find ourselves in a rather difficult situation but I am convinced that it is temporary and that we are not going to bolster our economy by holding the kind of debate we have had during the night and by advocating unacceptable solutions right and left and limiting ourselves to criticizing. I wish we were all more serious in this debate. Let us put an end to doom and gloom statements which upset the Canadian people and let us take economic corrective measures as soon as possible so that the have-nots will continue to progress at the same rate as all others and that our economy will grow without interruption. I am convinced that our predicament will not last. Nonetheless let us wish all Canadians a happy holiday season.

• (0920)

[*English*]

Mr. Fred King (Okanagan-Similkameen): Thank you very much, Mr. Speaker.

I was utterly astonished that the hon. member for Chicoutimi (Mr. Dionne) who just spoke, a member from a province whose good people have asked us to believe that the Canadian system of government, social and economic order has been offensive to the interests of the people of that province, would not understand that we, too, should take offence. Believe me, as a member from western Canada, we are offended by some of the things that take place in Canada. We believed those hon. members when they spoke about their objection to certain things. We accepted their word and we want them at this time to accept the fact that we also want change. I am amazed that there is no such reciprocity in the hearts of hon. gentlemen opposite.

We have indicated that we have grievances within confederation which are not being adequately addressed. To hear hon. members state in this House that this is a pipe dream of politicians and does not represent the real emotion and concern of the people who live in the west is utterly beyond my comprehension.

For the past 13½ hours we have been demonstrating the very deep concern which members on this side of the House feel about the state of our national economy. There is potential damage to our precarious economy as a result of neglect, irresponsible action and inaction on the part of the Liberal government which has wasted opportunities provided by some 20 or more years of power. If those opportunities had been seized for the benefit of the nation rather than for the benefit of that party there is absolutely no question that Canada would today not be beset by the ills we are experiencing.

I am very sorry more government members have not accepted the opportunity, the challenge and the responsibility to sit with us during this night because I think they might have found it a worthy experience. Having said that, I think it is only appropriate to acknowledge my appreciation of the presence of the hon. member for Ottawa Centre (Mr. Evans) during the entire period of this debate on Canada's economy.

I must note at this point that it was this government which chose to make the constitutional resolution a priority of this Parliament, despite obvious evidence that the economic ills should have preoccupied us all. This is evidence once more which shows that the Liberal government under the present Prime Minister (Mr. Trudeau) puts its own objectives and goals before those objectives and goals that are primary to the welfare of the nation.

I was moved last night by the reasoned and calm appeal made to government members. They responded to that appeal by the hon. member for Edmonton South (Mr. Roche). I would hope that through all the emotion and bombast the considered reason which was presented, in so many speeches, demonstrated to government members in the House today, that they should make the effort to understand the background of our expressed anxiety.

• (0930)

It has been some year! We have the constitutional issue, the new budget, some hot political rhetoric and a country at odds. Alberta and Ottawa continue to hold centre stage, while in the background the federal government tries to keep the lid on the constitutional debate by muffling it with closure and other devices. While these are separate issues, they are all linked with the thread of energy, and there is no way of escaping this sticky problem. The most disturbing thing is not merely that we are seeing issues divide politicians but that politicians are dividing Canadians. There seems to be something tragic and demeaning about political strategies which are fuelled by regional differences and which thrive on internal turmoil.

Out of the whole batch of issues one of the most worrisome to us is federal energy policy. We do not believe this country is prepared for nationalization of the petroleum industry, and this fear has been expressed over and over again during the last 13 hours. We do not believe the country is prepared for the nationalization of the petroleum industry, yet that is the direction in which it appears Ottawa is driving us.

Instead of the various governments staging high stake poker games, the Canadian people would be better served by being told that the free lunch is over. Welfare waste must be cut, energy conservation must become a reality and meaningful steps need to be taken to shift spending from consumption to investment and development. We would like to see the federal government send out the message that if we are to protect our standard of living, we must increase production. Most important, we need to get our priorities straight. The ensuring of long-term industrial and regional benefits for Canada from energy-related projects should be our national priority. We can lessen our reliance on unstable energy sources. We can eliminate that reliance. It is time for policies and ideas with vision. It is time to turn adversity and despair into hope and opportunity. It is time to give rewards for effort a higher priority and to encourage small business restructuring and refinancing. It is time to deregulate where appropriate and to reduce the burden of the state on the economy.

It is time to face facts and realize that the day of cheap energy is over. A poll in British Columbia indicated that 49 per cent of the people in British Columbia want more provincial powers, 13 per cent want more federal power, 21 per cent want the status quo and 18 per cent do not know what they want. This preference in British Columbia does not mean a lack of commitment to Canada. On the contrary, it shows a commitment to a particular kind of Canada, which may not be that of the Prime Minister. Less than a year ago there was no talk of separation in western Canada. A compromise on energy policy was within reach. Rewriting the Canadian Constitution was simply not an issue. That was less than a year ago. What has happened? It is no accident that the relative calm of November, 1979, has been transformed a year later into hostility and bitterness. It results directly from a calculated assault by the Prime Minister and his close advisers upon the institutions and traditions of Canada. Canada is to be changed. It is Ottawa, not the provinces, which has raised the national debt to $105 billion. It is Ottawa which has overspent to the point that one-fifth of federal expenditures goes to pay interest on the debt.

It is Ottawa which has led Canada into a dream world where no one needs to work if he does not want to do so and where the state will take care of everything. The budget, the national energy program and the proposed new constitution are all linked together. Canada is to continue in the socialist mould, with power increasingly concentrated in Ottawa. Effort will continue to be diverted from wealth creation to wealth redistribution, and I want to underline that. This is the danger we face today. It is a most ominous danger. That is why Ottawa demands more revenue from oil and gas, to bail itself out of its condition of undeclared bankruptcy.

What is it which has caused the disaffection in British Columbia and the west? I believe it is the realization that policies originating in Ottawa under the Liberal government—this appalling disaster which has beset Canada—have one purpose and one purpose only, and that is to attract the support of the largest block of voters in Canada. It is exclusively to attract the votes of central Canada. Where is the national interest? The national interest never has a chance

whenever there is a choice between the national interest and the interests of the Liberal Party of Canada. The party wins hands down.

The Prime Minister, who casts doubts about the calibre of citizenship of those Canadians who disagree with his vision of a new Canada, asks westerners who feel alienated what kind of Canadians they are. He says they are hysterical and selfish. We do not have to use those labels for the western Canadians I know. It was western Canadians who in the election in February rebuked the Liberal appeal to vote not in the national interest but to vote against 18 cents because "that would hurt people personally". That was the inference. The real message of that campaign was that we do not have to make sacrifices to live in Canada and that we need only look after ourselves. Western Canadians turned away from that appeal to selfishness and, by rebuking that appeal, we demonstrated our loyalty to Canada. This is our nation and we care deeply for Canada.

Citizens in Okanagan-Similkameen are not selfish Canadians. Their concerns are not parochial. Sure, they worry about jobs. They suffer through inflation. They are damaged by high interest rates. Young people there want to own their own homes, and older people retiring to the Okanagan want security and comfort in their declining years.

They worry about health care, retirement centres and public transit. Fruit growers and cattle ranchers trying to cope with increasing costs of land, equipment, supplies and labour are being damaged by the cost of borrowing money and by the disadvantage of living at the extremity of Canada 3,000 miles from the major population market. The citizens of Okanagan-Similkameen face the problems faced by people right across Canada.

● (0940)

Do you know, Mr. Speaker, what their greatest concern is? It is about Canada, the future of our nation, the anxiety imposed upon them by the government in Ottawa which plays province against province, area against area, people against people, a damaging game of power politics which threatens to tear our nation apart.

Canada is the preoccupation of the people in Okanagan-Similkameen. We have a budget which fails to address the national dilemma, an energy non-policy which seeks to put the major burden on one area and the one group of people who happen to have minority representation in Ottawa. It is for the benefit of the more populated areas of Canada which control the political system. We have a government in place which is more concerned with power than with the national well-being. We have a spending regime which has as its standard waste and a preoccupation with unproductive activities, a record of deficit spending year after year which has left our nation hostage to every economic and financial ill wind which blows in the international climate. It is this irresponsible wasting of our Canadian product which explains why our nation cannot maintain an interest rate that is independent of the United States. This government's economic package, if it has one, is a total preoccupation with one national problem only, namely, inflation. We hear the phony response over and over again "we cannot do that", "we cannot do the other", or "we cannot do this". Why? "Because inflation will result". I say that Canadians are prepared to sacrifice for the nation's well-being. I think the government underestimates them. In my estimation Canadians would be even prepared to accept an additional personal hardship if we were creating something positive in Canada.

Some hon. Members: Hear, hear!

Mr. King: The problem is that we have the hardship of inflation, we have the hardship of high interest rates, we have immense deficit spending, we have wasteful habits, we have an arrogant disregard of common, decent, honest politics, and we are not in the process of creating national values, either in material or in national good will. We are defeating both those purposes.

I quote from *The Citizen*, which is not exactly noted for being an opposition supporter:

> The interest rate policy for which Finance Minister Allan MacEachen is making no apology will do much more damage than good to the economy. MacEachen finally acknowledged last week what everyone knew ever since the Bank of Canada began tracking the American interest rate fluctuations—that Canada's monetary, and so-called anti-inflation policy, is being set in the U.S.
>
> Curtailing inflation, achieving energy and food self-sufficiency, building a sound industrial base—all of these objectives are being sacrificed by the do-nothing federal government. The course of its policies will force on Canada a further debased currency, higher inflation and lost economic rewards.

So says the Ottawa *Citizen*. Thank you, Mr. Speaker.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, someone said "at last", and certainly many members, as well as the *Hansard* reporters and the translators, would like to say "at last". But it is at last my chance to participate in the debate, and the chance for many other members who, because of the importance of the subject matter, will want to add their thoughts to this discussion.

What is truly amazing in this whole debate, which started at eight o'clock last night and which has lasted until now, at quarter to ten on Friday morning—whether that is the Friday of the parliamentary day will, I suppose, be settled later—a debate which has lasted now thirteen and a half hours and some minutes, what is truly shocking and what concerns me and other members who have sat here during the night—there were some good contributions from backbenchers on the government side earlier in the evening—is that since 1.30 a.m. there has not been one member of the cabinet present in the House during a debate which affects the pocketbooks, the lives and the futures of Canadians from coast to coast.

Some hon. Members: Hear, hear!

Mr. Nowlan: That in itself should bring condemnation to this government which sits casually by hoping that the Christmas spirit will let them off the hook, after having deceived Canadians last year in a most dishonest election campaign.

Some hon. Members: Shame!

Mr. Nowlan: I agree with what the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) said so sincerely and clearly early in the debate last night, with his years of service to this Parliament. He said things I have never heard him say directly to the Minister of Finance (Mr. MacEachen) who was present in the chamber at that time, who deigned to be in the chamber, who condescended to come to the Commons at a time when interest rates have reached their highest peak in the history of this country and the dollar is the lowest it has ever been since depression days. They say it is a pause in the recession or a pause in the recovery, a sort of hiccup on the way to progress. Mr. Speaker, with that type of hiccup, we will asphyxiate and choke ourselves to death unless the minister gets off his posterior and comes in after the Christmas recess, if we have one, with an action program, not a rapid, vacuous explanation and weasely dealings of the crafty Scot from Cape Breton.

I respect political acumen as much as any member in this chamber and I am prepared to give my due to the individual political acumen of all members because obviously the fact we are here proves some political ability. But when you are a minister of the Crown and it took longer for you to put your government in order and to bring your budget down than it took the previous government of my leader, the right hon. member for Yellowhead (Mr. Clark), which you complained about; when it took you longer to produce a budget which was a budget in name only because it did not deal with inflation, unemployment, interest rates or growth and which brought in by the back door an energy package which has affected this economy, it is time to start calling facts by their name. It is not just the federal reserve board of the United States that has affected the economy.

When a politician finds an interesting editorial anywhere, he wants to refer to it some time in the debate. When the minister rose in the House last night he gave a sort of response in the debate following three opposition speakers, namely, my leader, the Leader of the NDP who led off the debate and the former finance minister from my party. The minister condescended to speak. He did not want to take part in the debate when he should have done so in the first round of leading speakers. That in itself is testimony to the fact that the Minister of Finance is incapable of leading in the area of finance for which he has responsibility. He wanted to play political games. He did not want the hon. member for St. John's West (Mr. Crosbie) to follow him because he thought that perhaps the former minister of finance would carve him up, as he should have done. It is a very faint hope that we will be out by then, but a week from today will be Boxing Day. This debate started a week before Christmas. On Christmas Day we will be carving up turkeys, and the biggest turkey to be carved up is the Minister of Finance who was in his seat in this chamber only until 1.30 a.m. I am not referring to the absence of other hon. members but I am saying that nobody from the treasury benches replaced the minister who perhaps had to absent himself. All hon. members understand when a minister, due perhaps to previous commitments, cannot be present at a particular debate on matters which perhaps are not too important for him, as obviously the minister has had to excuse himself. He might have had to go to bed to sleep for four or five hours. He may be involved in a reunion or he may be required to say "hello" to his staff before going away for Christmas. There are many important things to be done. Obviously ministers can absent themselves from the House. I understand that. As some speakers said earlier in the debate, when some things are illegal and unconscionable, they are not acceptable.

• (0950)

When I came into the House the interest rate was frozen at 6 per cent by the Bank Act. I remember the debates which occurred to remove the ceiling so that interest rates would rise and there would be supply and demand. The idea was to let the free flow happen. Some of my farmers have loans with banks in order to help pay for their crops or to purchase seed for the crops of next year. They are being charged 22, 23 and 24 per cent. Also some of my fishermen who are trying to obtain loans face the same interest rates. Some of the students in my riding who want to attend university will not be able to do so because of the interest rate. We must all face the interest rates. There is no easy answer. The minister harped on that last night.

Not only is the Minister of Finance on trial here. Perhaps this institution, the government and our system are on trial. Some people out there are not closely identified with politics. Just a year ago the Minister of Finance and the Minister of Industry, Trade and Commerce (Mr. Gray) who was the finance critic of the opposition criticized the Conservative government. In a year they flip-flopped and in effect, gave the same answers as were given by the hon. member for St. John's West when he was minister of finance. They have indicated that there were outside influences other than just the weather. To try to fool Canadians in that way places an onus on all members, certainly members of the Treasury Board. They did not even bother to attend the House of Commons for this debate from about 1.30 a.m. onward. Of course the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance (Mr. Evans) was here. He was the one man from the treasury benches who was here throughout. I can understand members coming and going, but the only other minister who showed his face, as the parliamentary secretary knows, was one who was not involved in the debate. He strolled in, talked to his friends, and removed himself in approximately five minutes. I have never seen a debate on such an important subject from which members of the Treasury Board have been absent. It shows the extent of their interest in trying to do anything. I am referring to ministers, not to members on the government side. It shows the fundamental contempt of ministers for the House of Commons. It indicates their casual, negative approach to this question concerning the economy and interest rates.

It is amazing. The Minister of Finance was absent from the chamber for hours. As my leader or someone else said earlier

in the debate, the man is almost a phantom. The Prime Minister (Mr. Trudeau) of this land can go out to philosophize and make extemporaneous speeches before attentive andiences of party faithful. He can appear before the assemblies of the schools of the land. He can walk in with advance men and walk out with retreat men.

There have been debates on the constitution as well as constitutional questions. There has been confrontation on energy. Those matters have been mentioned tonight, but before the House adjourns for the Christmas recess, when the state of the economy was never in a poorer and more perilous way, I would think the Prime Minister might deign to come off his Olympian plateau. He has blinkers about the constitution and he has phobias about premiers. He should come down from the mountain and say what he thinks about the economy. He should give some direction or at least talk to the Minister of Finance.

We are facing a run on the dollar. Our reserves are published at the end of the month or at the end of a quarter. I think the publication of those reserves in support of the dollar will be horrendous. Perhaps the parliamentary secretary has the information. If he does, I hope he will tell us and perhaps participate in this debate. Not only interest rates will save the dollar. In time we will find out that there has been a fundamental play with our reserves to protect the dollar.

I was intrigued with the argument of the hon. member for Qu'Appelle-Moose Mountain. I would love to have the government poke holes in it, because obviously I do not yet know where the holes are. He talked about a 1 per cent increase in the dollar which affects the importation of $50 billion worth of goods. It may be so simple that the parliamentary secretary can refer to it when he participates.

Mr. Evans: I did last night at 12.30.

Mr. Nowlan: I heard the parliamentary secretary but I do not think he debunked it. A 1 per cent increase affecting $50 billion of imported goods is an interesting theory. In my layman's mind it is not the same as a 1 per cent interest rate increase, compared to the figure the member used last night.

I will read the speech of the parliamentary secretary again. I was privileged to sit at one time on the right hand of Mr. Speaker. I listened to the backbenchers last night and I commend the ones who had the guts to rise, and not really to defend the Minister of Finance. They talked about other matters, they talked about the economy. In effect they participated in the debate. I know how difficult it is for a member sitting as a backbencher to defend this question, because I sat as a backbencher last year. Sometimes backbenchers do not always agree with the minister of finance in certain matters. In that context I respect those who participated last night, but having tried this other monetary theory almost without qualification, I would like to have the choice to buy an imported product. If I cannot buy an imported tomato, for example, because of the high cost due, perhaps, to the level of the dollar, it would be my choice. I have no choice when I receive a slip from the bank which indicates that my interest rates have risen.

In the last three weeks I have received many letters and notices from my bank. I have not opened them all because they contain bad news. The interest rate has jumped repeatedly, and I have no choice in that regard, but I have a choice if I want to buy an imported product. If I buy an imported car, it is my own choice. If I want to buy an imported transistor television set or imported foodstuffs, it is my choice. I will make the choice. If I think it will cost too much money, I may defer it or put it off. I am not prepared to accept blindly what the economists have said. They have indicated that when the value of the dollar goes down, the cost of imported goods rises and inflation is higher. I have already told some members of my family not to buy imported tomatoes because they do not contain any vitamins at this time of the year, they cost too much, and they do not taste as good as Nova Scotia tomatoes at the height of the tomato season. That is when tomatoes should be eaten.

I should like to refer to an editorial which appeared in *The Globe and Mail*. It is not as simple as both governments being confronted by outside influences in the last year. The Conservative government came out with a budget which every responsible economist, editorial writer and businessman said—and most Liberals on the backbenches knew—was the first responsible budget to address long-standing problems.

Some hon. Members: Hear, hear!

Mr. Nowlan: There is no doubt about that. I became irritated with the Minister of Finance who comes from the same province as I. I got my dander up and my Irish saw a little flash when I listened to the minister's hollow, weak and almost dishonest response to such grave matters. He did not choose to stay around or even have another minister here to pay courtesy to all members who participated. This is not a general argument. On December 13, which is a horrible date to remember, an article entitled: "Not All Imported" appeared in *The Globe and Mail*. Others have said it in different ways. But the argument about pressure on the dollar is not the usual one. It has to do with whether there are incentives to invest in this country and should there be money left after the budget plans are in effect. In effect, that discriminates against investment and forces it offshore. Will there be pressure on the dollar when there is not development in the tar sands?

● (1000)

Under this budget inflation is ever-increasing and it contains a Canadianization program which will involve more government expenditures. It includes the Foreign Investment Review Agency, which certainly causes concern in terms of investment planning. These and many more items are in the control of the government. Something could be done about the pressure on the dollar without getting into the charade of saying that you want to spend more. In effect that just perpetuates the whole problem by increasing the deficit.

So the problem we are facing, having the highest rate of interest this country has ever seen, compounded with the lowest value dollar since the depression, is not the usual

economic argument that Parliament has heard for the last year or more. there are very direct references to the policies of this government which stem from the budget.

My time is quickly running out and I know the staff, the translators and the reporters, have been here for a long time. My friend from Etobicoke talked about the misery index. Obviously there is discomfort in order to keep the House of Commons going for as long as it has. If the government or its ministers, when they finally read this debate, or when ministers come into the House—and I am glad to see there are some here now—do not appreciate that throughout the night there were not just three, four or six members of the opposition, which is usual in an all-night debate of this type, which normally peters out around three in the morning—instead there were between 20 and 30 members in the House and those members were always within the call of the whip—if that does not show that there is a sincere concern about where we are heading, and if it does not indicate the frustration which members in my party feel, then I do not know what is.

In terms of the constitution debate we are not only the official opposition, we are basically the only opposition. The NDP cannot be considered that because they sold their soul for a mess of pottage and a couple of letters between their leader and the Prime Minister. Those members who were concerned about closure being invoked on the constitutional debate were the members who spoke last night. They used the generality of this debate to rid themselves of the frustration which they feel. I think members would agree with me, as a member who has experience with this type of debate, that there were serious and constructive speeches made by members from all parties. If the government does not get the message that members are concerned, then we are heading for future problems.

Mr. Speaker, the discomfort index which we all feel is unfortunate. It is easy to differentiate between the night crew and the day crew. The night crew have gone out to shave and will return. The day crew have arrived clean-shaven, as they were not here all night. The point is, Mr. Speaker, that this is only a momentary discomfort. Many people involved in this debate discharged their responsibility seriously. They were here, and they may come and go as they must. The discomfort index is a minuscule matter when compared with the discomfort felt by the people in my own riding who are caught in this vice of a stagnating economy, with bills to pay and interest rates ever-rising.

Mr. Speaker, in conclusion I would like to end my remarks on a lighter note. Since I thought at one time I would be speaking very early in the morning—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but—

Mr. Nowlan: Mr. Speaker, I want to quote one poem. It is not an unkind thing to do. Frankly, I could have made my whole speech based on this poem.

The Acting Speaker (Mr. Ethier): If the hon. member is to continue, he must obtain the agreement of this House.

Some hon. Members: Agreed.

Mr. Nowlan: To conclude my contribution to the debate I want to say that there are three new horsemen here in the House of Commons. They are known as Wynken, Blynken, and Nod. I would like to read to this House this beautiful nursery rhyme:

Wynken, Blynken, and Nod one night
Sailed off in a wooden shoe,—
Sailed on a river of crystal light
Into a sea of dew.
"Where are you going, and what do you wish?"
The old moon asked the three.
"We have come to fish for the herring fish
That live in this beautiful sea;
Nets of silver and gold have we!"
Said Wynken,
Blynken,
And Nod.

The old moon laughed and sang a song,
As they rocked in the wooden shoe;
And the wind that sped them all night long
Ruffled the waves of dew.
The little stars were the herring fish
That lived in that beautiful sea—
"Now cast your nets wherever you wish,—
Never afear'd are we!"
So cried the stars to the fishermen three,
Wynken,
Blynken,
And Nod.

All night long their nets they threw
To the stars in the twinkling foam,—
Then down from the skies came the wooden shoe,
Bringing the fishermen home:
'Twas all so pretty a sail, it seemed
As if it could not be;
And some folk thought 'twas a dream they'd dreamed
Of sailing that beautiful sea;
But I shall name you the fishermen three:
Wynken,
Blynken,
And Nod.

Wynken and Blynken are two little eyes,
And Nod is a little head,
And the wooden shoe that sailed the skies
Is a wee one's trundle-bed;
So shut your eyes while mother sings
Of wonderful sights that be,
And you shall see the beautiful things
As you rock in the misty sea
Where the old shoe rocked the fishermen three:—
Wynken,
Blynken,
And Nod.

I think Wynken is the Minister of Finance, who winks at a disastrous policy and is not prepared to change it. Blynken is the Minister of Energy, Mines and Resources (Mr. Lalonde), who blinks at the non-reality of world prices. Nod is that little head who sometimes shrugs and sometimes nods but, unfortunately for Canada today, he dreams a little too much when Canada cries for action.

Some hon. Members: Hear, hear!

Mr. Jim Peterson (Willowdale): Mr. Speaker, following the hon. member for Annapolis Valley-Hants (Mr. Nowlan) I am reminded of a Shakespearean sonnet "On His Blindness"—

Mr. Murphy: Milton.

Mr. Peterson: At any rate, I think it goes something like this: "In the gray light of dawn, my heart grew sick, to hear how the opposition got their kicks."

Mr. Speaker, I would like to say that this is an important debate spent in discussion of a very important subject. As I am a new member to the Thirty-second Parliament I cannot imagine how any session of Parliament could be more historic than this one, at least since the Second World War. The session started off with the Quebec referendum, which resulted in a constitutional renewal, a call for that renewal by the leaders of all federal parties and by all provincial leaders in Canada. As a result of that call for renewal, the constitutional bill was introduced and we have seen that there are problems in Canada and that unanimous agreement is not being achieved.

Another reason that this is a particularly historic Parliament is because of the national energy policy, which is an attempt to set forth the future path for energy self-sufficiency and an energy strategy, so that future generations can enjoy the abundant riches which we and past generations have had here in Canada. I do not think, Mr. Speaker, that we will be able to achieve this future unless we look at the referendum, the national energy package, and the constitutional bill, as one integral whole.

● (1010)

They are all interlinked by the common theme and by the question, what do we believe Canada is? As the Prime Minister (Mr. Trudeau) has said, there are two views of Canada that have emerged, and these are two critical views that we must bear in mind. The one view, and we can understand this coming from every provincial leader because their mandate is to their provincial population, is that each must bargain for the provincial good of their own particular province. They were elected by the provinces and that is their responsibility. The question is whether that type of philosophy should govern the way we, members of all parties in this federal House, conduct our own mandate. Do we take succour from what they are doing or do we take our own responsibility of trying to meld these diverse regional interests, these diverse provincial interests into one integrated whole that will work for the benefit of all Canadians?

This is the approach which we will have to take when dealing with the question of our economy, our present high interest rate, the very low dollar and other questions which we are facing today. These are indeed very challenging times, but before we get to a point where we let emotion—and yes, it is an emotional issue; and yes, people are hurting; and yes, things are not as we wish them to be—take precedence over the route which we will have to follow in introducing concrete policy, let us just think back, to sum up the great challenges which we have faced. We are in what Alvin Toffler, the world's greatest futurist, calls "the third wave." It is the wave of the information revolution. The first two waves were the agricultural revolution and the industrial revolution respectively. We are now in the third wave, the information revolution, where new technologies and the sum total of world knowledge are doubling every 15 to 20 years. This imposes vast new challenges on the way in which we operate, on the way we look at our world and respond to the needs of Canadians.

We have seen how these changes can affect the lives of Canadians. Take, for example, the OPEC crisis. Since 1973 the OPEC price of oil has increased approximately 15 times. It has created vast new winners and very poor losers. Wealth has been funnelled into various areas of this world and, indeed, into new areas of Canada where it had not existed before. All of us in this House rejoice in the fact that the western provinces, particularly Alberta, now have this wealth.

We are indeed blessed and fortunate that we have this wealth in Canada. But let us not forget the cataclysmic changes which can take place in this age of technological revolution and how we as a country have stuck together for over 113 years. This has been based on the premise of working together and respecting each other's needs and legitimate concerns but, more so, by working together. Let us not look at this in one-year or two-year perspectives. Over the long run we will all be stronger by adopting a policy of working together and understanding each other's legitimate concerns.

Let me talk a little about the budget because this has been one of the areas of attack by the opposition during this extensive debate. Let us again try to step back from the heat of the moment and the debate and recognize a few realities. These are fundamental realities and these are the facts. Canada's economy, more than any other economy in the western world, is inextricably linked to world economic events. Canada is the greatest trading power in the world relative to the size of its economy. We are more dependent upon international trade than even Japan.

In terms of our capital markets, we have not introduced exchange controls, nor do we intend to. We have free flows of capital occurring. How can we innoculate ourselves here in Canada when we are so dependent on foreign exchanges of capital and foreign exchanges of trade? How can we innoculate ourselves against the world economic realities when this is

the present fact in Canada which also involves the kind of future upon which we will build to give us the economic strength we will need.

An hon. Member: Not with your leader.

Mr. Peterson: An hon. member opposite said, "Not with our leader". Perhaps we could then refer to what his leaders have been suggesting. For example, in the budget debate we have been criticized severely for not cutting the deficit more, particularly by members of the official opposition. But at the same time that they have been calling for budget cuts and cuts in the deficit, they have asked for at least 30 brand new expenditure programs.

If hon. members opposite would look at the debates they will find that at least 30 new spending programs have been proposed by members of the official opposition. I can understand their legitimate concerns for people who are hurt, but we must ask hon. members if they are prepared to increase the deficit in order to undertake these expenditure programs and increase inflation by increasing the size of the government debt. Hon. members cannot have it both ways. It is easy to criticize. Let us come up with some concrete solutions. I have not heard from members of either of the two opposition parties one concrete alternative to the present situation in which we find our dollar at a low and interest rates at a very high level. Have they advocated that we peg the interest rate at a fixed level? No, they have not, because they know that it would be irresponsible.

It is not enough for members opposite simply to criticize. They have an obligation to the people in their constituencies and throughout this country, as members of this federal Parliament, to look at the broad national interest and to work with us to help devise alternatives if they have them. Until I see those alternatives I would have to assume that either they are convinced they would not work or that they do not have them.

I would like to expand on a few of the remarks made by the hon. member for Oxford (Mr. Halliday). I thought he made some very cogent comments in debate earlier this morning on the need for greater research and development in Canada. I think members from all sides of this House support this subject as one of our priorities in the months which lie ahead. It is the type of approach we take as part of our industrial strategy that will help build Canada's future, and we must focus on the long term.

One of the priorities for increased research and development in Canada will be added expenditures. I do not think we can get around the situation without them. I hope that these added expenditures will come through a combination of co-operative efforts undertaken by the National Research Council and the universities, but mainly by the private sector. The private sector needs the research and development in order to grow and become productive. We can utilize the NRC and the universities in co-operation and under the direction of the private sector as one means of achieving growth in research and development.

I do not think that members of this House should be satisfied with a target growth of 1.5 per cent of gross national product. The competitive realities in this harsh world are that those expenditures must go to at least 2.5 per cent. I welcome support from members opposite on that type of approach.

• (1020)

I would like to suggest that as part of this industrial strategy we ought to be looking at the concept of world product mandate. I am happy to see that corporations, both foreign owned and Canadian owned, are now developing the process of world product mandating of goods, producing one product in Canada and exporting it around the world. This is the type of program which has come about through the encouragement of our Minister of Industry, Trade and Commerce (Mr. Gray). It is one on which we should be building in the future because of its great potential to help Canadians become cost efficient and competitive in international markets.

We will have to work with the United States, our greatest trading partner, through bilateral negotiations to solve these situations. We will also have to look at increased fiscal incentives for world product mandating and exporting.

Part of this industrial strategy will have to involve reliance and co-operative effort with small business. I do not have a knee-jerk reaction as some members from the official opposition do against providing assistance under certain circumstances to small business. I do not look on this as an expenditure. I look on it as an investment, an investment in individuals who are Canadians and who have the potential for creating new jobs. After all, small business is free enterprise in action and it is the engine of our economy.

I have one caveat. When we consider assisting small business through grants or whatever, I do not think it should be a one-way street for government. I do not think that government in the public sector, which is really the trustee of all taxpayers' money here in Canada, should have no upside potential but only downside potential. When this type of assistance is given, providing that small business does profit from the incentives we have provided, then I believe the government should be able to participate on the upside in those profits as well. In that way we will have more funds to regenerate and assist the private sector and to respect the wishes and needs of small business.

I am encouraged by the foreign marketing assistance which our minister of trade is giving to small business. He has travelled around the world. I might mention the Pacific Rim conference which was the idea of the hon. member for Vancouver Centre (Miss Carney). We certainly recognize the efforts she made to start that and we are happy to have carried it on. It was a very successful conference and there will be more. This is the co-operation between government, small business and the private sector that can help make the private sector even stronger.

In concluding my remarks on industrial strategy, which I see as one of the great long-term future benefits for Canadians, one sector has been ignored, that of the white-collar worker.

As I mentioned earlier, Alvin Toffler has described us as being in the third wave, the information revolution. In 1960, 43 per cent of Canadian workers were white-collar workers. It is estimated that by the year 2000 only 5 per cent of Canada's labour force will consist of blue-collar workers. This means a tremendous explosion in the technologies of performing office work and the increased enhancement of the role of the white-collar worker, and we have to be prepared for that revolution. We have to recognize it as being upon us, and we have to be prepared to take the steps to ensure that Canadians are at the forefront of this development of all world competition.

The total cost of office operations is estimated in Canada to run about 43 per cent of our GNP, if we can extrapolate figures from United States projections. This gives us the opportunity for many innovative programs and, for increasing capital investment available to office workers. Right now it is about $2,000 per worker, compared to $35,000 for factory workers and $70,000 for farmers. This is an area in which we must be prepared to make those investments. I hope it comes from the private sector. But we, as a government, which is filled with paper burden, with the white paper and white-collar workers, can take a lead, and it is one area we are examining. I believe it is through this type of co-operative effort in recognizing the importance of the office worker that we will be able to put ourselves in the forefront.

Much of the discussion in this 15-hour debate has involved the grievances of the west. I have had the opportunity as a member of Parliament to benefit from my travels to the west, to work with members from the west, members opposite, people from the west, industry, in fact, members from all political parties. I have benefited particularly from an extensive memorandum I have received from the hon. member for Crowfoot (Mr. Malone). Just as it would have been impossible for members in this House from all parties to understand what was happening in the Quebec referendum, and for us to understand the intensity of emotion in the present issues, without having an appreciation of the historical background which applied to the life of Quebeckers and what they had gone through during the centuries since coming to Canada, I think it is impossible for us in this House to understand the intensity of feeling in the west without having some appreciation for their historical grievances which go back many, many years. We are aware of these.

My parents came from the prairies. They lost their farm during the depression. We know about mortgage foreclosures, freight rates, and the legitimate concern of the west for industrialization. We should have new ways to encourage tourism within Canada so that Canadians do not go south in the winter. We have the most beautiful country in the world. It is one we should be exploiting as a great centre of tourism twelve months of the year.

We recognize the whole area of resource ownership as important. We have made concessions in our constitutional package and we recognized it in the budget. We need financial institutions which are responsive to western Canadian needs. Here again I would like to compliment the private sector on making the financial institutions, many of our biggest banks, more responsive to western needs by moving their offices out there. But let us face it, there is a feeling among some westerners that the east, and perhaps even Ottawa, does not understand their needs, their history, and their aspirations. I believe that all of us working in a rational, concerned manner can do a great deal to create national understanding and national unity by talking on common ground about these issues rather than for whatever short political gain there may be.

We know how easy it is to criticize. But it is understanding and constructive alternatives in terms of energy policy that we want to hear about. We do not want to sit here and listen to rhetoric. We know it is emotional and heartfelt and we know it may be founded, but what we want to hear are constructive alternatives in policy direction. Until those are forthcoming, I must say that our government is taking a very responsible approach with the national energy package in an attempt to meet the needs of Canadians from coast to coast.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but I must advise him that his allotted time has expired.

Mr. Rod Murphy (Churchill): Mr. Speaker, I phoned my wife last night and told her I would be late for dinner, but I did not expect to be this late.

First, I want to congratulate those members who stayed up to take part in the debate over night. We are in the fifteenth hour of the debate. It is an important issue. I want to thank all members who have taken part and who have listened to each other. They deserve the congratulations of all members of the House. In that same spirit, I would like to congratulate our financial critic who also stayed right through the debate. He never left this building since the debate started at eight o'clock last night. Something that is a bit of a contradiction is when you are speaking officially on Thursday, the eighteenth, to be able to quote from *The Citizen* of Friday, the nineteenth. One headline reads "Opposition lashes MacEachen". We did lash the finance minister all night, and for very good reason.

• (1030)

It is regrettable that more members of the cabinet did not listen to what members on both sides of this House were saying. We are facing very difficult economic times. We did not stay up all night just to have a free ride and enjoy ourselves in this House of Commons. We recognize that we have a very serious economic and social climate in this country. We realize that the government has the ability to do something to improve that climate. What is that climate?

We all know that yesterday the Bank of Canada rate increased to 17.36 per cent and the prime rate to 18.25 per cent. Most Canadians, even with good credit ratings, will be paying in excess of 20 per cent for their loans. The cost of living on a year over year basis has gone up over 11.2 per cent. We know that bankruptcies in this nation are running at 16 per cent, and in some provinces like Manitoba the percentage is even higher.

There are over one million people in Canada who are unemployed. Lay-offs are occurring at the rate of 1,000 a day. We have a Prime Minister (Mr. Trudeau), however, who tells pensioners to change their priorities if they wish to eat properly. One of my responsibilities in this House has to do with the Atlantic provinces. I want to state what happened in Atlantic Canada last year and what will happen in the next year.

In Newfoundland, costs November over November for all items were 13.1 per cent higher, and food was 14.8 per cent higher. In New Brunswick, all items were 12.2 per cent higher, and food 15.6 per cent higher. In Nova Scotia, all items were 12.3 per cent higher, and food in the province of the Minister of Finance (Mr. MacEachen) was 16.3 per cent higher. In Prince Edward Island all items were 11.8 per cent higher, and food 12.3 per cent higher.

Unemployment projections for next year in those provinces are as follows: Newfoundland, 17.4 per cent; Nova Scotia, 11.6 per cent; New Brunswick, 12.8 per cent, and Prince Edward Island 10.7 per cent. How can we expect those provinces to rebuild their economies with that much unemployment and with those increases in the cost of food?

When you destroy the ability of the people of that region to do more than pay for their basic foodstuffs, you also destroy that region's economic capacity to build on its service industries. People do not have the funds to buy other items which could be produced in those provinces. You literally destroy their opportunities to improve their economic performance in that area of Canada.

I could go on and talk about the extra costs of living in the north, high unemployment among native people, housing problems for native people and the youth who suffer so much under the present economic circumstances of Canada. However, others have spoken about that. I could go on all day and give statistics about how bad the economic situation is in the country. However, after dealing with one or two more statistics, I want to talk about what is happening to people.

I would like to begin by referring to *Hansard* for October 25, 1979, where the Minister of Employment and Immigration (Mr. Axworthy) is quoted as saying that with an 11.5 per cent mortgage, "Canadians are being crucified". He went on to say that with a 14.5 per cent mortgage, "they are being drawn and quartered". We now have mortgage rates ranging between 16 and 20 per cent. That explains where the Minister of Employment and Immigration is getting his eunuchs from. He is creating with his own economic policy, and the government of which he is a part, that situation in Canada.

People throughout this country cannot afford to buy homes. Some young people with two incomes cannot qualify for mortgages in this country. That not only affects people's visions about what their life will be like, but also affects the construction industry, the lumber industry, and results in many more lay-offs in Canada.

I wish to refer to other quotes of the Minister of Employment and Immigration. I refer to his "Special Parliamentary Report". On the front page it states "Promises Fulfilled". Whatever happened to the promise of the Minister of Industry, Trade and Commerce (Mr. Gray) to resign if interest rates went up? Does he not have any credibility, sense of honesty, or integrity? He made a specific promise, not only to members of this House, but to all Canadians. He made that promise as a spokesman for the Liberal party. It is a broken promise. When Liberal ministers put out propaganda talking about promises fulfilled, they should make sure their promises are fulfilled. Therefore, the minister should resign.

It is interesting how the government has propaganda inside the handout of the employment minister which talks about our cheap prices for food. It states "Canadians have the least expensive food". There is a beautiful little chart which shows that Canadians pay $55.58 for a basket of 21 items. That is in U.S. dollars, which means it is much higher in Canadian funds. As proof of how cheap it is to buy goods in Canada, a number of countries are listed. The last country listed is Japan where that same basket of 21 items costs $135.10. As my colleague said, it costs more for those 21 items in Japan because the Japanese do not eat the same foods.

If those are statistics and that is the information ministers of the Crown send to Canadians to prove that the Canadian economic situation is great, no wonder we in this House are very skeptical. We cannot believe a minister who passes out that kind of information to his constituents.

The Minister of Finance says there is no problem, there is no crisis in Canada. We do not want to delay the debate with statistics about a crisis. We have already proved in the debate which took place for the last 15 hours that there is a crisis in Canada. Look at the real crisis, the crisis among people. I wish to quote from a work by the National Council on Welfare. I quote:

> Anything that widens the gap between income and need—the loss of a breadwinner's wages because of unemployment or illness, escalating rent, sudden rises in fuel and grocery costs, any unexpected and unavoidable expense—can plunge a poor family into crisis.

That is what we are talking about in this debate, increasing costs of fuel and food, unemployment, escalating rents plunging families into a crisis. This is not just a crisis, an emotional crisis of being laid off and not being the breadwinner, this is a crisis a whole family feels. This is a crisis of social costs resulting from bad economic management by the government.

● (1040)

Let us consider the unemployment statistics. Unemployment is a statistic, but unemployment is also a human fact; something which is felt by every person who is laid off, each person who cannot get his or her first job or his or her second job. That same report refers to a recent report of 100 families with violent situations. It reports that 80 per cent of wifebeaters are unemployed Canadians. That report states that 80 per cent of wifebeaters—I cannot say spousebeaters, wifebeaters—are people who are unemployed. That is a social problem resulting from the economic climate we have in this country. The sooner the government realizes that, and the sooner the government understands that we are not talking about statistics but about people then, hopefully, it will act.

Looking at the same study, frustrations are often taken out on children, those who are defenceless. This again is the result of an economic climate, a result of economic situations affecting people.

I could quote all sorts of statistics about costs of mortgages and the rising costs of food, but I am more concerned about the increasing humility of people. We must see the government act. We need to see members of the opposition to the government come into the House and listen to these debates. Because members on the other side do not come, they do not care. As a result they do not understand. It is nice to believe you must listen to cabinet colleagues and vote with them, but government members also have another responsibility. That responsibility is to convince the cabinet, to convince the Minister of Industry, Trade and Commerce, to convince the Minister of Employment and Immigration, to convince the Deputy Prime Minister and Minister of Finance, and to convince the Prime Minister that we must do something for Canadians, that we cannot just play follow-the-leader with the American economy. If those government members are not in this House they are not listening, and they are not capable of acting with their cabinet ministers.

Our leader and our finance critic have offered our proposed solution. We have offered our assistance in trying to convince the government that there are things we can do in Canada. We have talked about tax credits for low-income Canadians. This would not only be of benefit to those individuals I have talked about earlier, but also of benefit to all Canadians by getting cash flowing in our economy among those Canadians who need more jobs. We have talked about a national economic strategy. We have talked about energy strategies for northerners. In this way northerners could afford to earn a living, paying for their heating costs.

We have talked about regional development strategy, and we have talked about building a merchant marine in Canada. We have talked about all those things in this economic strategy which we have emphasized for the last three or four years, yet the government says it is not responsible and it does not know what is going on. It says to the opposition that it does not know what is going on, it never gives advice, it just criticizes. I would suggest to the Minister of Finance and others in that part of the House that they show some feelings toward all Canadians. What is lacking on that side of the House is an understanding of the problem. They also lack the political role and the political conviction to do something about the problems we face.

We have a national energy policy which is not only dividing Canadians but is basically the package of glitter the Liberals have presented on each and every occasion.

We have a problem in respect of unemployment. The government has created a program. That program does not work, along with 13 or 14 other programs. They really do not come up with a solution.

We have a problem with foreign investment in this country. The government has set up a Foreign Investment Review Agency but does not give it any teeth. It is really a laughing stock.

During the last election the government promised to strengthen the role of that board or agency. Since then it has done nothing. The government has talked about training and employment programs. All we have seen is more ad hockery for which the Liberal government is so famous.

When it comes to interest rates the Liberal party made certain promises, but what did we receive? We have received what some people would call the "Thursday abdication". What that means is that the government has said let the mortgage industry decide, and every Thursday the Bank of Canada does something with treasury notes, and every Thursday the interest rate goes up, and every Thursday somebody asks the Minister of Finance a question and he says, "That is not my responsibility, that is the responsibility of governor Bouey." This amounts to Liberal abdication of responsibility, whether it applies to interest rates, the lack of jobs, or concern for humanity. This is the result of a very sick nation.

It is time the government stopped abdicating its leadership. It is time the government took upon itself its economic, political, and social responsibilities. That is what this debate is all about. This does not involve the matter of whether one is Liberal, Conservative or New Democrat; it is a matter of the economic and social future of the country.

I started my speech by saying we are not here for a free ride, and we are not. We, as members of Parliament, have a duty and an obligation to speak our minds, to do our research, and do what we can to the benefit not only of ourselves but of those who are less fortunate and of those who follow us. So long as the ministers do not come and listen, so long as members opposite do not come and listen, we are fighting an uphill battle.

This is a battle we are willing to fight again and again, and again and again, until we do solve some of these problems and until we do get the government to realize that there is an economic and social crisis in Canada. That is a battle worth fighting and I do not mind staying up all night, as I am sure other hon. members feel, to fight this battle. We will do it again, Mr. Speaker.

Miss Pat Carney (Vancouver Centre): Given the fact that this is the fifteenth hour, coming up, of this debate, I want to talk about the economic impact of the budget measures and economic policies being pursued by the government. I want to talk about the effect of the economic policy of the government on average Canadians. Possibly I should explain that it is necessary to talk about economic impact at this time because clearly the Minister of Finance (Mr. MacEachen) does not understand what his policies are doing to people. Economic impact is what happens when you transpose numbers and budget projections and transpose those results to the lives of ordinary Canadians, and how this affects the day to day activities of Canadians and their hopes for the future.

● (1050)

I want to describe the economic impact of some of these measures on people I know. One of these people is an average Canadian who operates a grocery business. It is a small rural store. He has operated it all his life. He serves a clientele which has little access to neighbourhood grocery services but does have access to a large shopping centre. In the last few years he has been under a terrific cost squeeze. First of all, the dairy no longer delivers milk to his store. The dairy makes the grocery storekeeper go up the road to pick it up because the dairy cannot afford the expense of delivering it to him. The same is the case with the bakery. The bakery no longer will deliver bread to his small grocery store because it is trying to save on costs.

His manufacturers and suppliers demand cash for his inventory items because they will not extend credit to him in the tough times they are facing. His insurance costs have gone up, and his utility costs have gone up. He finds it difficult to meet his payroll. His inventory is low. He cannot restock at the interest rates he is charged. His mark-up is already above that of his large store competitors, and he cannot increase prices.

This storekeeper does not, of course, qualify for the prime rate at 18.25 per cent. The effect of the interest rate he is charged is more than he can bear, so what he does is simply lock his door. He just shuts down and gives up. That is the economic impact of the government's policies on some Canadians.

Another Canadian I know who is suffering under these economic policies runs a trucking operation in Alberta. He is a supplier for the oil patch. He built his business himself. He built his first rig with his own hands on a frame he found in a junk yard. He built this truck right down to the carpet on the floor. Then he went out and built another one, sinking all the dollars he earned into expanding his capacity. His wife did his books and kept the telex in her kitchen. For years she and the family did without so that he could build up his business.

In many ways this trucking operator personifies everything western alienation is about, because what he wanted to do was build a future for himself and his family. He did it under the toughest conditions one could imagine. For instance, he used to go into the high Arctic in February at the very first early light. He would go north when there were 15 minutes of light and unload a Cat from the Bristol. With the Cat he would build an airstrip and the drilling pads for oil rigs. He built containers for his suppliers. Under the impact of the energy policy which has been introduced by the government he is facing disastrous conditions because when the rigs move south the best iron moves first, and there is no need for support services. There is little industry to take up the slack, but at bank rates at 1 per cent over prime he just cannot afford to continue. That is what economic impact means to the average Canadian.

Another Canadian I know is a senior citizen in Vancouver who worked all her life for this country. She put aside her savings for her senior years. She is facing an economy in which all her costs are up. Her rent is up. Her transit costs are up, and her car insurance has increased by a third this year. Her discretionary income is lower because her income is fixed. I find it amazing that the Minister of Finance will maintain that senior citizens and other people in this country who require some support are fully protected from his policies because, of course, every senior citizen knows that that is not true.

When this senior citizen to whom I refer looks at her shrinking food dollar, she does not have to be told that the food index is 13.7 per cent higher than last year. She knows this by the reduction in the amount of food she can afford to buy. She hears the Prime Minister (Mr. Trudeau) tell her to use common sense. Her common sense tells her that if she has no money, she cannot afford food, so she exists on an egg or some cheese or some bread pudding. The Prime Minister calls this common sense. We call it cruelty.

I know another young couple who are suffering from the impact of these policies. They want to buy a home. They are the pride of their generation. They have earned their education. They are well motivated. They have good jobs. They have a family income of about $40,000 a year. They are in good health and, in line with their Canadian tradition, they have saved their money and postponed having their family so that they can buy a home. they find themselves frustrated on two counts. The inflated house prices are beyond their reach. Their $20,000 down payment in Vancouver will buy them a one-bedroom condominium, if they are lucky. In order to buy a three-bedroom home in Vancouver it will cost them upwards of $200,000. They cannot conceive of a time when they can afford to buy that home. If they could, they would face mortgage interest rates which are beyond anyone's comprehension. The monthly payments involved with the current mortgage rates are far beyond their capacity to pay, and these are fully employed, educated, and motivated Canadians. They have a sense of despair because they have done everything right, and everything has turned out wrong.

I know another Canadian who lives in central Canada who, every day when he gets up and goes to work, is in fear of losing his job. He knows that his job and the whole livelihood of his family depend on his ability to earn a paycheque, and that paycheque is in doubt. Every day when he drives to work he is worried about getting the slip which says that his business is shutting down. He lives in constant fear and anxiety. That is what economic impact means to the average Canadian.

What these people share is a sense of personal, and humiliating failure. they have tried their best, and they are going nowhere, and they share a frustration so deep that it is beyond description. However, I suggest that the failure is not theirs, because this government has failed them. This government in particular has failed them by creating the economic conditions which have led to their despair.

To this the Minister of Finance says he is doing all he can. We believe him. It may be that he is doing all he can and that the present crisis is beyond his personal capacity to meet. If that is the case, he should resign. He claims that the economic wasteland we are in is directly the fault of world events and directly the fault of the U.S. in particular. We have to

examine his statement in some perspective in view of our relations with the rest of the world.

He is not the first Liberal Minister of Finance—although he may be the last for a while—but we have to view his disclaimer of responsibility in the light of his predecessors. The ones I have personally known as a journalist in this House and as a politician include Mitchell Sharp, Walter Gordon, Edgar Benson and John Turner. I wonder what they think, reflecting on the economic crisis they faced. I wonder what they think of a colleague who stands before the House of Commons as Minister of Finance and disclaims all responsibility for his actions, who blames everybody else but himself, and who tells the whole world that under his stewardship the Canadian economy is a runaway economy, out of control and beyond his grasp.

But then that is in the tradition of the Liberal party, these pseudo-nationalists. They go to Britain to amend the constitution and to Washington for their monetary and fiscal policies. They have already gone to Saudi Arabia for their oil.

• (1100)

We have had finance ministers who have assumed this responsibility to control and run the economy. The hon. member for St. John's West (Mr. Crosbie) and the Clark administration brought in a budget which said clearly that we could control our own destiny. Today on my desk there is a letter from a constituent dealing, as it happens, with the constitution. I want to quote from it because I think the writer is voicing the feeling of many Canadians. She says:

> I can't help feeling that we really are continuing to act as "colonials" by asking the British government to make everything neat and tidy for us . . . as a member of your constituency, I am asking you to act as my voice, and undoubtedly the voice of many more silent constituents . . . Please argue on our behalf for this right: to deal with our own problems.

This government is denying us the right to deal with our own problems. They are eroding the entire economic base which we need in order to live constructive, economic lives as social human beings. On behalf of all Canadians and all our constituents, we demand this right to deal with our own problems and we demand that the government deal with our economic problems today, not refer them to Britain or go to Washington.

There are certain steps the finance minister can take. First, he can acknowledge his responsibility to act, as his predecessors have done. He can also acknowledge that most of the economic policies and problems we face at present are routed in the economic policies of this government in the past. He can face up to the key economic facts of life. One is that the rate of inflation reflects the massive accumulation of federal deficits incurred by the Liberals over the past 12 years. Another is that interest rates are a reflection in part of the rate of inflation and the lack of investor confidence in the economy. Another economic fact he can face is that the outflow of money which is contributing to the pressure on the Canadian dollar is a direct result of his national energy policy which is forcing Canadian firms to move south, taking Canadian jobs with them. He can face up to the fact that his policies are wrecking the country, that the ship of state is on the rocks and sinking fast. Only when he can see the problems can he and his government look for solutions. But he denies the problems and he will not look for solutions.

At the opening of my remarks I referred to the sense of failure which many Canadians feel today as a result of these Liberal policies. I want to remind Canadians that failure is a temporary state of affairs; that given the right economic policies we can free ourselves of this economic quagmire and use our energies, not in acrimonious debate, but in rebuilding our country together and planning for the bright future which was once our hope and is still our dream. We have to start somewhere and we demand, in this all night debate, that the Liberal government and the Minister of Finance start now.

Some hon. Members: Hear, hear!

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I realize that the suggestion I wish to make can be made only with unanimous consent, so I shall come to it immediately. It is realized that since we are on a motion to adjourn, there cannot be any other motion moved, but I hope the House will be unanimous in agreeing to the proposal that the House of Commons employees who have worked all night in the sitting which commenced on Thursday, December 18, 1980, and is still in progress be paid extra compensation for their service, and that the thanks of the House be extended to them.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I think that motion meets with general acclaim on all sides of the House of Commons. I should like to join in the tribute which is intended by the motion put by the hon. member for Winnipeg North Centre (Mr. Knowles). There are pages who, dismissed earlier, nonetheless stayed on to assist. The translation people and *Hansard* reporters are staying on, so are the Table officers, the staff of the Sergeant-at-Arms, and, I might say, those of us who were here all through the night. Also, there are people here who do not appear in the chamber who have had something to do with maintaining the operation of this building, and there is the security staff and the protective service who have worked throughout the night. I assume, to the extent that it would apply to all services in the House, the proposal of the hon. member is intended to include all those people.

Mr. Knowles: Yes, all House of Commons employees who worked all night.

[*Translation*]

Mr. Pinard: When it comes to agreements, Mr. Speaker, I always agree.

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the motion put forward by the hon. member for Winnipeg North Centre (Mr. Knowles). Is it agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It is so ordered.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, yesterday we received the news that the inflation rate, the CPI in November, had risen a full 1.2 per cent. Since this government took office, counting the months of April to November, the price index has risen 7.9 per cent in a period of eight months. In other words, it is clear that the inflation rate is the inflation rate set down in the fairy tale budget of the Minister of Finance accelerating. The suggestions in that budget were totally wrong, inaccurate and put forward incompetently. The inflation rate figures mean nothing except that the inflation index is going up and up, higher and higher.

Let me refer for a moment to a speech made last spring by the Minister of State for Finance (Mr. Bussières), who I see here in the House. In that speech he said essentially that interest rates are a symptom of inflation. The only way we are likely to achieve lower interest rates on a sustained basis, he said, is by achieving a substantially lower rate of inflation. The clear indication of where we are going with the inflation rate was given to us yesterday when the Bank of Canada rate went to 17.36 per cent, the highest ever in the history of this country, dramatically higher than at any time in the past, unbelievably high. When we wind up with the news that the chartered banks have established a prime rate of 18.25 per cent and an interest rate which, I might point out to members of the House, was deemed not long ago to be a usury rate—

An hon. Member: An Al Capone rate.

Mr. Blenkarn: My friend here says "an Al Capone rate". That is the prime rate, the rate at which the most creditworthy companies are entitled to borrow money. I do not have many of those in my riding. Indeed, very few of my constituents ever thought of getting the prime rate. My law firm does not have a client who gets the prime rate. The rate is prime plus 1 per cent, prime plus 2 per cent, indeed, prime plus 4 per cent. It means that the businesses and the ordinary people of this country are now required to pay 20 per cent for their money. If they can stay in business, that interest will be passed on in ever-higher prices. The government has us on a treadmill—rates go higher, prices go higher, wages must go higher and follow. We go on and on; the dollar goes down and our economy goes down. The only things which go up are unemployment and prices.

• (1110)

There is a problem in the country in determining the interest rate factor. I should like to discuss what has happened. Until last spring the Bank of Canada rate was an administered rate, determined by the Bank of Canada on some fuzzy basis when it decided to impose the rate. However, last spring interest rates went wild and the Bank of Canada decided that it would peg the prime rate it would charge the banking system at a quarter of 1 per cent over the 90-day treasury bill average.

Why does the rate go so high? It is because the Bank of Canada must go to the market every week now to borrow nearly $1 billion. Most of that is not fresh money; most of it is a rollover of existing treasury bills and other debt instruments which are outstanding.

The Bank of Canada statement points out that the amount of treasury bill debt held by the Government of Canada is $20.605 billion. Treasury bills are all written for 90 or 182 days, except for some which were written a few weeks ago on a much shorter basis. The treasury bills must be rolled over; at least $1 billion a week must be rolled over. What is happening?

The borrowing requirements or the need for the government to roll over its current debt every week creates an interest climate in the country dependent largely upon the enormous amount of Government of Canada borrowing. All government debt at this point today is in excess of $80 billion net debt. That is the debt owed by the Government of Canada or the public of Canada to the Bank of Canada. The tragedy of the situation is that most of that debt is current account debt. I am glad the Minister of State for Finance (Mr. Bussières) is here. If we were writing a balance sheet, the balance sheet for Canada incorporated would show at least $40 billion net debt within the year. Indeed it would be in excess of that because the rest of the debt, the very large majority of it, is due within less than three years.

The situation is that the government debt, the urgency and the current account nature of the debt, requires the Bank of Canada to be continually in the market borrowing, forced to pay whatever it must pay just to keep the bills of the Government of Canada paid. We need to borrow fresh money to the tune of $12 billion a year on top of the money that we must borrow to roll over the existing debt. This continual demand on the money market of the country makes it virtually impossible for the Bank of Canada to do anything except pay what it must in order to get the money.

When the Governor of the Bank of Canada appeared before the Standing Committee on Finance, Trade and Economic Affairs on October 30, he was asked what he could do. He was asked when there was a limit to the amount of money which could be borrowed. He said that he could borrow all the money he wanted, as long as he paid what he was required to pay for borrowing it. I said, "Are you not drawing up a supply of money?" He said, "As long as I can outbid all other bidders in the money market and as long as I can issue treasury bills and bonds at higher rates of interest, I can get the money".

What does that do to the rest of Canada? The government has soaked up the savings or the loose money of Canadians. The government soaks up the vast majority of the savings of Canadians. A year ago I asked some people from the Bank of Canada what they thought were the free savings of Canadians. They came in with a figure of somewhere around $12 billion. In order to finance its fiscal requirements the government needs $12 billion. We can see that the government is soaking up most of the available money. How is the government doing it? It is doing it by bidding up the rate of interest. They bid it up every week. Consequently they are paying 17.11 per cent on the average 90-day bill. That is how the Bank of Canada rate is determined. The banking system goes along with the govern-

ment, and that is why the prime is 18.25 per cent and our businesses must pay 19 per cent, 20 per cent and 21 per cent for their money. Also that is why it is very likely that we will have a depression and massive unemployment. A business that cannot pay its payroll and hire people will go broke.

The only difference between the government and private business is that they have not figured out a place where the government can file bankruptcy. In the House we are talking about the bankruptcy of ideas and leadership and a bankruptcy of policy because of the leadership of the government and the lack of policy. I have no sympathy for the government and the lack of policy. I have no sympathy for the Bank of Canada. It is trying to float the debts, waste and overspending of government.

In the year 1979-80 the deficit was over $11.4 billion. This year the minister says that it will be $14.2 billion, but he did not include the 17 per cent interest factor which he will have to pay for the latest rise in oil prices. It will be in excess of $14.2 billion unless the minister does something about it. In his fairy tale budget he says that next year it will be $13.7 billion, that the year after it will be over $12 billion, and that the year after that it will be over $12 billion. In other words, the government operates on the basis that there is a free lunch. It operates on the basis that it does not matter what is done. It creates demands and spending priorities, whatever they are, and it pays the bills. If it does not have the money, it prints it or borrows it. It goes on like that year after year without any plan to get back into balance or eventually pay the bill. It has a foggy idea that our children, grandchildren and grandchildren's children will some day, somewhere, somehow, pay it off. It will not work that way. It cannot work that way. A government, a business or a household cannot go on year after year spending more than it takes in. We cannot, as a country, spend more than we earn. That is simple economics. You cannot pay your grocery bill with a Chargex card. Yet that is what we are doing.

• (1120)

It may be important that we have certain things looked after by the government. It may even, in our opinion, be necessary. The basic facts which we in the House of Commons must come to grips with are that while there are huge demands on our society, while there are people in poverty, while there are businesses in trouble, while there is economic development which must take place, while there are government attitudes and programs, those programs must be tailored to meet the money which is there to pay for them. Sure, you can have a deficit one year if you have a surplus the following year; that is to say, if somewhere along the line you come to some sense of balance. But you cannot go on year after year with very little in the way of surplus. And we have had this situation from 1968 onward. We have experienced year after year massive and monstrous deficits. We are spending a dollar for every 75 cents we take in taxes.

The infrastructure alone on the debt we have accumulated is astronomical. In the year 1983-84 the minister's fairy tale budget proposes that we will pay $16 billion in interest. But he was figuring that on the basis that interest costs would be somewhere around 10 per cent. Will they be 20 per cent by then? Will they be 25 per cent by then? Will they be 30 per cent by then? Will that interest charge be $30 billion, $40 billion or $50 billion? Where are we going? We are supposed to get a set of directions in a budget. We are supposed to get a proposal for economic stability from this government. But what do we get? We get a fairy tale. And even the fairy tale says you can spend into the indefinite future. We have five-year projections and we still wind up with deficits in the $12 billion range. There is no program to get the country back into fiscal shape.

This is the kind of thing that we as members of Parliament had better pay attention to. And the government had better pay attention to it. You cannot go on year after year, no matter how poor you think you are, spending more than you take in, spending more than you earn. The government has to face up to this fact. It has to face up to the fact that there is no free lunch. It should realize that the free lunch went out long ago and that they will have to make arrangements with the provinces to do those things which provinces should do and arrange with the municipalities that they do the things which municipalities should do. Some of the things governments do cannot be done because they cannot afford to do them. The government will have to face up to that. They must face up to the fact that there are not enough resources in the country for them to be done.

We see the CBC coming before the CRTC with the proposal that we have not just one CBC but that we establish a CBC 2. They only charge us half a billion dollars to have CBC for a year, and now they want another CBC. Another half a billion dollars. Where is it to end? When do we say: Look, it would be very nice to have this entertainment, it would be very nice to have the party, to have the trip, but somewhere along the line government has the responsibility to say no. A government has the responsibility somewhere along the line to say: "We cannot afford it; until we pay our bills we cannot spend any more". A government has a responsibility to say to agencies of the Crown: "I am sorry, I know the problem is serious, but you cannot do that any longer because we have not got the money in the bank to pay the cheque; it will be stamped NSF".

A government has responsibility as trustees of the tax money, of the resources of Canada, to do it that way. There is no right to go on year after year raping the savings of Canadians by creating monster inflation, by printing money. We have increased the amount of money the Bank of Canada printed this year by $2 billion. The amount of debt that the Bank of Canada held of the Government of Canada a year ago was about $13.6 billion. It is now $15.613 billion. That is the kind of thing that happens. That is in a year. You cannot borrow it all on the market. The fact of the matter is you have to monetize some of it. The fact of the matter is you have to counterfeit some of it. The fact of the matter is that when governor Bouey says he is going to keep the monetary expansion between 5 per cent and 9 per cent this year, all you have

to do is take a look at the M-1 figure and he is breaking 9 per cent on M-1, he is breaking 9 per cent on M-1(b) and on M-2 he is breaking 15 per cent. And at the same time the productivity in the country is down, the gross national product on a constant basis is down.

How can one go on this way without having inflation, without having interest rates go crazy? The problem is with the fiscal responsibility of the government; it is their lack of ability to control spending. It is their lack of ability to pay attention. Where is it going? Their whole attitude in the party opposite has been spend, spend, spend. Take power—power at any price, power at any expense. It does not really matter where you get it from, if you have to rob the savings of the old people, the vitality of the corporate enterprises in Canada, if you have to rob them by inflation, if you have to rob them by creating a situation in which when you save a dollar you had better spend it in a hurry because it will only be worth 90 cents, or 80 cents next year.

The Economic Council reported the other day that a person with a retirement income of $10,000 in 1979 will have a retirement income in 1985 worth only $5,800. In 1990 it will be worth $3,900 at the anticipated rate of inflation. The Economic Council of Canada is clearly wrong, too, because the inflation rate is going to be greater. As we perceive, with this kind of inflation factor imposed upon us by the inept management of this government—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Hon. Bill Jarvis (Perth): Mr. Speaker, participating in this debate after some 15 hours I say quite frankly it is a pleasure for me. I might say at the outset that I thought that the quality of this debate, with few exceptions, is, from all sides, one of the best I have heard. My period here has been brief—some eight years—and I have participated in several of these all-night debates, but non where I saw—and I include my friends opposite—a more genuine concern for the people they represent than that which was expressed during the last 15 hours of this debate.

I make only one comment about that person in this House who should be the most concerned—that is, the Minister of Finance (Mr. MacEachen). He participated briefly last night and then disappeared. I was here—and if one had blinked one would have missed him—when around 9 or 9.30 this morning one of my friends in the NDP had the floor. I heard the minister heckling—and I do not know if it will be in *Hansard*. I would quite understand if it were not, as I know how exhausted the *Hansard* staff must be.

• (1130)

I heard the minister say to my colleague from the NDP, "I did not ask for this debate". Those were his exact words. He is the very person who should be the principal beneficiary of this debate. He should have instituted this debate. He should be here to listen to some of the concerns of his own backbenchers, not just those of hon. members in the opposition. But for a minister of finance after 11 or 12 hours to come into the debate and say to a colleague, who does not happen to share my political philosophy or the beliefs of my party, "I did not ask for this debate", is not only a disservice to the member who had the floor at the time or to myself in opposition or to this own backbenchers, but a disservice to the country. Given the economic situation, the minister should not heckle from his seat.

I am very proud to be one of those who asked for this debate and to participate in the debate. The difficulty is that given the range of economic crises which we face, what does one speak on in the limited period of 20 minutes? Should it be interest rates, unemployment, inflation, housing?

I do not claim that my riding of Perth is a unique riding, but I can pick any one of those topics. I could talk about interest rates and small business, but because I am one of the many members of this House who does not have any big businesses in my riding, every business in my riding is a small business. I know the very grave and serious difficulties which the small businessmen in Stratford, St. Mary's, Mitchell, Listowel and in the towns and villages, not only in my riding but all ridings, face. One could talk similarly about the ravages of inflation and, again, I do not claim that my riding is in a unique position.

However, I point out that Stratford was a CN carshop town for a good part of its history, and that there are many, many CN pensioners living in that area. The one advantage and the one attraction in working for CN in the old days was their pension plan. Many men and women opted to work for that company for lower wages than they could get elsewhere because of the attraction of the pension plan. That CN plan which was so attractive to many people decades ago has become a burden on them today.

Those on fixed incomes such as CNR pensioners and who own homes and form the backbone of Stratford are now among the most vulnerable people I represent. I could have talked about the energy policy because I was shocked when the Prime Minister (Mr. Trudeau) said, "Well, I do not see the unemployment lines growing longer in Alberta". Stratford, Ontario, has lost millions of dollars in contracts and jobs because of energy policy. There is a small company which only employs 300 people that lost several millions of dollars subsequent to the election and before the budget due to their customers' anticipation that this energy program was going to be in for a rough time. But when the budget came down they lost millions of dollars in energy contracts. That is not an unemployment line in Alberta; that is an unemployment line in Stratford, London, Kitchener and throughout central Canada, not only in Ontario but I presume also in the riding of the President of the Privy Council (Mr. Pinard), merely because of the energy policy.

I could have talked about housing. I had the great fortune to represent an area where home ownership was put at a very high premium. We do not have in our communities, cities and towns many rental units. Many people own their own homes. I as a lawyer profited by that philosophy. They were not wealthy

people. They were the tool and dye makers, the electricians and welders, and they would come to me as a lawyer, not to buy 1,500 square foot or 2,000 square foot homes but to buy 900 square foot to 1,100 square foot homes. They put their roots down in that society and they were not tempted to move for 50 cents an hour to places like Kitchener or Toronto. They stayed in Stratford and joined service clubs and coached hockey teams. That was the real heart of the city I represent.

I doubt that one skilled labourer in Stratford was able to buy a home last year. That was the vibrance and vitality of the community. I would like to develop any of these topics, but I shall forgo that temptation because I want to talk about a minority. It is bad enough being a minority, whether it be in terms of geography, heritage or whatever, but to be a minority without a spokesman is a hopeless situation.

I want to talk about the minority, which is my farm producers. I know that in an electoral sense, the farm vote, with every redistribution, becomes less and less significant. I begrudingly accept that. In my own riding, the farm population used to be roughly 70 per cent of the electorate. Now it is officially around 60 per cent. But if one looks at the towns which are classified as rural and removes them from the electorate, in my riding the farm producers are in the minority.

What is their nature? They are not a big corporate farm producer. They are family farmers. They are sound financially and they are both progressive and aggressive. Because they are family farmers, they are able to produce more efficiently than any corporate conglomerate that I have ever seen. They not only want to produce and have the ability to produce; they want, in spite of many obstacles, to stay in that business.

I could point to many farmers who over the past ten years would have been better off financially if they liquidated and invested in Canada bonds or guaranteed investment certificates. They could collect the interest and be far ahead. I think I see agreement from the hon. member for London-Middlesex (Mr. Bloomfield), because his farmers are very much akin to my own farmers. I think mine are a little better, but he might not agree.

The hon. member will know that the average farmer in his riding is the same as mine, and if they were to liquidate and invest their money they would make a greater income than from producing food. But to their everlasting credit, they resist.

Mr. Bloomfield: We agree on that point.

Mr. Jarvis: My hon. friend says that we agree on that point. I want to speak for these farmers now because what has happened has evolved rather slowly. I attended the wardens' banquet in the county some two or three weeks ago. I was disquieted to hear among the several hundred farmers there several discussions about whether to sell their feed grain or hold it and feed it to their cattle or hogs. That discussion permeated that particular evening. I was very concerned about the subject, so I began to investigate. I found more farmers in my riding—and I am sure it is typical of ridings right across Canada, and we have no monopoly on this in southern Ontario—asking: Shall we sell the grain that we would normally feed the animals to fatten and finish them for the Canadian market and forget about getting into the cattle or hog business this year? More and more farmers are doing just that.

That is why less than 48 hours ago in the question period I put to the Minister of Agriculture (Mr. Whelan)—and I am sorry that he is not here—the question that while we talk in terms of the 17 per cent prime rate, the farmers in my riding and in London-Middlesex riding were paying a minimum of 20 per cent. They do not get bank loans at the prime rate. That is why less than 48 hours ago—and I am outdated because the rate has hit almost 18.5 per cent in less than 48 hours—the farmers of Perth county, if they wanted to borrow working capital to finance the purchase of livestock, will have to pay 21 per cent, 21.5 per cent and 22 per cent.

That rate is virtually impossible for many of the farmers, no matter how well settled or affluent they may be. That is a very difficult value judgment to make, to pay that kind of rate. Therefore, the temptation is to sell off the grain that they would normally feed to livestock is much greater because they can take the proceeds from that sale and invest it at 13.5 per cent in guaranteed investment certificates. It may be 14 per cent by tomorrow morning, but I think that is the rate.

So we have, on the one hand, high feed grain prices with the temptation to sell and, on the other side of this impossible situation, enormous interest rates. A farmer must place himself and his family in a very vulnerable position when he goes into the bank and signs that demand note. That is what I put to the Minister of Agriculture. The issue was Canadian farmers being deterred from producing reasonable quantities of food at reasonable prices. Therefore I thought I asked the minister in a reasonable way what he was going to do about it.

• (1140)

An hon. Member: Where is he when we need him?

Mr. Paproski: He doesn't care.

Mr. Jarvis: I admit that I got very angry in question period that day. I do not usually lose my temper but what bothered me is that the minister does not even know there is a problem. This minister has been very weak in terms of farm financing. Over eight years I have found that year after year. We had the capital gains tax debate, the transfer from father to son debate. The minister was really out of his depth on those. But surely even he understands an interest rate of 21 per cent or 22 per cent. He told me the Farm Credit Corporation loans money at 12.75 per cent. He went on to say that the Farm Credit Corporation may run out of money. In some parts of the country they were running out of Farm Credit Corporation funds.

Let us look at the answer. Here is the answer to the Farm Credit Corporation: The well is dry. There is no money in the Farm Credit Corporation. Any farmer in any part of this country can phone his local FCC office right now and find that

out. There is no more money until April. The hon. member opposite can phone his Farm Credit Corporation and ask. I phoned, and there is no money until April 1, and that is it.

Farm Credit Corporation arrears are $53 million. I defy the hon. member to criticize me on that point. Do you know why farmers are not paying off their farm credit mortgage loans, Mr. Speaker? They are paying off their bank loans instead. They have demand loans at the bank with interest even over 20 per cent. The farmer says that he does not mind going into arrears with the Farm Credit Corporation but that he would rather get rid of his demand note. The minister has the gall to stand up in the House and say the answer is the Farm Credit Corporation. That is absurd. He went on to say that farm organizations should be helping these producers. I never heard of short-term working capital being supplied by marketing boards. I do not know what marketing board that is. I know a little bit about marketing boards because I have good members of marketing boards in my riding.

If the Minister of Agriculture is using high interest rates to railroad cattle producers into going into a marketing board, he has to be out of his mind. The essence of a marketing board is that producers want it and producers manage it. That has always been the hallmark of a farm marketing board. I have never heard a minister of agriculture say he was going to permit high interest rates which would destroy the farmers unless they formed a marketing board. I say that is the worst possible thing, and as my hon. friend has pointed out, that is blackmail.

I repeated my question to the minister. I was annoyed and I did not put it very politely, but I thought I would give him an opportunity to indicate that there is something on the horizon. I did not expect a detailed program of relief. I expected him to say that they were considering it in the same envelope as assistance to small business or considering changing Farm Credit Corporation policy to provide working capital instead of long-term capital or we were using farm improvement loans, or something. I did not want the t's crossed and the i's dotted. I just wanted him to indicate that that government and that cabinet in which apparently he has no influence were considering something. There was absolutely nothing.

To the second question he pointed out that they were giving interest-free loans for the storage of crops such as soya beans. He went on to say that turkey producers were making money selling utility turkeys at 79 cents a pound. If they are, that is great. I have turkey producers in my riding, and I think that is great. But do you think you are going to stop consumers consuming beef and pork and instead have them consume soya beans and turkeys? We could convert every farm in Perth county to a turkey farm and we could still not supply 1 per cent of the market. So the producer says to Canadian consumers, who may be faced with enormous prices for imported offshore beef, which we cannot supply, to convert to turkeys and soya beans. What kind of nonsense is that? It does not make any sense at all to suggest that Canadian consumers are going to switch from consuming beef and pork to soya beans and turkeys. We cannot produce them. We would all starve to death, if that is the only policy of the Minister of Agriculture.

I am getting a little excited again, and I don't mean to. I am sorry, Mr. Speaker. All I want from this government and from the Minister of Agriculture is an answer, because the Minister of Finance is like Turner. I remember Turner in the capital gains debate. I finally said that he could not tell a cow from a cabbage, and he could not. Eventually enough members on this side got up and we finally convinced him to permit that father to son transfer. The Minister of Agriculture did not know anything about it. But for heaven's sake, is there someone on that side who acknowledges that if you take away the vital link in the food chain, the cattlemen and the hog producer, it will be disastrous? The farmers will not be paying for it, it will be the consumers, because the farmers will not produce, despite this dedication to food production which has been demonstrated for decades in Canada. But when the minister has two attacks confronting him, high feed grain prices on the one hand and high interest costs on the other, he can only resist so much pressure. Surely there must be someone, if not among ministers, perhaps members from London-Middlesex or elsewhere, who have good rural constituencies and could tell this government that by putting farmers in a position not to produce, the government will be making the whole situation much, much worse. Unless we have that supply side met, we will have higher prices for imported food bought at a dollar worth 81 cents.

If the dollar goes down another couple of cents, things will just get worse and worse. We talk about those on fixed incomes and the working poor. They are the people who will be the worst hit by this. We have in place a government which has no sensitivity at all to a fact of life. Their lack of policies are driving out the key factor in the food chain cycle and that is the food producer.

Mr. Jesse P. Flis (Parkdale-High Park): Mr. Speaker, I was not going to take part in this debate. I sat here until the wee hours of the morning, but after hearing from hon. members in the New Democratic Party and the Progressive Conservative Party, I felt that the Minister of Finance (Mr. MacEachen) and the Minister of Energy, Mines and Resources (Mr. Lalonde) gave excellent responses. That is why I felt I could not add anything more to the clear statement of government policy. It was a clear statement of short-term objectives and a clear statement of long-term objectives.

I was listening very carefully for constructive suggestions. It is very easy to criticize, but I was listening for constructive suggestions. I can honestly say that I did not hear one constructive suggestion from the other side—

Mr. McDermid: You were not here all night, that is why.

An hon. Member: Back to sleep again.

Mr. Flis: —and I could not sit still any longer.

An hon. Member: Why did you go home at eleven o'clock?

Mr. Flis: I suggest that some of these members should go and live in other parts of the world. Let them go to live in the Soviet Union for a year. Let them go and live in Poland for a year. Let them know what it is like to be hungry. Let them know what it is like not to have any freedom. Let them know what it is like that there is no freedom to plan an economy, such as we did. Let them go and experience that. Then they will come back to Canada and kiss the ground they stand on. They have no appreciation or patriotism for this great land. What do members opposite do? They discriminate.

• (1150)

I was here last night and I was hurt as a member of this institution when the hon. member for Annapolis Valley-Hants had the gall to discriminate against my heritage. That is stooping a little too low. Those were the kinds of suggestions they were giving this government.

We heard from the Leader of the Opposition (Mr. Clark). What were his constructive suggestions? Hate tossed against the Minister of Finance (Mr. MacEachen); that was his suggestion. We heard hate, prejudice and racial prejudice. I am even thinking of taking the comments made by the hon. member for Annapolis Valley-Hants to the Human Rights Commission, because there was outright prejudice and discrimination in this House.

Mr. Flis: Then the hon. member for Perth (Mr. Jarvis) had the gall to stand up this morning and say he was speaking for minority rights. I suggest that Canadians with Portuguese, Italian, or Greek backgrounds are also minorities in this country. I ask hon. members, why do you discriminate against them? I am glad the hon. member for Perth had the courtesy to remember the farmers in this whole economic debate. I am glad at least one member opposite had the courtesy and the knowledge to address that situation in our economic package.

The previous Liberal government took initiatives to establish Canagrex under the jurisdiction of the Minister of Agriculture. I ask the member for Perth why, when his government was in power, they disregarded this recommendation totally. If they really have the interests of the farmers at heart, why did they ignore support for an export agricultural company in this country? Bleeding hearts, but no action.

This decision to disregard the Canadian Agricultural Export Corporation by the Conservatives was a gross injustice to our Canadian farmers, especially since Canagrex is designed and will help the agricultural community to export their products and plan on a long-term basis. It would allow them to secure long-term export markets on a contractual basis.

This is a vital necessity to the farmer because, with long-term contracts of up to five years or more, the farmer will at long last achieve some stability in his business which will help him to plan effectively his growth and expansion. Otherwise, without this added stability, how is the farmer to plan his production and purchase the production machinery that is needed?

Can you imagine the risks involved in running a farm? I am a farmer at heart. I was a wheat farmer in Saskatchewan where we had a family farm. I know the problems facing farmers. I worked in Ontario on tobacco farms and know the problems facing Ontario farmers. I think I can give a few lessons to the hon. member for Perth on farming.

Can you just imagine what it is like when a snowstorm could develop in a matter of hours and not only wipe out a crop, but an entire lifetime of building? I know what it is like to borrow money for new production machinery and not know if I would be able to sell my crops on a consistent basis over a number of years to pay back the loan.

Canagrex with its ability to secure long-term contracts will help eliminate many of the high-risk factors in the agricultural industry, thus enabling the primary producers to recover their costs plus a reasonable margin of profit.

The Canagrex concept that was envisioned and developed since 1974 has received much support. In fact, the hon. member for Lambton-Middlesex (Mr. Ferguson) was one of the early proponents of this concept.

Canagrex has not only been called for by the Canadian Federation of Agriculture and the National Farmers Union, but it has also been recognized and supported as a key vehicle by the ten premiers to increase Canada's total food production and expand Canada's export trade. As chairman of the special parliamentary committee on the proposed national trading corporation, I cannot stress this point enough.

If the proceedings of this House had not been interrupted as they were yesterday and today, I would have had the honour of tabling the second report of the special committee on a national trading corporation. Maybe I will have that honour later on this afternoon.

Canadian farmers can presently produce enough food to feed about 55 million people, twice our present population. Canada's agricultural sector has become one of the most effective and productive in the world. Canadians are now exporting well over 70 per cent of their grain production. It is no wonder then that in Canada one job in every four depends on the agricultural food sector. Members opposite seem to think that the only sector in Canada is the oil sector. Well, there are other important sectors of our economy.

Further, the total agricultural exports approached $8 billion in 1979, agricultural exports strengthened the Canadian economy and supported the value of the Canadian dollar. Canada's international food trade performance has not significantly changed since 1970, but there is room for increased exports because of the lower value of the Canadian dollar and recently negotiated trade concessions. Perhaps the greatest boost to exports has been the lower value of the Canadian dollar which makes not only our food attractively priced but all our goods and services.

When the special committee on a national trading corporation was holding hearings across Canada, one of the witnesses told us that we should not be too concerned when the dollar drops because there is always a positive side effect. It helps

Canada increase its exports. What does it mean if Canada increases its exports? It means a better balance of payments, better jobs and a more stable dollar.

Let me get back to agriculture. The demand for Canadian agricultural products in increasing as the current world population of about 4.2 billion swells to over 6 billion in the year 2000. This situation is further complicated by the fact that international food and agricultural experts predict a worldwide food shortage for the coming year with impoverished millions starving and prices soaring in the richer countries.

People must eat, and to many inhabitants of the Third World nations the search for their basic food requirement has become the major preoccupation since they are not able to produce enough food by themselves and we more fortunate nations will not give it to them. As Canadians, we have a moral obligation to our fellow persons to provide them with food and Canagrex will provide our farmers with the stability and incentives to meet this world need. To turn our backs on the quarter of mankind which exists on the teetering brink of death is the ultimate treason to humanity.

Canagrex will demonstrate Canada's leadership role asked for by the provinces in world agriculture by helping to develop the largely untapped agricultural potential which exists in all provinces and market more raw and processed food and agricultural products.

● (1200)

Furthermore, Canagrex will assist Canadian exporters to overcome the disadvantages often faced when competing with advanced trading nations such as the United States, France and West Germany. Let us face it, the Americans are in a period of economic difficulties and their trade representatives are becoming more aggressive than our representatives in the foreign markets. As many members of this House are probably aware, countries such as those in the Middle East, Mexico and Venezuela offer considerable market potential for increased volumes of Canadian agricultural products and wish to deal only on a government-to-government basis or through the use of state agencies. Canagrex will meet this need. At long last Canadians will be going abroad and selling as Canadians rather than as provinces. Canagrex will be highly visible. It will be a one-stop shopping operation dealing with all agricultural products other than those under the Canadian Dairy Commission and the Canadian Wheat Board.

Also, I will add that perhaps Canada should be exploring methods of barter trade with many of the oil-rich nations. We could exchange food for oil, thus benefiting both nations involved, nations requiring and needing each other's products.

Canagrex meets the requests made by farm organizations and overcomes some of the present shortcomings, particularly those related to export credit which are identified by the Hatch report or the export promotion review committee. In addition, Canagrex will, through its consulting and representative services, help to overcome the restraints on export development which arise from the small size and experience of many individual agricultural producers or firms who compete but who are currently ill equipped to meet the risks involved in developing new world export markets.

I draw to the attention of this House the report of the special committee on North-South relations which was tabled in this House on Wednesday, December 17, 1980. I compliment the committee for devoting an entire section to trade and export opportunities, and I would like to quote a few sentences from that report as follows:

> With exports representing one-quarter of the gross national product . . . Canada's well-being depends upon its ability to export. For this reason, any measures to restrict world trade would have severe repercussions in Canada.

Conversely any measures designed to promote world trade will bring great benefits to Canada. Canada can produce more food than we can consume, and we therefore need the structures now to enable our primary producers, farmers, to expand now. Canada is one of only four countries in the world which are net exporters of food.

I congratulate our Prime Minister (Mr. Trudeau) for his commitment to Canadian farmers. On April 15, 1980, the Speech from the Throne stated, and I quote:

> Food and agriculture are going to be increasingly important to the Canadian economy in the 1980s. To further strengthen the industry, my government plans to create a Canadian agricultural export corporation to expand markets for Canadian producers.

That was the recommendation, and when the Conservatives were in power they disregarded our farmers and their plight.

Mr. Malone: What a falsehood!

Mr. Flis: Yet they have the gall today to come to their rescue. Canagrex has not been implemented. I am urging my government to speed up the implementation of such a corporation because we must remember that the agricultural sector is a very important sector of our economy.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, in emergency debates like this there is an opportunity for the government to pause, take stock, review its basic policies and listen to the opposition. The opposition is not the government. We know that and the government knows that. When the government asks for specific policies and input, we give it as much as we can but, after all, we are not in government. We are not responsible for plugging all the loopholes, making all the buttons go, crossing all the t's and dotting all the i's. We are not paranoid about it, but I would like to make a point while we are discussing who is responsible and how much input there is.

I would like to refer briefly to something the Minister of Agriculture (Mr. Whelan) sent me a couple of weeks ago. In the Standing Committee on Agriculture we had asked to receive a publication which the department circulates within the department. Basically it is a bunch of duplicate copies of news releases garnered from the press in Canada, across North America and around the world, clipped together and sent out on a weekly basis.

The minister refused to send that to opposition members as a matter of policy because there were some copyright infringe-

ment possibilities, as if he or his department making copies of newspapers and passing them on to us would make him liable to some sort of copyright litigation. I say with tongue in cheek that we too have our copyright worries. We do not necessarily believe in copyrights. We go along with the Coca Cola philosophy—if you have a good recipe, your users understand and use it, but how you put it together is not generally known.

I would point out that one person in five in Canada understands NDP policy on the economy. One voter of every five votes NDP and supports our concept of the economy and the political, economic and social effects our policies will have, yet in this House we are only represented to the extent of 11 per cent or 12 per cent. Consequently, we only get to speak in about that proportion, so it is extremely important that when we do get up to speak we are as effective as we can be because we are speaking for considerably more people proportionately than our representation here in the House would indicate.

The problem the government faces now—not just this government but also the previous one—on the issue of interest rates, inflation and the economy in general is a problem relating to its basic precepts and its whole concept of the economy. Both parties base their political and economic philosophy on the idea of a free market economy existing here. I think that is a fallacious basis on which to form an economic and political policy because the free market economy has never been an active or a visible force in Canada.

It may have had some validity across the line in the United States, but when we go back in the history of this country, we see that the free market economy never really existed in any sector. In the beginning, Europeans who first came here to start exploiting the fisheries divided up the shorelines in particular places where their nationals would dry fish and repair boats and nets. It was not that anybody could land wherever he wanted. The rules were strictly drawn and fairly strictly adhered to.

When we moved into the fur trading business, we did so basically with a government-backed monopoly, if we count the Queen or King of England as government. A charter was granted to the Hudson's Bay Company. Trade was conducted as a monopoly. It was developed under a monopoly with close communications between government and business. The CPR was developed the same way, not by the free market building the railway, but by government interference and by working together with corporations.

● (1210)

I think the place where the Canadian political economy had its first basic turnaround was not with CPR, because that was the continuation of the Hudson's Bay Company approach where the government granted certain rights and privileges to a few shareholders who became very rich as a result. From my understanding of economic history in this country, the turning point was probably the Canadian Wheat Board. There we had government interfering in the economy on behalf of the basic producers. This is the first time I have been able to find where government interfered on behalf of the basic producer, the little guy. It did not happen overnight and it did not happen without a lot of political agitation on the part of the farmers, on the part of the little guys. But finally it happened and it brought a fundamental change to the way in which government interference takes place because in this case it used government power to market grain so as to maximize the return to the producer. The producer received the maximum price at the market, handled it at the lowest possible cost and returned all the surplus to the producer. That is a fundamental change. That surplus did not stop in the hands of a few marketing organizations or a few merchants, it went back to the producers. This is the kind of interference in the market that we would like to see continue. These people were the basis of the CCF, now the NDP. This philosophy and this concept is one which we would like to see applied in this country. We make no apologies for that kind of interference in the market. American as well as European observers tell us that such government interference has the potential of being just as efficient as any strictly private enterprise of operation. In fact, as long ago as the turn of the last century, Thorstein Veblen, an American observer of the social and economic scene, pointed out that from his studies there appeared to be no real advantage or real efficiency in very large corporations. He showed conclusively that their efficiency came not from their ability to do things better or cheaper but from their ability to manipulate the market. Bigness is not necessarily better, but bigness is certainly important when you want to bulldoze your buyers and bulldoze the competition.

We are saying that by adopting that kind of a philosophy, Canada can have a made-in-Canada economy which can work to the benefit of ordinary Canadians; we can set up an industrial strategy and an industrial economic policy which can work for Canadians. We say we can free ourselves from the American influence, whether it is the influence of the branch plant economy or influence in the financial field. We have the Bank of Canada, yet it seems to be taking its cues from the Americans. We note today a recent telex which says the following:

> The U.S. prime lending rate rose to another record today as Citibank raised its charges to its best corporate customers to 21.5 per cent. The increase, which was expected to be matched by other major U.S. banks, came just one day after Donald Regan, president-elect Ronald Reagan's choice for treasury secretary, said he thought the key rate would increase to at least 22 or 22.5 per cent in the weeks ahead. The prime rate had been at 21 per cent, a rate it hit on Tuesday. Before this week, the rate had never been above 20 per cent.

So in less than four days we see the rate going up another 1.5 per cent. Because we take our cues from the Americans, I expect the rate increase we saw yesterday will be rapidly followed next Thursday.

We have heard in the course of this debate much discussion from both sides of the House about extremism and how the kind of policy proposals we have made are extremist. We have heard talk about whether there should be controls and whether this means more government interference which would be very bad for productivity. I might point out that productivity is not a function of whether or not government is in control. Government operations can be extremely productive. Using examples

from Saskatchewan, we have developed the potash industry with a heavy government involvement so that it is a world leader. The potash industry in Saskatchewan can compete hands down against any other potash supplier in the world. We have seen the same thing happening in the minerals industry and the uranium industry. Government can be efficient if it so chooses. I might point out that Saskatchewan also has one of the lowest civil service-to-population rates in Canada, indicating that the provision of government services is done in a very efficient way as well when you apply productivity levels as a means of measuring that efficiency.

I think I would like to spend a couple of minutes discussing another extremely productive area in this country, namely, farming. I think it is productive in part because we have had government interference through the Canadian Wheat Board and in the form of the Canadian Dairy Commission. To quote some members of the House, with that extreme level of government interference, we have not ended up with low productivity in the agricultural sector. In fact, when you look at the last ten years from 1971 to 1979, you see that productivity in agriculture increased 23.4 per cent. When you look at productivity levels in the same period in the non-agricultural area, you find that productivity increased a mere 8.2 per cent over the ten-year period. The free enterprise system has not been doing as well as sectors where there has been heavy government involvement.

So using the free market as the basis for operating an economy needs a good, hard, second look. We think the idea should be rejected and that policies should be formulated without that fallacious beginning. We should look at the situation as it exists, treat it with solutions which can be of help, and provide a made-in-Canada policy which will give us made-in-Canada interest rates and provide the kind of funding we need for this country. We have been told that if we do not raise interest rates, capital will flow out of the country. We have been raising interest rates, we have been letting them float along with the U.S. rates, yet we have seen a net outflow of capital in the last two or three years. Maybe it is time we started looking at some of the European and Japanese experiences. They did not hesitate when they were trying to rebuild their economies. We must think in terms of rebuilding our economy. They did not hesitate to enforce currency controls as part of their industrial strategy. Those currency controls were part of the system for many years until those economies developed into the strong industrial economies they became after the devastation of the Second World War. I think it can be done. We know it can be done. It is a matter of starting from the right base point and making the right decisions.

• (1220)

Some hon. Members: Hear, hear!

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, in the 16 hours of continuous debate we have heard a lot of numbers. At least my colleagues on this side know that I am a numbers man. But today I should like to talk about principles, principles which the government is sorely lacking. I cannot say that the government has no principles, because we know about one; that is, the principle of power. Perhaps the government has a few others as well, but if so, they have been borrowed or stolen from this side of the House, either from the Progressive Conservative government when it was in power, or from its bedfellows in the New Democratic Party, in order to help the government stay in power. I do not think there is any wonder about it, because the party opposite is led by a man who said he would wrestle inflation to the ground nearly a decade ago. What a laugh that was! The same man said that separatism was dead in Quebec at the moment separatism was reaching its peak in Quebec. That party is led by the man who said that separatism has not yet been born in the west. In saying that, he only displays his ignorance of the west, or he has not been out there. The party is led by a man who in 1979 resigned as its leader. I guess that was the only way he could hear any nice words said about him. That same man led his party to defeat a government which was good for Canada. His party defeated the Progressive Conservative government with false commitments, and I say that advisedly.

I have found a ten-month-old full-page advertisement which appeared in *The Vancouver Sun.* It contains some of the Liberal programs which were major commitments. The first commitment was that the Liberals would set a made-in-Canada pricing policy to secure adequate supplies of energy at reasonable prices. I question very much whether we have anything like adequate supplies of energy in Canada. Certainly, Canadians living in the constituency of the hon. member for South Shore (Mr. Crouse) will know that they do not have energy at reasonable prices. At the same time the policy created billions of dollars of expenditures on hidden subsidies. It was a false commitment.

Another commitment read as follows:

"Joe Clark has almost personally destroyed Petro-Canada, one of Canada's greatest energy assets."

History proves that to be false. Petro-Canada is not destroyed, nor was it the intention of the Right Hon. Leader of the Opposition (Mr. Clark) to destroy Petro-Canada.

Another commitment read as follows:

"Liberals will ensure that Canada's energy sector becomes more Canadian owned and controlled."

What happened in British Columbia last month? Petro-Canada spent $10 million and bought a chain of service station outlets in British Columbia. Did that make the energy business any more Canadian owned? It was owned by Canadians who lived in Vancouver; now the taxpayers own it.

Perhaps we can look forward to the government buying up various businesses. That will make them more Canadian owned. Instead of letting Dominion stores, a Canadian company, sell groceries, perhaps the government would like to take it over. Of course the list is endless.

The group opposite defeated a government which in its first seven months took major steps to do a number of things to which I should like to refer. It took major steps to develop a comprehensive energy self-sufficiency program, to reduce the

national deficit and level off federal spending, to restore the private sector to its rightful place in the economic development of the country, to increase the accountability of Crown corporations, to reform our federal system, to ensure a strong and modern Canada and to institute programs and policy reviews in the social and cultural fields to return individuals once again to their predominant positions vis-à-vis the government. The Progressive Conservative government, short-lived as it was, had a fiscal program principally framed to deal with the most urgent economic problems facing the country. Virtually every responsible, informed and objective person who examined the budgetary proposals agreed that by and large they represented a strongly conceived and appropriate program, given the economic circumstances of the country.

As a numbers man I was particularly delighted to see that the budget of the hon. member for St. John's West (Mr. Crosbie) contained for the first time in the history of this country five-year projections on budgetary expenditures. So, the Liberals got their power back, but what did they do?

I think Charles Templeton put it as well as I could. In questioning their actions, he said:

"How can you bring down a government and then bring back virtually all of the things that government was going to bring, except the things that matter. Namely, a cutting down on spending; namely, an increase in the taxes on driving. The very things campaigned against are the things that are done. We have an immorality in this Liberal government and in its leader, that I find just incomprehensible".

That was Charles Templeton speaking on radio in the city of Toronto some months ago.

After ten months with this old group back in power, all the initiatives of the defeated government of the right hon. member for Yellowhead are gone. This team opposite has not yet figured out the principle that excess spending by the government causes inflation. It has not figured out that inflation weakens our currency and that a weak dollar drives up prices and interest rates.

This is the government which has not figured out that a climate of encouragement to business is essential for real growth and that government competition in business is wasteful and costly. I do not want to dwell on this, but we can just look for a moment at what the government has been doing. For instance, the CBC spends $500 million of taxpayers' money for a service which dozens of other companies are able to provide at a profit after paying many millions of income tax dollars to the government. Now it wants to start another CBC, CBC-2 which they say will only cost $25 million. We know where estimates of minor expenditures such as those end up.

Look at the CNR. At one time perhaps we needed a company like that to bring the bankrupt railways in Canada together, but that was 50 or more years ago. Now they are competing in the private sector with various other companies. Why does the CNR need to own hotels? There are lots of good hotels owned by various Canadians and other people providing good hotel service in Canada. Why does the CNR have 29 subsidiaries in the trucking business? I think that was the last count. There are many privately-owned trucking operations in Canada.

Look at what the government has done with the Export Development Corporation. Its biggest claim to fame seems to be that it finances pulp mills in Poland and the United States of America so that they can compete with Canadian pulp producers.

Look at Air Canada. It is a Crown corporation which competes with another Crown department that may be a Crown corporation soon, the Post Office. Air Canada has now developed services such as Airvelope and Couriair to provide a service which used to be available through the Post Office.

• (1230)

Speaking of the Post Office, this group over there thinks that by incorporating the Post Office they will eliminate or erase its deficit. Well, Mr. Speaker, this is the same group which has spent over a billion dollars of taxpayers' money on Petro-Canada, trying to say they were going to increase the supply of oil in Canada. Mr. Speaker, the private sector never had any trouble finding oil. For a long time it looked as though Petro-Canada would never find any oil. They have found some now and it looks as if they are on the track of producing some oil. But do we need to spend that billion dollars of taxpayers' money to find oil which the private sector was going to find anyway? I think not. Of course, they decided that the private sector needs a little help in other places so they will prop up Chrysler Corporation, and maybe Massey-Ferguson. In my area there are a number of businessmen who wonder when they will receive a little propping-up from the government. With the interest rate policy which the government has been following recently, thousands upon thousands of small Canadian businesses will be going bankrupt. Will they get propped up by the government? The government say it has to save jobs in the big companies. Well, we have been telling them time and time again that the small business sector provides the lion's share of jobs in Canada. Yet I am afraid there is no aid for small business.

Interest rates are high. That is why we are here. That was the argument used in putting the motion which we are debating. Of course, interest rates are high. But this government has not yet found the principle of there being a relationship between high inflation and high interest rates. It is no secret; even the hon. member for Sarnia (Mr. Cullen) knows that high inflation equals high interest rates. The government should know that. We have told them often enough. They say they must keep interest rates high because of the flight of capital. Of course, the flight of capital will occur if interest rates are higher somewhere else. So they have to keep our interest rates up on an international level. The international investment community naturally follows interest rates and certainly those funds would flow, to other jurisdictions. That is the reason we have had trouble with our Canadian dollar in the last few days.

Mr. Speaker, do they not realize that small investors in Canada also have a problem with high interest rates, and do

not know what to do? They cannot take their capital and go somewhere else. In most cases they must borrow to make their businesses operate. And those high interest rates are killing them.

But it is not only the businesses; thousands and thousands of Canadians have mortgages coming due on their houses since the five-year term, or whatever the original term was, expired. I do not know how we can even estimate the amount of time wasted in worrying and figuring out what to do about one's mortgage on one's home. I know it happens in countless homes. I have seen it in my own office here on the Hill. A secretary in my office, who is a member of a very hard-working Canadian family, spent untold hours and sleepless nights worrying about what to do about a mortgage which was to come due. After all, on an average home mortgage the increase in rates, which is occasioned after a five-year mortgage expires, or comes due, represents an enormous drain on the home owners' budgets. Canadians do not know whether they should be saving their money or spending their money.

I would like to refer now to a column which appeared in the Ottawa *Citizen*. It is an article by Dian Cohen, dated December 2, 1980. Mr. Speaker, it used to be that high interest rates stopped people from borrowing. That was one of the tools which the government used as an economic aid to stop borrowing—high interest rates. This is what Dian Cohen says in her article:

> Unfortunately, even at borrowing rates in excess of 14 per cent, people are standing in line to borrow money. So the old saw about why the economy is operating so far below capacity no longer holds true. People borrow money at 14, 15, 17 per cent because they believe it still pays them to do so. Does it? Say you borrow $1,000 at 15 per cent to be repaid over two years.
>
> At the end of that time, you will have repaid $1,158.72. Meanwhile, you anticipate an inflation rate of 11 per cent each year.

And that is what we have now. The article continues:

> On that basis, the $1,000 item you wanted in the first place, might have a price tag of $1,230. (11 per cent of $1,000—$110 plus 11 per cent of $11,010—$1,020) It pays to borrow—even at 15 per cent.

This is because what they will have to pay at $1,159, including interest is below the cost that the product would have sold for at the end of two years. They do not know whether they should do that or whether they should say: Look what happens when Canadians save. This is the example that Dian Cohen gives in her article:

> Say you have $1,000 invested at 13 per cent. At the end of a year, you will have earned $130. But with an inflation rate of 11 per cent, your real purchasing power is only $20 more than it was a year ago—in other words, your $1,000 earned $130, but inflation at 11 per cent ate up . . . $110 of your earnings. Well, you're still ahead of the game, or are you?

No, you are not, if you are in the taxable region where the tax is not the extra dollars of real purchasing dollars that the taxpayer has made but the whole interest income of $130 is taxed, assuming you already have some other interest income. So, if the taxpayer is at the 40 per cent marginal rate he will have paid $52 in taxes. But he has only made a real $20 on his investment. So, to save $1,000 for a year his real out-of pocket-expense is $32. Well, there is certainly no incentive for Canadians to save then, is there? No wonder Canadians do not know what to do.

What should they do, Mr. Speaker? If they are saving they need higher rates to overcome inflation or else they will not invest their money. So if lending institutions or businesses have to borrow money they must pay higher rates in order to attract the savings of people who might otherwise want to spend their money. The real rate of interest is not much more than 3 per cent. I am sure some members of this House can remember the 3 per cent government bonds—3 per cent perpetuals is what they were called. They were issued in 1930.

We cannot have lower interest rates until we get the expenditure of the government into line. I look at the public accounts from to time as my colleagues know. Looking at the past four years of government revenues it is evident that revenues were up over a four-year period by 25 per cent from $28 billion to $35 billion. But during the same period government expenditures went up 61 per cent from $29 billion to $47 billion. With revenues going up 25 per cent and expenditures going up 61 per cent the government must know that inflation will follow. They have people in their offices who advise them with respect to that.

So, Mr. Speaker, there is a very simple message which I wish to give to the government, that is, they must learn the principle that inflation caused by government spending causes high interest rates. It is so simple that I cannot imagine why the government does not understand it.

I do not know how long this debate will continue, Mr. Speaker. It has gone on for some 16 hours now and it looks as if it may continue for another 20 hours, or maybe a little longer. I hope that by simple repetition this government will get my message after all these hours. The message is that it is their policies that are bringing on these interest rates, and they must not try to blame them on some foreign or unseen power.

I am confident, Mr. Speaker, that the Canadian people are receiving the message. I just hope that through repetition which has been going on for hours and hours in this debate the government will get the message too.

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, this has been an unusual and very interesting debate. I think the question we must answer is: how is it that in these many years in which most members have served this is the first time one of these debates has been sustained for such a length of time? I think the answer is that never has the House been in such a state as it is at the present time. The affairs of the country are in a shambles. There is no kinder thing to say than that, whether you are saying it with respect to economy, health and welfare, pensions, inflation, the budget, or lack thereof, or the energy program. Wherever you turn there is uncertainty. This is reflected by the members of this House. None of us know what is in the mind of the government. Very few of us have any idea what direction the government is taking.

● (1240)

When things started to turn badly since this government took power, the people and the MPs began to question. What upsets us is the cynicism of this bunch which got elected last

winter. Since they have been elected, they think that nothing else matters. I can recall one remark which I think is the most cynical remark I have heard in the House and perhaps one of the most stupid. It was made by the hon. member for Don Valley East (Mr. Smith), and it typifies the Liberal approach to power. We were in the Standing Committee on Privileges and Elections questioning the propriety of cabinet ministers having a conflict of interest. I was attempting to point out that this cabinet minister did not have a blind trust if he knew what was in the trust. I think it was an honest mistake which the minister made, although I say that parenthetically.

The hon. member for Don Valley East argued with me about this blind trust for a while, and then he said, "Let's have a vote on it and we will see who is right." If we start to believe that the numbers which prevail in this House are always right instead of being sometimes wrong, we have reached a very sorry state. The Liberals believe that because they won the election, what they are doing is right.

Yesterday or the day before, the Minister of Finance (Mr. MacEachen) picked up his budget speech, tapped it, and said, "It is right in here that I am worried about inflation. What more do you want?" Mr. Speaker, we would like him to do something about inflation instead of thinking that because he has made the comment everybody should get in line and stop inflation. It is the Minister of Finance who is more responsible than anybody else. It was he who took on responsibility for the economic affairs of this country.

I would like to inform the House of some of the people who are seriously hurt by the inflation and the high rate of interest. I would like to describe the kind of constituency I come from. In 1971 there were 88,211 people in my constituency and in 1976 there were 88,151 people, a slight drop. Of these, among the male population, 2,265 are between 65 and 69. They are old age pensioners. In the bracket of 70 and over among the males there are 5,750 men. The female totals are for the 65 to 69 age bracket, 3,360, and for the 70 and over age bracket, 9,710. This means that in my constituency out of 88,000 people 21,000 are old age pensioners, and it comes to 24 per cent of the population.

In another grouping, the number of widows in my constituency is 9,895. If hon. members think that these people do not have problems, they simply do not know what is going on in the economy today. People buy their food, pay their rent and their fuel costs. These are three things which are absolutely necessary. People are not supposed to eat dog food. People should not have to sleep in the streets and they cannot heat their homes unless they pay their share of the fuel costs.

While I am on the subject, hon. members will recall that in the Clark budget brought down last December, fuel oil was excused from the excise tax. The government makes a great deal of the fact that during the election campaign it had raised the old age pension by $35 per month. This was as it was reported by the CBC, which always has a kind of schizophrenic attitude toward politicians. It likes to run down the Liberal government and support the NDP until we get close to election day when it strikes them that despite their best efforts, the NDP will not be elected, in a panic they swamp the Liberals with favourable remarks in their alleged news items which help to get the Liberals back and ensure that the Tories do not get in.

We on this side have a certain ironic sense of humour that it matters little to us because the CBC will support the NDP part of the time and the Liberals the rest of the time. Of course, the Liberals get the support when the crunch comes and the NDP do the same thing themselves, so they cannot complain. However, I have always resented the CBC reporting day after day during the election campaign that the Liberal party promised to raise old age pensions by $35 a month. It was not the old age pension, it was the guaranteed income supplement.

The difference is that about 50 per cent of the old age pensioners do not draw the income supplement. So the $35 monthly raise was not a universal raise at all. It was simply for the people who were drawing the income supplement, which is subject to a means test. I know it is useless to try to correct impressions which are left by the media, but the fact is that that $35 a month raise, which seems to be the only answer the government has to what it intends to do to help the poor people out, applies to only half the old age pensioners.

Another thing I wish to say about this government's attitude toward pensions was brought up the other day by one of my colleagues, the hon. member for Bow River (Mr. Taylor), that widows of disability pensioners have an extended period over which their pensions will be phased in. Hon. members will recall that we had a vote on this during the debate on the veterans pension bill and we failed by two votes to force the government to make it unanimous that all widows of disability pensioners would draw the full pension to which they would be entitled under the bill instead of having to wait during the extended period of 6.5 years.

This amendment was brought in by the hon. member for Winnipeg North Centre (Mr. Knowles), and supported by us. We thought the government could find the money because, goodness knows, they are finding enough money to advertise their own party's position these days. This is a step which was never taken before in Canadian history, but they have no scruples about taking it now. However, that is the position. This is a group of people which should be considered. If the government is able to spend $60 million on advertising the Prime Minister's ideas on the constitution, they should be able to find the money to pay the widows their disability pensions.

The other matter is spouses' allowances. We were glad to support the spouse's allowance a few years ago and we certainly supported it with the strong objection to the part of the bill which denied the spouse's allowance the day the pensioner died. So the government was intent on cutting off the allowance as soon as the spouse became a widow. After pressure from the opposition for some two years, it finally gave in and agreed to a continuous spouse's allowance until the widow became 65. What it has forgotten is that there are other women between the ages of 60 and 65 who are in the same

kind of circumstances. This is the tragedy of the spinster age 60 to 65 who has no way at all to obtain a spouse's allowance.

This seems fatefully unfair. For example, if there were twin sisters and one marries at age 63 a man of 65 and if they could qualify for the GIS she could draw an allowance equal to the old age pension, but the twin sister who did not marry could not. It is a discrimination which I would like to see removed, particularly in these days when the difficulty of putting food on the table and heating your domicile is so apparent to everyone except the government.

I would also like to mention for a moment the problem which this government created. It galls me how it can bring in certain legislation. I believe that in some cases they were pressured into it, but in other cases they actually have the right motive. It brought in a reform to the old age pension which would make one ill if they read the puffery with which they brought in the 1977 reforms to the old age pension. One of the proposals was a partial old age pension. It was introduced as if the government was doing something for pensioners. It was doing something for the President of the Treasury Board (Mr. Johnston) not for the pensioners. A partial old age pension means that if you come to Canada at age 55, at age 65 you get a partial old age pension. For decades, if a person came to Canada at age 55 and lived to age 65, that person could get the old age pension. The government decided to save the Treasury Board some money, and that has changed. Now a person gets only one-quarter of the old age pension if a person lives here for ten years. It does not accelerate the next year you live here because although you are drawing a pension, you are not qualifying for an eleven-year pension, you stay at the ten-year pension provision for the rest of your life. It guarantees absolute poverty for some people in my riding. I have a list of several hundred people who have been caught in this trap. One of the tragedies, I suppose, is that part of this problem is due to the government. It left in circulation in several foreign countries pamphlets describing the 1976 old age security system in Canada. In that literature the only requirement for a full pension was to be in Canada for ten years. At the time, I said the partial old age pension would lead to catastrophe. I can assure hon. members that it has done so.

● (1250)

I would like to speak about a difficult subject, and that is the reciprocity of pensions. This government seems to be unable to be honest about anything any more. I expect everyone received a letter addressed to members of the House of Commons and Senate wherein the Minister of National Health and Welfare (Miss Bégin) claims that she has done a great deal to try to achieve reciprocity of pensions. She starts off by talking about what she did on October 14. In part, this letter reads:

> On October 22, while in London on my fact-finding trip on pension reform, I met with the Honourable Patrick Jenkin, Secretary of State for Social Services. The first item which I brought up was the possibility of reopening of negotiations between Canada and the United Kingdom toward a social security agreement.

No conclusion was reached and the minister concluded there was no sense in keeping the door open. I have a letter addressed to me as an individual member of Parliament from the same minister who points out something she does not care to do in the letter to members of the House of Commons and Senate. She gives a little more history on the subject. For those members who do not understand reciprocity of pensions, basically, it allows people from another land to come to Canada and receive pensions from their home country which would be indexed. We would do the same with people going from Canada to another country. On page 1, the letter reads:

> At the initiative of the British side, discussions of officials concerning a possible reciprocal social security agreement between the United Kingdom and Canada were held between 1969 and 1972.

This was under a Liberal government. On page 2 we read:

> The first discussions with another country in this respect were held among officials in London in July, 1977.

What happened in the 1969 to 1972 meetings? They were at the initiative of the British side. This government would like the people of Canada to believe that Britain is at fault in this. Britain had two offers on the table between 1969 and 1972. First, that future increases in rate would be paid to beneficiaries of British pensions in Canada. Second, they required unconditional export of Canadian old-age security pensions. So the British in 1972 were willing to conclude this kind of a treaty and the Canadians who were representing us at that time were not. However, in this letter there was rather a curious remark which I noted because I have quarrelled with the minister about it. The minister said:

> On two separate occasions (June 1977 and December 1978), the Prime Minister of Canada drew the attention of his British colleague to this issue.

In the minutes of the Standing Committee on Health, Welfare and Social Affairs on November 7, 1978, the same minister was explaining to me why the British were not going to be treated the same as the Italians when they had a kind of media event in Toronto when the reciprocal pension agreement was signed with Italy. At that time the minister said:

> On the British one, I am investigating the possibility of reciprocity of pension but the Brits really are not helping at all. I hope this will be put on the agenda of our two Prime Ministers if they meet very soon, which is what we heard in the press yesterday. As soon as I know whether it is to be on the agenda or not I will inform the House and that will, of course, change completely and speed up, I hope, my course of action. That is my priority.

The moment required the priority, but the priority immediately disappeared as soon as the committee ended, I suppose, because we never heard any more about the Prime Minister meeting with the Prime Minister of Britain and discussing this matter at all. Now the minister, without any effort, tells me the door is shut forever and to forget about it. But you cannot forget about it because the people who need it are still there.

I would like to say a word about this difficulty we have with the widow's pension, spouse's allowance, and so on. If we are going to continue the inflationary policies of this government, which we seem likely to do, we have to begin considering that that inflationary cycle will go on and on. We have to make arrangements so that our senior citizens can live in some type of style and dignity. I suggest we look at what other countries are doing.

In Austria, the normal retirement age is 65 for men and women. In Belgium, the normal age of retirement is age 65 for men and age 60 for women. In Britain, the normal pension age for men is 65 and for women it is 60. In France the normal retirement age is 65. However, a worker may retire at age 60 with 70 per cent of his pre-retirement income. In Germany, the regular retirement age is 65 but females may retire at age 60. In Israel the normal retirement age is 65 for men and 60 for women. In Italy the normal maximum retirement age is 60 for men and 55 for women. Many of these countries struggled in the economic world. They have large costs for energy and excuses which the Minister of Finance likes to pretend that we have, only they are the ones who actually have them. But these countries are able to look after their senior citizens far better than we do here in Canada.

I wish I had more time because I would like to talk about the cynicism of the Prime Minister. We have had two important debates in this House in the last while. This is one, and the Prime Minister has not participated in it. The other debate was on the constitution. He did not participate in that either. We have a Prime Minister who likes to be there for the kudos but he does not like to slug it out here or be criticized in the House or be asked to explain his policies in depth. He is not here today. He was not here last night. He has not participated in the constitutional debate and now we understand that it is likely the government may not bring in its amendments until it is too late for us to do anything about them.

We had the example of the Polish question the other day when the Prime Minister had the gall to lecture us about unity and how important it was in the west. When the NATO nations lined up and voted, what happened? We withdrew. He wanted to stand to one side and let the other 14 agree on something. We would be different. It is no wonder the Canadian people are cynical about government and politicians. It is no wonder that we are angry.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I rise on a point of order. It is about one o'clock and I understand it would be the interpretation of the Chair to rise at one o'clock for the luncheon break. I have some idea about that interpretation, which I will not enter into now. However, there have been some discussions with the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette) and as well with the hon. member for Winnipeg North Centre (Mr. Knowles) about the proper utilization of the time. Because there are a large number of members who wish to speak, I ask for consent of the House and ask you, Mr. Speaker, to put the matter before the House for unanimous consent to sit during the hour from 1 p.m. and 2 p.m. In this way the debate can carry on and members can continue to speak. If you could canvass members of the House, I would be grateful.

Mr. Collenette: Mr. Speaker, we agree with the suggestion as presented by the hon. member for Nepean-Carleton (Mr. Baker) inasmuch as it would be somewhat difficult to delay an emergency debate for a lunch hour.

• (1300)

We would therefore agree to sit through the proposed hour to two o'clock which we understand was going to be proposed. There will be some other discussions about tabling of documents or committee reports later on, but we will not be in a position to deal with that until later.

Mr. Knowles: Since it is an emergency debate, perhaps we should stay with it. If we use this hour for debate, maybe that means we will finish an hour earlier tonight than we might otherwise finish.

An hon. Member: Or tomorrow.

Mr. Knowles: Yes, or tomorrow.

Mr. Baker (Nepean-Carleton): Just so you will know, Mr. Speaker, we will be approaching you again at two o'clock about the matter of introduction of bills, reports from standing committees, and the idea of being able to have some answers to questions on the order paper, which I understand the government is prepared to give today. I think that would be appropriate before we leave.

Mr. Collenette: I should just emphasize we have not come to a full agreement. There is a like-mindedness between myself and the hon. member for Nepean-Carleton but I have not concluded discussions with the hon. member for Winnipeg North Centre on one of the points just raised. We will get back to you, Mr. Speaker, within the next hour.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I would like to make some comments on two quite separate but very important issues as I see them in this very important emergency debate. One will perhaps be a continuation of some pertinent comments on the Canadian beef cattle industry made by the hon. member for Perth (Mr. Jarvis) when he made some excellent comments this morning. The other aspect I want to touch on is the implications of the new national energy policy for my own southeast corner of Alberta, my constituency of Medicine Hat, and how they will impact on some specific communities.

I first want to move to some specific comments about my own cattle industry. Interest rates have now become a major operating cost in the total cattle industry, especially the feeding sector. The two major costs right now are the cost of feed, of barley in Alberta and western Canada, and corn in Ontario. The other one that has amounted to a very significant cost is the cost of money or interest rates. At today's high interest rates, that becomes very significant.

It is a major factor in a clearly indicated trend not to rebuild our beef cattle breeding herds. That is the bottom line of the impact of higher operating costs and the uncertainty created by interest rates. That is an upturn in our beef breeding herds which should have started two or three years ago and has not developed. This last touch of record high interest rates sort of put the coffin nails in. It will discourage it even longer. This will be unfortunate.

The upturn in our cattle cycle should have started at least three years ago. It is that much overdue right now. It is overdue because there is no genuine incentive to go back in and stay in the beef cattle industry in Canada. That disincentive situation started when we had the four-year disaster price situation in the mid-seventies.

I want to give some specifics on the impact of record-high interest rates. The 6 per cent jump, or increase from 12¼ per cent to today's 18¼ per cent on a $430 calf, which was the average price of a calf last fall, amounts to about $26. That is the single cost attributed to interest rates with the 6 per cent increases. That only occurred over the last three to four months.

The significance of that $26 is that it is usually somewhat more than what you anticpate as a net profit after buying a 430-pound calf and feeding it out over the following year, either in a feed lot or on a grass situation.

I want to refer to a most appropriate reference developed in the special article dealing with agricultural credit for the year 1981. The reference is from the *Canadian Farm Economics Journal* of June, 1979, volume 14, No. 3. The total agricultural credit requirement estimated in that detailed analysis for 1981 was $7.7 billion on a low plane and, on an alternative higher plane, as high as $9.4 billion. That is just for the one year we are about to enter.

The operating portion of these estimates is $5.1 billion on the low side and $5.6 billion on the high side. Those two figures are for operating costs only. Put another way, each one per cent rise in interest rates will cost Canadian farmers in total $77.9 million on the low basis, or $94.3 million on the high basis. That is for 1981. For the operating costs, it is $50.9 million on the low side and $56.2 million on the high side.

We know what has happened in the last three months. That 6 per cent jump in interest rates would total $300 million for the agricultural sector in 1981. I emphasize that these are cost estimates for interest only prepared by a most reliable source, Canadian Farm Economics.

In a more general comment on the impact of high interest rates on the Canadian agricultural sector, especially the beef cattle sector, it is well known that high interest rates affect farmers more critically than other non-agricultural sectors, for a couple of very important reasons.

First, agriculture is a more highly levered sector in our society when it comes to financial management. Second, fresh beef and beef products cannot be stored like many other sources of food such as cereal grains. By far the greatest negative impact of high interest rates is the disincentive created for the build-up of our beef cattle breeding herds in Canada. This is a long-term disincentive based on our traditional ten-year cattle cycle, the approximate period that our cycle usually runs. As I pointed out, that cycle is now two to three years longer. This is most important when we consider the position of our national beef breeding herd which is two to three years behind in its build-up.

Dean Jake Brown, the dean of agriculture of the University of Saskatchewan agricultural college, about two weeks ago made a very succinct statement about the implications of this disincentive. He pointed out to a task force symposium in Calgary that this lack of long-range incentive will prevent Canada from becoming self-sufficient in beef throughout the decade of the 1980s. In other words, we are destined to become net importers of beef throughout the next ten years. That is a tragedy in our cattle industry because we have the ability and the potential to be much more than self-sufficient.

In the short term, and what I have been saying up until now is the long-term situation, high interest rates may even bring about lower cattle and beef prices because there will be an understandable trend to unload cattle because of unprofitable cattle operations. We will see that happen very quickly from now on, but the more significant long-range impact of these record-high interest rates must inevitably result in higher beef prices to our Canadian consumers, and this is the situation perhaps we are not aware of now. That is inevitable because of the lack of domestic supply when we do not rebuild our breeding herd numbers. Let us not assume that we can make up our beef deficiencies by offshore imports, since Australia and New Zealand—and they are the two principal countries other than the United States which supply us with beef when we have to import—are at the low point of their beef cattle cycles just like Canada and the United States.

• (1310)

With respect to these remarks about our cattle industry and some of them about the Canadian agricultural sector in general, I have only one suggestion to make to the Minister of Finance (Mr. MacEachen) and to the government. Why not adopt the concept of the small business development bond for agriculture and in particular allow that concept to be used in the beef cattle industry? After all, I think that concept was well accepted, first of all by our party, and I think it is well accepted by the government. Why not give serious consideration to using that small business development bond concept? After all, the farmers are the original small businessmen of this nation, and I think they do need some special encouragement.

I want to make some comments which really are the result of the national energy policy which came out of the budget last October 28. These remarks will be quite specific and will deal with the natural gas and oil service industries in southern Alberta. They will deal particularly with the situation in Brooks, Alberta, which is in the northwest corner of my constituency. After that I will make some comments about the impact of the gas tax on my home city of Medicine Hat.

First with respect to the town of Brooks, it is about 180 miles from Medicine Hat on the way to Calgary. It is in the northwest corner of my constituency, and I say that surely it has been the fastest growing community in Canada over the last ten years. I have two letters which I want to read into the record which will indicate in a very concise way the situation and will show the impact of the national energy policy. The

first one is a letter from the Brooks and District Chamber of Commerce. I am going to read it because it says what has to be said about this situation. It is dated November 24, 1980.

Dear Mr. Hargrave:

In the past three weeks, the Brooks and District Chamber of Commerce has been attempting to evaluate the economic impact of the federal budget and energy policies as it pertains to our community.

The town of Brooks, similar to Grande Prairie—

That is in Alberta.

—has grown in the past few years because of exploration, production, and an oil field services industry.

The town of Brooks has grown from a population of 4,000 to 9,000 in the past ten years. The oil and gas industry in this area has provided many jobs and added stability to our economy. In 1973 and 1974, even though the oil industry suffered duress, the local economy continued to thrive, because of gas exploration.

That is the major energy industry there, all relating to gas.

Approximately two hundred businesses in Brooks and area are directly related to the oil and gas industry. We are imminently concerned that the federal budget will have consequences the government may not have anticipated. Lay-offs of employees in the service industry has already begun to occur. It is very difficult to evaluate what the results will be next year when exploration slows down, but these facts come to light. Because of a lack of proper incentive for further exploration, an anticipated 30-35 percent reduction in activity has been forecast. The impact on our area will be substantial. Areas of immediate concern are: the oil and gas industry, the housing industry and young people starting new businesses.

As a chamber of commerce, we are confused by a policy which we are told was to further Canadian participation and ownership in our oil and gas industry. A second stated objective was energy self-sufficiency by the end of the decade. Neither of these two objectives seem possible because, by our observation, it is the small Canadian-owned oil and gas industries which are being penalized the most.

Secondly, with the rate drilling rigs are leaving Alberta, how can we find the oil and gas to make us self-sufficient?

It is not the purpose, or the intent of the Brooks and District Chamber of Commerce to criticize government policy. However, we believe we have a role and must speak against the direction this federal policy is leading us. A small, and quite often new business, will have great difficulty surviving the impact of this policy. These businesses are owned and operated by Canadians, not foreign investment. It is the suggestion of the Brooks and District Chamber of Commerce that this policy be re-evaluated as to its long-term effects on the oil and gas industry. This industry in Alberta creates jobs for Canadians, nationwide. We believe these jobs are in jeopardy.

The western Canada concept which has received so much publicity, is a result, we believe, of people's frustration with this federal government's policy. We believe in a responsible solution which will benefit Canadians in total. Mr. Pat Brown, who is providing you input for your presentation, has had the opportunity to research this matter in greater depth than we have. We believe Mr. Brown's research to represent a fair picture of what is ahead of us. We would like to express our support to you, Mr. Hargrave, in addressing this issue, which will affect the livelihood of many of your constituents.

I want to follow with another letter from Mr. Pat Brown, dated November 24, 1980.

Dear Sir:

We have attempted to give you a concise look at our energy-related operations, as pertains to drilling and service and supply, as possible. Some businesses overlap into production-related industry but we have omitted those which are 100 per cent related to production of energy and kept our views to drilling and exploration.

We have not as yet been subject to a major cutback and do not expect to see one until after "spring breakup". There has been a general apprehension for about 5 or 6 months about what to expect from the budget and that has caused some slowdown. There are generally about 60 to 70 rigs in our area this time of year; we presently have about 50.

We foresee about a 40 per cent cutback in drilling and exploration in the Brooks service area beginning in the spring of 1981. If this estimate is close to fact it will directly affect about 70 per cent of the approximately 210 energy-related businesses in the area by 40 per cent reduction. The remaining 30 per cent of energy-related businesses will be affected by from 40 per cent to 20 per cent.

The population of Brooks town and area attributed to direct involvement in the drilling and exploration industry is estimated to be about 3,000 with an equal number dependent on them for their existence.

The reduction in business cash flow, available jobs, and resulting increase in cost ratio will deal a death blow to many small businesses. Many of the small businesses, run by gutsy entrepreneurs, have invested all their resources and time to get a foothold in a speculative industry which appeared to have a bright future for those of initiative. Only by betting on a stable growth industry, were many of the local businessmen (and their bankers) able to procure the equipment and technology we now have in the area. At a time when private enterprise has a chance to really prove what it can do to make the country self-sufficient in oil and gas, the last area in the country where there is still a work ethic and belief in success by incentive, we have been sold out by uncaring bureaucrats dictating government by government.

Less than 10 per cent of the companies in our service area have any affiliation with multinationals; more than 70 per cent of supplies, manufactured goods, fabricated goods and vehicles originate in central Canada, Canadians are being hurt across the country, not just the west.

Thank you for allowing our humble input.

The letter is signed "Patrick A. Brown".

● (1320)

Mr. Speaker, is my time almost up?

Mr. Deputy Speaker: Yes, it is.

Mr. Hargrave: I was only going to say that he supplied a list of 25 special service industries to indicate how important the service industry is to the Brooks area, and it is symbolic of the whole of southeastern Alberta.

[*Translation*]

Mr. Gilles Marceau (Jonquière): Mr. Speaker, I listened with undivided attention and sustained interest to the comments of my colleagues on either side of the House. I listened to them until late in the night, about four in the morning, and when I returned this morning I did not feel there was that much difference in the general trend of ideas expressed since the start of this important debate last evening at eight o'clock. What struck me most, Mr. Speaker, is not so much the general ideas put forth and the comments made by my colleagues as the caustic and at times provocative tone of parliamentarians whose mission and main role are to represent their electors and who must spread harmony and fraternity, thanks to which we will be able to keep this great country from coast to coast.

Mr. Speaker, I admit that many of the suggestions voiced on both sides of the House were very constructive and very valuable. But the least that can be said is that the general tone of the debate did not reflect the spirit of Christmas which ought to be so obvious among parliamentarians on the eve of our recess. Of course, it must be said that whatever party we

belong to we are indeed concerned over the extremely serious difficulties we have to cope with but which do not unduly affect us as parliamentarians. We do enjoy certain advantages and we can live decently even if it is not easy. But we are specially worried because inflation and high interest rates prevent some people from enjoying the minimum required, feeding and housing themselves as they should, and because they deprive too many Canadians of the necessities of life.

Mr. Speaker, after listening to these sometimes rather violent exchanges of opinions I came to the conclusion that we will not be able to find worth-while solutions if we continue to toe the party line which, however justifiable it may be on occasion, is no longer acceptable when we have to face problems experienced by a number of our fellow citizens who do not belong to any of the parties in the House.

Mr. Speaker, my greatest annoyance stems from the accusing and provocative tone used by some hon. members against, for example, the leaders. Whether from one party or another, in my opinion they are leaders who should command respect, esteem and consideration from all members because of their extremely arduous task, particularly these days. In a way, Mr. Speaker, I find it inconceivable that attacks are made against the Right Hon. Prime Minister (Mr. Trudeau), among others, and that such accusations are delivered in personal terms. It is normal that people make judgments on the actions of the head of a country. It is normal that his policies be criticized. But what I find altogether absurd and unacceptable is an attack against a man who, to the best of his knowledge and judgment, attempts to discharge his heavy responsibilities. Most fortunately, Mr. Speaker, not all members across the floor have made such comments. But ever since I entered politics, and that was 12-odd years ago, as a member of a party my duty and foremost responsibility has been to refrain from ever personally accusing a party leader or even a colleague.

• (1330)

Mr. Speaker, the fact remains that on both sides of the House we are trying to find early and worthy solutions to our problem of inflation and high interest rates. But I suggest, Mr. Speaker, and it may come as a surprise to many, that although inflation is a serious problem and although it has reached alarming levels I still consider that our number one problem in Canada, and particularly in my region, is not necessarily inflation but rather unemployment. To my mind it is even more tragic to see that thousands of people who live in my region are looking for jobs, that they make themselves available and offer their skills but they cannot find the kind of work which will enable them to play a positive role in our society.

Of course it is unpleasant and even difficult to pay too much for certain foodstuffs or certain services. But in the final analysis, Mr. Speaker, is it not the end product of our own behaviour, is it not because at one time we were all a little bit responsible for failing to realize the significance of appreciating our wealth and to avoid wasting it?

If the field of energy is causing us such headaches today, is it not because we have used our abundant wealth without thinking that the day might come when shortages would occur? To a certain extent, Mr. Speaker, should we not shoulder the blame for our own problems created by energy and inflation? Have we not been overly slavish to the luxury and comfort which we can no longer do without and for which we are not prepared to pay the price? Mr. Speaker, I believe it is absolutely necessary that we examine our own conscience regardless of the party we belong to. It has been said over and over again that inflation is not peculiar to Canada. Several countries feel the pinch a lot more tragically but, because those problems are worldwide, we should not avoid facing them here at home.

It would be sheer irresponsibility not to see inflation as a major problem. That being so, I still feel that no government can possibly deal with the hardships of inflation if the people themselves, if each citizen aware of his responsibilities does not make the necessary effort to stifle the meteoric rise in prices and inflation generally. It is therefore a collective and individual responsibility at the same time, and if each individual grows aware of it I think he will make the necessary efforts at home and at work to avoid often foolish expenses or that kind of comfort which in a way is at the source of our galloping inflation.

High interest rates have also been the topic of this protracted debate and I think that some of my friends in the opposition have described better than I could the problems confronting people looking for a house or anxious to build a home. And of course that is tragic because I think that the right of ownership is a basic right which every Canadian ought to enjoy. Through partial yet efficient measures the government has attempted to control the rates but it has failed so far. It has tried to come up with programs to help those who find it hard to cope with high interest rates, it has tried to compensate them so they will not lose their property and be able to keep what they have.

Because I entertain no illusions, Mr. Speaker, I would like to say simply that my role as an ordinary member of Parliament does not enable me to find ready solutions. Nor would I pretend to try to find immediate solutions, even if I were working in a team, but as the year is closing and on the eve of the festive season I urge my colleagues to restrain somewhat this vindictive spirit, to change this unduly violent approach, because when we return in January we will still be faced with the same problems, we will still have to work together on both sides in an attempt to find solutions. And I hope that during the recess—we are not going on holidays as some people seem to think—we will have an opportunity to meet our constituents and discuss these with them. I trust we will all be back with a positive attitude, an attitude which will enable both sides of

the House to come to grips with those issues and find a way out so that the underprivileged Canadians, those whom we want to help, will find remedies in the not too distant future.

Mr. Speaker, this debate has been constructive. It has been so because all parliamentarians were given the chance to voice their opinions and to use the time of the House to try to find solutions. Unfortunately I consider that the solutions advocated are not those I expected but I do hope that the spirit which animates us at Christmas will inspire us and that when we come back in January we will be able to work more closely together, more positively, not in the interest of one party or another but in the real interest of people who look to us for solutions and who get to the point where they want us to forget our political affiliations and really think about them and the solutions they need.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the seriousness of the debate in which we are involved at the present time can be seen in the fact that it is for this Parliament—and I suppose for any Canadian Parliament certainly in the last 25 years—an unprecented debate which has gone on without interruption for almost 18 hours. Now we are facing a crisis. The cost of living is rising at an annual rate of 11.2 per cent, which is higher than the inflation rate of 1975 when the same Liberal government imposed wage and price controls. At that time we were told by the Prime Minister (Mr. Trudeau) that he would wrestle inflation to the ground.

An hon. Member: They were just wage controls.

Mr. Orlikow: My colleague says that they were just wage controls. That is true, and we predicted that would be true.

I remind hon. members of the House that the government which imposed those wage controls was a government which won an election in 1974 by promising that it would never impose wage and price controls. That was the major pledge of the Liberal party in that election.

According to the official figures of Statistics Canada, at the present time we are faced with more than 700,000 unemployed. Every member of the House knows that there are in this country—and especially in the slow growth areas—several hundreds of thousands of people who have given up looking for work. So, they are in fact not counted among the unemployed by Statistics Canada. In western Canada there are at least some tens of thousands of native people living on reserves who are not counted because they have not been in the regular job market.

• (1340)

Mr. Speaker, at this time we have more than a million unemployed. Our rate of unemployment is much higher than the rate of unemployment in all the other industrialized countries of the western world, including Great Britain, where the ruinous policies of Mrs. Thatcher have brought about an unprecedented high number of unemployed in that country.

In my own province the rate of unemployment increased by more than 1 per cent in November, 1980, as compared with the rate in 1979. There were 6,000 more people unemployed in Manitoba this year than there were in the year before. That is an increase of about 20 per cent in the number of unemployed this year as compared with the year before. Some hon. members and some editorial writers across the country would have the people of Canada believe that the unemployment situation is not as serious as the numbers indicate because, supposedly, people do not want to work. Mr. Speaker, there is no truth in that kind of claim at all. A piece of evidence in support of my statement is the fact that when General Motors in Windsor announced they were to hire people, thousands of people lined up to apply for the jobs. They started to line up the night before the applications were to be taken.

Mr. McDermid: The same with McDonnell Douglas.

Mr. Orlikow: I am glad the hon. member in the Conservative party agrees with me.

A year ago the leading members of the present government, the present Prime Minister, the present Minister of Finance (Mr. MacEachen), and the present Minister of Industry, Trade and Commerce (Mr. Gray) were attacking the then Conservative government every day of the week. Why? Because they claimed the interest rates charged in November, October and December of 1979 were far too high and that they were strangling the economy and creating unemployment. They lectured the House and the then government, and they told the people of Canada that if they were the government in power interest rates in this country would not be tied to the United States.

Mr. Speaker, is it necessary for me to remind members of this House that interest rates today are substantially higher than they were a year ago, when we had a Conservative government? Interest rates today in this country are closely associated and inextricably tied to the American interest rates, as they were a year ago.

What the members of the government are telling the Canadian people is, "Do as we say, not as we do." They have forgotten, and they want the Canadian people to forget all the things which they were saying a year ago. I remember the Minister of Industry, Trade and Commerce promised to resign if a government with which he was associated would permit the kinds of interest rates which the Conservatives had at that time. I know he has not been here in recent days because he has had an accident. I am sorry about that. But one thing the Minister of Industry, Trade and Commerce will not do is the thing he said he would do if economic conditions today existed as they did a year ago. They are not now as they were a year ago, they are much worse.

Yesterday the Bank of Canada raised its bank rate to 17.6 per cent, an all-time high for Canada. It meant that almost automatically the chartered banks would raise their rates, which they did. Those rates have been set at 18.25 per cent. That is the prime rate, 18.25 per cent. What that means is that interest rates to most people and small businesses will run now

between 19 per cent and 20 per cent. That will be disastrous for tens of thousands of Canadian people.

I ask the minister in charge of housing what will happen to the thousands of people who, in the next month or two, find the mortgages with which they financed the purchase of their homes five years ago are up for renewal? Some five years ago the rate was 11.8 per cent. I had the misfortune—maybe it was my fortune—to have renewed my mortgage in October, and instead of 11 per cent I am paying 14¾ per cent. Well, Mr. Speaker, it is likely that in the next month or two people who have to renew their mortgages will pay 15 per cent, 17 per cent, or 18 per cent. I wonder what the minister in charge of housing is going to do or what kind of explanation he is going to have for the people who have to renew their mortgages.

I wonder how the ordinary businessman is going to manage, given the rates of 18 per cent to 20 per cent. Mr. Speaker, I am not worried about the oil companies, I am not worried about the banks. They are doing very well, thank you. I am worried about the small businessman, the retail merchant in my constituency who bought stock for the Christmas rush which he hoped to see, and who will probably be left with $10,000, $20,000, $40,000 or $50,000 worth of merchandise which will not be sold because of the slump in our economy. These people will have to pay the bank loans which they made in the expectation that they would sell that merchandise, and would have a bank interest rate of 12 per cent or 13 per cent. Now they are going to have to pay 18 per cent, 19 per cent or 20 per cent.

I do not have to speculate about what is going to happen. We know what is going to happen. Bankruptcies are now running at an all-time high rate. And they are going to get worse, given the refusal of the government to take any serious action. Bad as the high rate of interest is, and bad as the rate of inflation is, there is something worse than either the high interest rate or the high rate of inflation, and that is the kind of roller-coaster interest rates which the government and the governor of the Bank of Canada have permitted. I ask members of this House: how can anybody, how can any individual, how can any company, how can any corporation, except a few of the very largest ones, make any kind of plan to expand or even to continue to operate, given the circumstances? How can they order ahead when they do not know what the interest rate will be today, tomorrow, next week or next month? Let us remember, Mr. Speaker, the interest rate for most individuals and small companies is close to 20 per cent. A few months ago it was 4 per cent or 5 per cent lower. A month or two from now it may be lower, or it may be 2 per cent or 3 per cent higher.

Let us look at just one example of the kind of stupidity in which we are involved. Chrysler Corporation, one of the biggest corporations in Canada and in the United States, has been in serious difficulty. Because they employ, either directly or indirectly, in the United States and Canada, about 600,000 people, they asked for and they got help from the American and Canadian governments. This was help in the form of guarantees which were certainly worth more than a billion dollars. We gave them that help because we wanted them to continue to operate. We did not want another 600,000 people thrown onto the labour market. Then we let the interest rate go up so high that people cannot afford to buy cars and it is almost certain that Chrysler will go bankrupt. How idiotic can we get? Yet that is just one example of the stupidity of the policies we are following.

● (1350)

We are told by the minister and his parliamentary secretary that we have no choice, that we are locked in with the United States. The government has already indicated that this is not what the minister and the Prime Minister said. We have been told there is no other course that this country can follow. We cannot accept that argument and we know that there are many economists in this country who do not accept that argument and do not believe that we have to be so closely associated in a disastrous course of action with the United States.

We believe that the country should not follow the kind of interest rate increases as the United States. We follow that course because the bank is afraid that, if we do not, the value of the Canadian dollar will fall precipitously. We do not accept that opinion. As I have said, there are many economists who agree with us and reject the prescription given to us and accepted by the Liberal government, and accepted some years ago by the Conservative government and by the governor of the Bank of Canada.

We believe that we should have an interest rate in this country which should make sense for Canadians. We believe that we should have kept our interest rate where it was six weeks ago when the Minister of Finance was so proud that the interest rates had gone down and had taken so much of the credit for that. Of course, now that the interest rates have gone up, he refuses to take any of the responsibility. The minister says that Canadians must be prepared to sacrifice and accept a lower standard of living. We do not accept that argument. We say that if sacrifices must be made, then everybody must cut back. That is not what is happening.

There are certain groups in this country which are doing quite well. Let me give a couple of illustrations of what I mean. Yesterday, the *Toronto Star* ran a story with the heading "Oil Profits Higher, but Less Goes into Exploration". Let me read the first couple of paragraphs from that dispatch.

> Canada's oil industry made more money than ever in the first six months of 1980, but reinvested a smaller percentage of its revenues in oil and gas exploration and development than in the same period last year.
>
> A federal government survey released yesterday showed profits rose 54 per cent to $2.24 billion, but reinvestment in exploration fell to 84.6 cents from 86.1 cents out of every dollar of revenue.

They are not being asked to sacrifice, but they are doing better than ever. What about our banks? Bank presidents are among the leaders—and they lecture the Canadian people about the need for restraint and pulling in our belts. The total assets of all banks increased by October 31, 1980, over the same period in 1979 by 21.8 per cent. The total assets of banks are now $269,865,000,000. That is not bad for a group of companies. They have done very well out of our inflation.

We say that if the oil companies and the banks can do as well as they have, then we do not think it is time to ask people as a whole to pull in their belts. But we have been told by the Minister of Finance that inflation is not so serious after all, that we have indexed pensions and that there are other forms of payments for our sick and needy. That is true. I would remind hon. members that that was done in that terrible minority Parliament about which we have heard so much from the Conservatives. The members of our party forced the Liberal party to bring in indexing.

There are hundreds of thousands of working poor in this country. In fact there are several million working poor who do not benefit from any kind of indexation and who are not protected through unions which negotiate on their behalf. For them, double-digit inflation means eating less and doing without other necessities. It is only a Prime Minister brought up in the lap of luxury who would advise other people to change their priorities. If one listens to the Minister of Finance, one would think that our senior citizens are living in luxury. The facts, of course, are entirely different. Over 50 per cent of the people receiving the old age pension also receive the guaranteed income supplement. In order to get GIS these pensioners have had to pass a means test. We know from what they receive that these several million people are living in poverty. It is much better than it once was, but it is not anything about which we can be very proud.

I talked about the people who live in poverty. In the core area of my city, half of the family heads, according to a survey conducted by the school division, are unemployed. Those people are living in poverty every day of the year. A principal of one of the schools describes these people as living in a Third World right within our own city. This is the situation which exists. It is a situation respecting which the government has refused to take any practical action to help those who need help the most. That is why we asked for this debate.

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, before I get down to what I want to say I wish to bring to the attention of the President of the Privy Council (Mr. Pinard) the fact that a catastrophe occurred this week in British Columbia in the form of a flood in the little coastal community of Bella Coola, which has a population of about 2,000 people. On Monday the river overflowed its banks and put about 30 people out of their homes and caused about $5 million damages. Yesterday the minister of the environment, Mr. Rogers, and the minister of highways, Mr. Fraser, for British Columbia flew over and, I believe, landed in the community to survey the damage.

I was hoping to raise either a Standing Order 43 or a question in the House today to make sure the government was aware of the situation. I have spoken to the minister about the matter, and I merely want to put on the record the fact that there is a problem which should be addressed by the government. Having said that, I would like to get to what I really want to say today in this debate, although 99 per cent of it has already been said.

There is no doubt that the October 28 budget is a fiasco of the greatest magnitude. Certainly Canadians can see that now, and it is also showing up in other countries. I would like to quote from *The Economist* of London dated November 29 which says:

> Canada's nationalistic budget shows signs of being undermined by the ever-present influence of the United States economy. Less than a month after the budget, it looks as though Mr. Allan MacEachen, the finance minister, was counting on a more powerful American recovery than now seems likely. And inflation may rise faster than the federal government was expecting—higher American interest rates have weakened the Canadian dollar.
>
> The budget assumptions are already askew.

● (1400)

We are aware of that. If some kinds of changes are not made to this budget in the near future, we will be facing a disaster in this country of the greatest magnitude. Behind all this is about 12 years of Liberal inaction and band-aid policies. We have seen make-work type programs rather than any long-range planning.

My main thrust concerns science and technology, or research and development, which is a topic that has been mentioned in a number of speeches in the last 15 to 20 hours. I have something to add to this. It is evident that this government still has not twigged to the importance of research and development. All one has to do is pick up almost any article on the subject to see how badly Canada has slipped in this area. We have slipped from spending 1.4 per cent of our GNP in 1967, which was the year before the Prime Minister (Mr.Trudeau) came to power, to a point where we are spending what we are told is .9 per cent of the GNP, but if you really look closely at it, it is about .8 per cent of the GNP, which puts us in almost the range of some Third World countries. I think this is the root of our problem. For every half of 1 per cent of the GNP spent on research, 400,000 jobs are created, as we were told by the president of the National Research Council about three weeks ago in committee.

We talk here about employment and job security, as well as new jobs for the young people. But the only way we will ever get them is through innovation, new techniques, and research and development.

I shall quote from some speeches and draw to hon. members' attention just how serious a problem we face in this country with regard to research and development. First is a speech given by Walter F. Light, president and chief executive officer of Northern Telecom Limited. He spoke before *The Financial Post* conference on research and development on October 9. His opening paragraph sums things up fairly well. It reads:

> It would be nice to be able to say, with some degree of sincerity, that I am glad to be here. But, I can't.
>
> I am, of course, honoured to participate in your deliberations. However, when I reflect upon the nature and the need for such discussions, I am desperately sad, rather than glad.
>
> This is the third national conference in as many years directed toward highlighting Canada's abysmal investment in research and development and its falling national skill of innovation. Over the same period there have been hundreds of speeches given by businessmen, scientists and politicians, on various aspects of this critical Canadian industrial vulnerability. I have been speaking on this subject for five years. My company has been publicly addressing the issue

since 1969. Fortunately for us we took our own advice and built the country's largest private R and D establishment. But it is horrifying to see the continued drift and absence of commitment to industrial R and D at the national level.

This fact has been borne out by other people.

Keith Spicer in the Montreal *Gazette* for December 8, 1980, says very much the same thing. His article reads in part:

How much, indeed, do other countries put into research and development? The average for countries roughly as industrialized as Canada is about 2.5 per cent of gross national product. Canada's research and development outlay droops around 0.8 per cent of GNP.

We have a worse record in agriculture. We spent two days debating what we feel are some of the shortcomings in agricultural policy brought forward by the present government. I had the privilege of speaking and listening to the minister's speech. He boasted to us about how proud he is of the fact that 1.3 per cent of the federal budget goes to agriculture. That might be very good in that he is not spending too much money, but on the other hand he is short-changing research in agriculture by so many millions of dollars that it boggles the mind. If you examine the statistics closely, you will see that in agriculture we are only spending approximately .13 per cent of the agricultural GNP on research. We have already sunk over all in the GNP to .8 per cent. Agriculture is way down in its spending on research.

In the minister's speech, as reported in *Hansard* at page 5539 for December 9, he said:

I am proud that our involvement in the research and development field represents one of the highest dollar figures and one of the best results of any country in the world. I strongly support the federal government's plans to increase over-all research expenditures from .9 per cent of the GNP to 1.5 per cent by 1985. We have a number of valuable research projects that could start if we got additional funds.

It is the government's priorities which are fouled up. What the government has done over the last 12 years has been to spend millions and billions of dollars on social programs. The government has reduced incentive in this country to the point now where people are very reluctant to start businesses or to get involved in any kind of a risk venture.

During the debate on agriculture I brought to the minister's attention the situation of a laboratory in Saskatoon. I had the pleasure of working for this laboratory for a few years. It is a very good example of the Liberal government's view toward research and development. It became apparent to ranchers and farmers in western Canada, and to Canadians in general, that very little research was being done on animal diseases, to the point where several people got together and initiated funding from various sources. They built a $4 million laboratory in Saskatoon. They staffed it with the best people they could find from all over the world, and within a three-year period came up with a vaccine to prevent neonatal diarrhea or calf scours in calves which can cost this country somewhere in the neighbourhood of $80 million in a bad year.

Concerning the funding of this laboratory, I will read from page 5640 of *Hansard* for December 10, when I said:

It is interesting to look where the funding came from for this laboratory. Over 60 producer groups from across Canada have put in money. For example, the Canadian Egg Marketing Agency put in $50,000, the Canadian Turkey Marketing Agency $200,000, and the Alberta Cattle Commission $90,000. I could read on and on. The government of Alberta put in almost $2 million and the government of Saskatchewan over $1 million. The British Columbia government contributed, as did the government of Manitoba. The drug companies put in about $200,000, and the Devonian Group of Charitable Foundations, located in Calgary, put in approximately $3.5 million.

To date about $8,800,000 has been donated by these various groups along with dozens and dozens of individual producers. It is interesting to note that over the seven-year period this lab has been in existence the federal government has donated $43,000 to this institution, which is less than one-half of one per cent of total capital expenditures and operating costs to date.

● (1410)

I think this gives some idea of the importance that the government puts on research and development. Two weeks ago in the Standing Committee on Miscellaneous Estimates we listened to the president of the National Research Council. We were discussing the supplementary estimates. The chairman of the committee, of course, is a Liberal. However, there was not one Liberal member at that committee.

We had one of the most prestigious, if not the most prestigious, research groups in Canada before us to answer questions, but there was not one Liberal member at the meeting. That is another example of what the government thinks about research and development in science and technology. We were to hear the minister a week later at the same committee on supplementary estimates. He was able to give us about 15 minutes of his time.

That brings me to another point on the importance or lack of importance the government ascribes to this ministry. When we were in government last year, in the short time we were in office we were able to give this important subject a ministry of its own. We elevated it to the point where the research community in Canada was overjoyed with the fact that somebody finally recognized that research and technology and the science community were alive and would thrive with some interest from government.

Unfortunately we were defeated, and we are right back to where we were. We again have a minor ministry, and the importance we placed on it is completely lost. I wish to read some quotes showing what people think about this. I quote Keith Spicer from the Montreal *Gazette* of December 10:

It assigns science and technology to a junior ministry with a part-time minister, not even a minister with a mandate to foster economic development but to a minister of the environment who must be professionally skeptical about technology.

Walter Light in the speech which he gave to *The Financial Post* conference on research and development had this to say about the ministry:

One reason is that science and technology have never had a strong, high-powered, high-profile spokesman in the federal cabinet. That ministry is not given to one of the co-called cabinet heavyweights. It is of junior rank and is so treated.

For example, the minister of science and technology is not a member of the cabinet's powerful priorities and planning committee. From this one can only deduce that economic technological advancement is not a priority of, and does not fit into the plans of the federal government.

This is how it is perceived by the scientific community which just last week met here in Ottawa. Everything I am quoting happened in the last couple of months, although it has been happening year after year. I wish to quote an article from the Wednesday, December 10, 1980, edition of the Ottawa *Citizen*, headlined "Scientists fight for funds". I quote:

The cream of Canada's scientific crop in Ottawa this week to lobby members of Parliament for a bigger research and development budget and to issue a report card on how the politicians respond.

Dr. John Cowan, president of the Canadian Federation of Biological Societies, said Tuesday scientists are "very upset with Canada's dismal research and development effort and don't plan to take it sitting down."—

The Liberal government promised two and a half years ago to increase Canada's investment in research and development from the current 0.9 per cent of the gross national product to 1.5 per cent by 1985, he said.

"Since then absolutely nothing at all has been done to achieve that goal", he said. "The government has put us on the back burner while research and development is going down the drain in this country".

Canada's current level of spending on research and development, a total of about $3 billion annually, "leaves us at the absolute bottom end . . . in the same league as some developing countries", Cowan said.

How can a government be so blind, deaf, dumb and stupid as to put research and development on the back burner in this country when, as I just said, by increasing funding by one-half of 1 per cent of the GNP, we can create 400,000 jobs? That would cut the unemployment figures in this country at this moment by 50 per cent.

What is being done in other countries? The Japanese certainly know what to do. They are spending a minimum of 2½ per cent of their GNP on their research and development this year, and they are planning to have it up to 4 per cent by the end of this decade.

We hear that they have cheap labour in Japan. That is not true. Japanese labour costs are on a par with those of the United States, but their productivity is higher. They are now surpassing the U.S. in industrial power. In the United States, research and development investment dropped 5 per cent since the late sixties, but not so in Japan. They see the light. Japan produced ten million more watches than were produced in Switzerland last year. Japan produces ten million cars annually, about one hundred times what it produced 20 years ago. This is now the equal of a good year in the U.S.

In Europe it is estimated that 300,000 scientists and technologists in university, government and industry are engaging in research and development. About the same number are employed in Japan. In Canada, we estimate there is somewhere in the neighbourhood of about 8,000 to 10,000 people employed in research and development. It has to be a national disgrace.

We have had some successes in this country and we can have a lot more. For instance, the University of British Columbia in my province recently experienced quite a phenomenon. They were awarded four Guggenheim Fellowships.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired.

BUSINESS OF THE HOUSE

Mr. Collenette: Mr. Speaker, there have been some discussions among the parties. In view of the unusual length of this debate, we have agreed to seek unanimous consent to allow three reports from standing and special committees to be presented at this time, and also to read the questions on the order paper.

Mr. Baker (Nepean-Carleton): Yes, Mr. Speaker, there have been those discussions and we are agreeable.

Mr. Knowles: Agreed.

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

THIRD REPORT

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I thank the House for its co-operation. On Friday, July 18, 1980, the Standing Committee on External Affairs and National Defence received an order of reference from this House to consider Canadian policy with respect to the North American Air Defence Command (NORAD) Agreement and to report thereon no later than December 31, 1980. Mr. Speaker—

[*Translation*]

—I have the honour to present the third report of the Standing Committee on External Affairs and National Defence concerning NORAD.

[*English*]

I thank hon. members for their co-operation and those who worked very late last night to produce this report on time. Members of all parties should be thankful for a well-performed task.

* * *

• (1420)

[*Translation*]

SPECIAL COMMITTEE ON REGULATORY REFORM

Final report of Special Committee on Regulatory reform—Mr. Berger.

[*English*]

NATIONAL TRADING CORPORATION

SECOND REPORT

Mr. Jesse Flis (Parkdale-High Park): Mr. Speaker, I too would like to thank hon. members of all parties for their co-operation in allowing us to table these reports. It is the same co-operation which I as chairman of this committee experienced in our deliberations.

It gives me great honour to present the Second Report of the Special Committee on a National Trading Corporation.

[*Editor's Note: For texts of above reports see today's Votes and Proceedings.*]

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 708, 1,521, 1,570, 1,683, 1,696, 1,740, 1,745, 1,752, 1,760, 1,765, 1,768, 1,770, 1,788, 1,817, 1,823 and 1,824.

[*Text*]

GOVERNMENT APPOINTMENT OF MANITOBANS

Question No. 708—**Mr. Murphy:**

How many residents of Manitoba have been appointed to government boards, commissions, tribunals, task forces, selection committees or other government appointed bodies since February 18, 1980, and, in each case, what is their name, position and salary or *honoraria*?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): In so far as Atomic Energy Control Board is concerned: two.

Dr. J. B. Sutherland

Member, Atomic Energy Control Board Advisory Committee on Radiological Protection

$175 per day—honorarium

Dr. H. E. Duckworth

Chairman, Atomic Energy Control Board Advisory Committee on Nuclear Safety

$175 per day—honorarium

In so far as the Canada Employment and Immigration Department is concerned: four residents of Manitoba were appointed to the Manitoba task force (LEAP and Outreach)

Dr. David Walker

Chairman, Manitoba task force

$290 per day—honorarium

Ron Collett

Member, Manitoba task force

$2,500—honorarium

Bill Shead

Member, Manitoba task force

$1,500—honorarium

Allan Ross

Member, Manitoba task force

$1,500—honorarium

In so far as the Department of Indian Affairs and Northern Development is concerned: one.

Judge Patrick David Ferg, county court of Winnipeg

Arbitrator, Northern Flood Agreement on March 21, 1980.

Departmental funding is in the order of $50,000 maximum for all expenses for one year. Payments are made for services on a need basis.

In so far as the National Capital Commission is concerned: two.

Mrs. June A. Westbury

A member of the Manitoba legislative assembly and a commissioner of the National Capital Commission since her appointment on May 1st, 1976, Mrs. Westbury was also appointed member of the commission's advisory committee on design effective April 18, 1980, to March 31, 1981. As a member of this committee and a commissioner, she is reimbursed reasonable travelling expenses for attending at meetings according to Treasury Board guidelines on travel expenses. She also receives remuneration at the rate of $123 per diem while in performance of her duties as a committee member, plus a payment of $123 for any part of a day during which she must travel.

Sharon Zenith Corne

An artist from Winnipeg, Manitoba, Miss Corne was appointed member of the commission's advisory committee on arts effective April 18, 1980, to March 31, 1981. As a member of this committee she is reimbursed reasonable travelling expenses for attending at meetings according to Treasury Board guidelines on travel expenses. She also receives remuneration at the rate of $123 per diem while in performance of her duties as a committee member, plus a payment of $123 for any part of a day during which she must travel.

In so far as the Department of National Health and Welfare is concerned: four.

Dr. R. H. Taverner

Provincial representative, Canadian Organizing Committee for International Year for Disabled Persons (I.Y.D.P.) 1981.

No salary or honorarium

Order Paper Questions

Mrs. Yetta Gold

Committee member, Canadian Organizing Committee for International Year for Disabled Persons (I.Y.D.P.) 1981.

No salary or honorarium

Mrs. A. Labelle

Council member, National Advisory Council on Aging

$100 per day—honorarium

Mrs. C. Myrna Bowman

Member and vice-chairman, Canada Pension Plan Advisory Committee

$100 per day—honorarium

In so far as the Ministry of the Solicitor General is concerned: one.

Dorothy Betz

Member, National Parole Board

Salary Range of SX2 position—$38,300—$52,100

Other departments and agencies have no information on this subject.

TORONTO INTERNATIONAL AIRPORT

Question No. 1,521—**Mr. Cossitt:**

1. At what Terminal I gate did Flight No. 44 of American Airlines from San Francisco to Toronto land at the Toronto International Airport on Thursday, September 25, 1980, and what is the exact distance in feet from the aircraft exit to the Canada Customs area?

2. Were push-carts provided by the Department of Transport available at the aircraft exit area for incoming passengers carrying heavy hand luggage and, if not (a) for what reason (b) is the department considering making push-carts available as quickly as possible or is it considering the installation of a moving sidewalk?

3. Were airport personnel in attendance between the aircraft exit and Canada Customs areas and, if not, for what reason?

4. Was assistance provided at the aircraft exit area for elderly persons, incapacitated persons, etc., in particular with reference to the carrying of heavy hand luggage and, if not, for what reason?

5. Were porters on duty at the time at the Canada Customs area and, if so, how many?

6. How many other flights were disembarking passengers at approximately the same time?

7. Will steps be taken to provide additional porter assistance for the elderly etc. in the Canada Customs area and, if so, what are they?

8. Is the department aware as to whether or not arriving passengers included persons from the United Kingdom, some of whom state that they were almost collapsing from baggage carrying, lack of service, etc. and, if so, what will the government do about the situation?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Gate 14, a distance of 860 feet.

2. (a) No. It is considered unsafe to use baggage carts on the escalator to the arrivals baggage claim area.

(b) Baggage carts were introduced on a trial basis in January, 1978, but discontinued because of congestion and slowdown of passenger processing. Alternative was to increase porter service. Because of corridor curvature and distance involved, moving sidewalks are not being considered.

3. No. It is the responsibility of the airline to assist and direct passengers in this area.

4. Common practice is to station one passenger agent at the aircraft door with a second agent at the stairs from the loading bridge. Special arrangements are made for additional help for incapacitated passengers. No special assistance is provided for carrying passengers' heavy hand baggage as heavy hand baggage would normally be checked.

5. Yes. Nine porters were on duty.

6. In the previous hour four other flights and in the hour following an additional four flights.

7. The situation in question will be brought to the attention of the airline committee which is responsible for the provision of porter service.

8. Transport Canada is not aware if flight No. 44 carried passengers from the United Kingdom. However a flight from Gatwick arrived twenty minutes earlier carrying 279 passengers and a flight from Manchester one hour later arrived with 277 passengers. Because of limited capacity in the international arrivals area, passengers sometimes experience periods of extreme congestion and are subjected to a much lower level of service during these peak periods, which results in more crowding, more waiting and fewer porters being immediately available. The department is aware of this situation and expects to commence construction to modify the facility in the very near future. The problem is not so much walking distance as one of congestion.

SAINT-LEONARD, N.B. AIRPORT

Question No. 1,570—**Mr. Howie:**

Did the Department of Transport decide to proceed with the extension of the runway at the Saint-Leonard, New Brunswick Airport and, if so, on what date will the work commence?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The runway at Saint-Leonard has been constructed to 4,000 feet which is adequate for the type of aircraft which will utilize the airport. There are no plans to extend the runway beyond this length.

MR. MICHAEL PITFIELD

Question No. 1,683—**Mr. Cossitt:**

Did Mr. Michael Pitfield, Clerk of the Privy Council and secretary to the cabinet, attend a meeting of the Liberal Party campaign committee in July 1978 at the Inn of the Provinces, Ottawa and, if so, on what dates?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Please refer to the minutes of proceedings and evidence of the Standing Committee on Miscellaneous Estimates, page 27:20, dated November 4, 1980.

EMPLOYEES OCCUPYING SENIOR EXECUTIVE EQUIVALENT POSITIONS

Question No. 1,696—**Mr. Herbert:**

How many employees in the public service, by department, are presently occupying senior executive equivalent positions?

Hon. Donald J. Johnston (President of the Treasury Board): The number of employees in departments and agencies listed in the Public Service Staff Relations Act, Schedule I, Part I, and occupying senior executive equivalent positions is as follows:

Department of Agriculture	34
Canada Employment and Immigration Department	3
Canadian International Development Agency	1
Canadian Penitentiary Service	1
Canadian Radio-television and Telecommunications Commission	2
Canadian Transport Commission	3
Department of Communications	3
Department of Consumer and Corporate Affairs	1
Department of Energy, Mines and Resources	26
Department of the Environment	29
Department of External Affairs	62
Department of Finance	1
Department of Fisheries and Oceans	9
Department of Indian and Northern Affairs	3
Department of Industry, Trade and Commerce	18
International Joint Commission	3
Department of Justice	36
Department of National Defence	31
National Energy Board	4
Department of National Health and Welfare	41
National Museums of Canada	5
Department of National Revenue	5
Public Archives	1
Department of Public Works	10
Department of Regional Economic Expansion	4
Ministry of State for Science and Technology	1
Statistics Canada	20
Ministry of Transport	3
Department of Veterans Affairs	4
Total	364

FEDERAL BUSINESS DEVELOPMENT BANK

Question No. 1,740—**Mr. McCauley:**

For the fiscal year (a) 1977-78 (b) 1978-79, how many persons in the constituency of Moncton applied for and received monetary assistance from the Moncton, New Brunswick branch of the Federal Development Bank?

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State, Small Businesses): In so far as the Federal Business Development Bank is concerned: the following figures are for the entire Moncton, New Brunswick branch territory:

Year	Inquiries Received	Applications Received	Authorized
1977-78	332	131	110
1978-79	332	125	116

Order Paper Questions

DEPARTMENTAL ADVERTISING EXPENDITURES

Question No. 1,745—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Communications for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): In so far as the Department of Communications is concerned, the answer to the above question is as follows: for fiscal year 1980-81 projected expenditures

(a) None;

(b) $415,000;

(c) $198,000.

Question No. 1,752—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Indian Affairs and Northern Development for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): In so far as the Department of Indian Affairs and Northern Development is concerned, the answer is: the department is projecting an expenditure of $1,253,000 in the current fiscal year, 1980-81, for (a) media advertising, (b) free or subsidized publications, and (c) other information. It is not possible to break down the expenditure into the various subdivisions as in (a), (b) and (c).

Question No. 1,760—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of National Revenue for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue):

Customs and Excise

(a) $206,754;

(b) $117,700;

(c) None.

Taxation

(a) None;

(b) Inside Taxation $26,000

1980 Taxation Statistics 33,000

The department also produces a series of free tax information pamphlets which are included in the general printing budget for tax forms and guides related to completion of these forms. Costs for these pamphlets are not maintained separately.

(c) None.

Order Paper Questions

Question No. 1,765—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Treasury Board for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Donald J. Johnston (President of the Treasury Board): In so far as the following are concerned:

Treasury Board Canada:

(a)	None
*(b) and (c)	$1,330,000

Office of the Comptroller General of Canada:

(a)	None
*(b) and (c)	$205,000

*NOTE: Projected expenditures for free or subsidized publications and other information cannot be separated so one total amount only can be provided.

Question No. 1,768—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Polysar Limited for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Pierre Bussières (Minister of State, Finance): Polysar Limited is a private sector corporation wholly owned by the Canada Development Corporation in which the Government of Canada is a minority shareholder (having only 44.3 per cent of the voting shares, on a fully diluted basis) and only one of about 25,000 shareholders. Polysar is neither a Crown corporation or an agent of Her Majesty nor does the government directly hold any equity in it. The Minister of Finance has thus no knowledge of any of Polysar Limited's estimated operating or administrative expenditures for the current fiscal year.

Question No. 1,770—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Canada Development Corporation for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Pierre Bussières (Minister of State, Finance): The Canada Development Corporation is a private sector corporation in which the Government of Canada is a minority shareholder (having only 44.3 per cent of the voting shares, on a fully diluted basis) and only one of about 25,000 shareholders. CDC in neither a Crown corporation nor an agent of Her Majesty. The Minister of Finance does not have any knowledge of CDC not available to the public and thus has no knowledge of the corporation's estimated operating or administrative expenditures for the current fiscal year.

Question No. 1,788—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Via Rail for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): (a) $3,300,000; (b) $1,085,000; (c) $25,000.

1980 CANADIAN GOLD COIN

Question No. 1,817—**Mr. Cossitt:**

As of November 30, 1980, which is the deadline for orders of the 1980 Canadian $100 22 karat gold proof coin (a) how many orders were received (b) what is the limit of coins to be minted regardless of the number of orders received (c) if there are any excess coins, will they be destroyed?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

(a) The Mint has received orders for 130,474 coins.

(b) The number of coins struck is approximately 177,477.

(c) Yes, excess coins will be destroyed with the exception of a small quantity for possible warranty claims. The number of coins to be destroyed is not necessarily the difference between the above-mentioned numbers; the Mint is selling several coins through direct mail orders and will accept all orders bearing the November 30 postmark.

DND CONTRACT WITH PIERRE TREMBLAY PUBLICITÉ INC.

Question No. 1,823—**Mr. McKinnon:**

Did the Department of National Defence place a $400,000 contract, file number GS.1039W-0-0001-2 with Pierre Tremblay Publicité Inc. for national recreational advertising services and, if so, for what purpose?

Hon. J.-J. Blais (Minister of Supply and Services): 1. Contract GS. 1039W-0-0001-2 was awarded by the Department of Supply and Services on behalf of the Department of National Defence to Pierre Tremblay Publicité Inc., Montreal, Quebec, on July 21, 1980. The total contract value was $400,000.

2. The contract was for the provision of a National French Language Advertising Program in support of the Department of National Defence 1980 spring-summer recruitment campaign.

DND CONTRACT WITH CANADAIR LTD.

Question No. 1,824—**Mr. McKinnon:**

Did the Department of National Defence place a contract with Canadair Ltd. file number HB50.2729804 in the amount of $50,000 for a field services representative to provide support for the CF116 Freedom Fighter aircraft program and, if so, what is the program?

Hon. J.-J. Blais (Minister of Supply and Services): Yes.

The CF116 is the official designation applied by the Department of National Defence to the more commonly known CF-5

aircraft which was manufactured by Canadair under licence from Northrop.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, if question No. 1,415 could be made an order for return, this return would be tabled immediately.

The Acting Speaker (Mr. Ethier): Is it agreed that question No. 1,415 shall be made an order for return?

Some hon. Members: Agreed.

[*Text*]

CANADIAN POSTAGE STAMP PROGRAM

Question No. 1,415—**Mr. Greenaway:**

1. In each year since 1975 to date, what amount was spent by the government on the Canadian Postage Stamp Program for (a) design (b) production?

2. In each case (a) who was the designer (i) what was his/her province of residence (ii) what amount was he/she paid (iii) what was the theme or topic of his/her design (b) which design was (i) commissioned (ii) solicited (iii) unsolicited (c) which design was (i) used singly (ii) used as part of a named series (iii) not used?

3. For the same years, by name, denomination and designer, how many (a) single stamps (b) series stamps were devoted to Indian themes and what percentage of the total yearly cost did this represent?

4. For the same years, what was the (a) name of each member of the Stamp Advisory Committee and what was his/her province of residence (b) from what area of expertise was he/she drawn (c) how much time did he/she spend on the selection of stamps used in the progam (d) what amount did he/she receive for his/her service?

Return tabled.

[*English*]

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

The Acting Speaker (Mr. Ethier): Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

Mr. Hnatyshyn: Mr. Speaker, I rise on a point of order. I see there is a spirit of Christmas willingness to co-operate at this point in time. I rise in that spirit. I noticed on the order paper that the Minister of Justice (Mr. Chrétien) was going to introduce and give first reading to his bill with respect to amendments to the Criminal Code relating to sexual offences and offences against children. The reason that I raise that is that we have been waiting for a long time and pressing the minister to bring this forward, and I am just wondering why we cannot, in that same spirit that we have demonstrated now, allow this bill to be introduced. There are a number of people who are concerned and would like to see the legislation itself brought before this House and tabled so that we have the specific bill before us to study over the recess.

Second, I understand that the Minister of Justice is holding a press conference, and while I anticipate that he will not, of course, be revealing the contents of the bill itself, he is going to deal with the general directions in which the government intends to move in this respect. It seems to me that it would just be a matter of common sense and courtesy to this House that we now have the actual bill tabled before the House.

I think we should be able to arrive at some consensus in this House in this regard and allow the minister to come forward and go through the formalities. It is not a long process. It simply involves his tabling the bill. We can all then have it for our Christmas reading, and I think that suggestion should be taken seriously by the representatives of each of the parties.

Mr. Baker (Nepean-Carleton): A wonderful idea.

Mr. Knowles: Mr. Speaker, I appreciate the spirit in which the hon. member for Saskatoon West has made his appeal, but for reasons that some of the members of my party feel are valid they have asked me not to agree to the presenting of that bill today.

Mr. Hnatyshyn: Stanley, why?

Mr. Collenette: Mr. Speaker, I wish to concur in the comments made by the hon. member for Winnipeg North Centre. There were discussions earlier, but it was impossible to reach an agreement. The minister has announced a press conference. We will go ahead with the holding of that press conference, but obviously we will keep the normal rules of the House of Commons in line since the actual bill itself has not been presented in the House.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I just want to make it abundantly clear, if it is not already, that we were prepared to have that bill introduced today.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

THE ECONOMY

EFFECTS OF RISING COST OF LIVING AND INTEREST RATES

The House resumed consideration of the motion of Mr. Broadbent:

That this House do now adjourn.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, it is a real pleasure to be able to take part in a debate that has commanded so much of the attention of the House for such a long period of time. It has been most interesting to hear the

many thoughtful speeches which have been made dealing with what I think it has now become abundantly clear is a genuine economic crisis in the country.

Indeed, looking back over the perspective of the time that I have been here in Parliament, which is getting to be several years now, one can detect an extraordinary drift toward the very kind of position in which we now find ourselves. It is almost as if our country has been seized with a kind of pernicious inertia which has seen us get more and more indebted, particularly to foreign money lenders, to the point where we are now experiencing some real difficulty in meeting our own economic objectives because of the financial burdens that we have been subjected to by the government's policies over the years.

The Prime Minister (Mr. Trudeau) and his cabinet, ever since the Prime Minister came to power in 1968, have taken a country which at one time was the envy of the world, had great resources, had unused financial credit, and in which much good will existed among the various provinces and systematically brought it to the point where we find ourselves today struggling with some very real problems which have really taken us to the point where we are classed almost as a Third World country, if it were not for our extraordinary resources. We had a first-rate opportunity to lead the world and to show what could be done by Canadians, thinking back to those heady days of Expo, but now, because of a second-rate government, we are facing a Third World economy, and it is a very, very serious situation indeed.

If anyone doubts the seriousness of the interest burden, they could do not better than to read a column in the Montreal *Gazette* by Don McGillivray, who points out the following:

> The share of Canada's national income collected by people who make their living from interest and other investment income—in other words, the wages of money—has doubled in the past 10 years.
>
> In 1970, it was 4 per cent of the gross national product (GNP)—
>
> In the same 10 years, the share going to wages, salaries and other labour income—the wages of work—has stayed at about 56 per cent of GNP. And this means that the share of the GNP going to each worker has declined, since 64 per cent of adult Canadians now participate in the work force compared with 58 per cent in 1970.
>
> Even this comparison doesn't tell the whole story. The wages of money show up not just in the hands of coupon clippers but also in many other places, including corporation profits, especially those of banks.
>
> It can't do the much-discussed work ethic much good for the ordinary worker to see this real wages decline while the real returns of people who let their money work for them are rising sharply.

This situation is most alarming. I believe we owe in excess of $67 billion to foreign moneylenders. The burden imposed on our economy by paying the interest on this amount of money is substantial, and surely it must be arrested before the situation becomes worse.

There are economists who will argue that the national debt is not of great relevance as long as it is owed, in effect, to ourselves, but I have never heard an economist who would not concede that money owed to outside moneylenders in the amounts we are talking about does not present a real obstacle to the proper functioning of our economy. For example, the annual cost of interest on the public debt next year will equal $500 per capita and $1,390 per taxpayer. Almost one dollar in four is used to service this debt. This compares with one tax dollar in nine, only seven years ago.

We could look to the energy sector of our economy to generate the kind of revenues that could arrest this very alarming situation. We could do that if it were not for the pernicious energy policies brought in by this government and highlighted in Bill C-48 which we will be able to discuss again very soon in this House.

The budget, including the disastrous energy policy, has done absolutely nothing for many important sectors of our economy. There is nothing of any substance for housing, as the hon. member for Winnipeg North (Mr. Orlikow) pointed out a few moments ago. There is nothing at all except $15 million for the next four years for MURBs, and everyone knows that that is almost an insult rather than an incentive for any meaningful housing recovery. There is nothing in it for farming of any substance, and as far as fishing is concerned we see the same lamentable situation. In the Atlantic region where I come from this is not, perhaps, a major economic issue, but it has become a very sensitive issue. The government has even allowed Canadian National Railways, despite very bipartisan pressure being brought to bear by all members of this House, to go ahead with its proposal to close express services and further retreat from its obligations as a national railway.

The national energy policy of the government, so-called, has a depressingly familiar ring to it. I would like to say a few things about Bill C-48, without pre-empting the speech I hope to make later, but let us take a moment, those of us who sat in this House for a number of years, and look at the sense of *déjà vu* which must exist when we cast our eyes back to 1973 when Donald Macdonald was the minister of energy, mines and resources.

● (1430)

Mr. Douglas Fisher, a former member of this chamber, a very astute columnist, summed up the situation very well when he pointed out in an article in *The Toronto Sun,* approximately a month ago, the strange familiarity that many of us now feel when we look upon the objectives that the government is proclaiming for us so far as national self-sufficiency in petroleum products is concerned. Douglas Fisher recalls that on December 6, 1973, Donald Macdonald brought in his national energy policy and, as he says, its platitudinous slogan of "security; opportunity; fairness." That policy was going to make us energy self-sufficient by 1980. Here is how he was going to do it.

He said that the first thing he was going to do was to do away with the Ottawa Valley line, and this would create a national market for oil which would be supported by a pricing mechanism with sufficient incentives for the development of our oil resources; and any rise in prices would be used to ensure security and self-sufficiency. Remember that this was back in 1973. He went on to say:

> The oil pipeline from the west would be extended to Montreal "and as required to eastern points".

There would be an intensive, government-led campaign for energy conservation—

There would be "intensification of research on oil sands technology—

According to Mr. Fisher, the Prime Minister went out of his way to assure the Americans of continued oil and gas exports from the west, of readiness to have Alaska gas go through Canada to the U.S., that is, the Mackenzie Valley pipeline. He also guaranteed that the new national petroleum company is not intended in any way to replace the private sector. That has to be the laugh of the century when you look at what is happening in Bill C-48. In any event, we have now seen in this latest so-called energy strategy that it will not be 1980, which was the goal back in 1973, which will see us become energy self-sufficient. Now the goal is 1990 and, as the House knows, there are many ifs, buts and maybes included in this particular forecast. Mr. Fisher says regarding the situation now in effect:

Today steady, inevitable price rises in oil are seen as a constant. The pace of oil sands development has slowed to less than a walk. Neither an oil nor a gas pipeline has been pushed east of Montreal.

Incidentally this was written after the Prime Minister, in a speech in Halifax, accompanied by the Minister of Labour (Mr. Regan), on January 25 of this year, said, when he was talking about switching to alternate energy sources:

But in order to switch, people must have access to gas. Nowhere is access needed more than in eastern Canada. I am announcing today—

That was last January 24.

—as part of our program, that a Liberal government will take immediate action to ensure the full co-operation of all parties in the construction of a natural gas pipeline to Quebec City and the maritimes. The pipeline will have reversible capacity so that maritimers will have the opportunity, both to use western natural gas now and to send offshore gas to central Canada later.

Since that time the hon. member for Halifax West (Mr. Crosby), myself, and other members repeatedly pressed the Minister of Energy, Mines and Resources (Mr. Lalonde) until finally he made the concession that perhaps they would have to bring in a bill if the NEB would not recognize what he finally conceded should be an instrument of national policy. Is it any wonder that people in the Atlantic region are cynical about the intentions of this government when it comes to energy, or indeed, when it comes to anything else?

I want to touch briefly on Bill C-48. In my opinion, it is one of the greatest disincentives to the development of our nation's energy that I have ever seen. Not only does it saddle any private enterprise corporation with PetroCan as a partner, but through the unparalleled, unprecedented ministerial discretion that this bill confers upon the minister, it allows the Minister of Energy, Mines and Resources to dictate to any business or enterprise which is associated, and they all are associated of necessity now, in these Canada lands, with PetroCan. By virtue of this, the minister can tell them where they are supposed to drill, when, what their production should be, where it should be delivered, to whom it should be sold, and what they are going to get in return.

Can you imagine any lumber operator, farmer or businessman putting up with that kind of stricture? If the government wanted to cripple perhaps the only source of development of the trillions of dollars which will make the country energy self-sufficient and, more important, help it to pay off its crushing debts, it could not have chosen a more pernicious and a more guaranteed route to interrupt that laudable objective than it has chosen.

If that were not bad enough, you should have a look, Mr. Speaker, not only at some of the unparalleled instances of ministerial discretion that I have listed, but you should consider the punitive and secretive provisions that will be used to enforce the regulations under this bill. One of the things that strikes me as being most ironic, as I hear again for the umpteenth time the government skating around freedom of information, is a provision in Bill C-48 which allows a party to any appeal to the Federal Court under some of the major requirements of the act to apply to have the proceedings held in camera. Based on its track record, based on the way it has used section 41(2) of the Federal Court Act, I have no doubt that the government will almost automatically use that provision to have in camera proceedings regarding appeals from some provisions of Bill C-48. Can you imagine anything that would be more repugnant to a democratic country than to have proceedings in the Federal Court over such an important issue held in camera?

If that is not bad enough, the provisions of the bill require that the onus of proof be on the party accused, the reverse burden, in effect the same kind of perverse trend that is coming in more and more to Canadian jurisprudence which involves quasi criminal or provincial or, indeed, criminal statutes. It is the kind of breach which was made more noticeable years ago when the breathalyser legislation was brought in. Until that time it was generally accepted that a person did not have to incriminate himself, but that has gone by the boards and ever since we have seen, for the sake of bureaucratic expedience, more and more statutes with the burden of proof being put on the accused, a very dangerous trend but one that is becoming quite noticeable in our country.

There is so much material, as the hon. member for Perth (Mr. Jarvis) said today, encompassed in this kind of motion that it is difficult to organize one's thoughts, but one thing is abundantly clear, that there is a kind of hypocrisy at large today on the government benches that seldom, if ever, has been equalled. Power to Liberals is as sex to puritans. They say they loathe it, but they really lust for it. They say that it makes them uneasy, but they itch for it. They also have a very definite feeling that power in the hands of any but their own kind contains a sort of hidden evil.

Unfortunately for the country, their grasp exceeds their reach in the sense that while they are very good at staying in power, they are showing once and for all, and this is one myth that they are debunking, that they lack capacity to take a country which has riches, which would make Saudi Arabia look like a pauper, and lead it to the kind of economic destiny that a great Liberal prime minister once predicted for it when Sir Wilfrid Laurier said that the twentieth century would belong to Canada. Unfortunately, the twentieth century has

not belonged to Canada and will never belong to us until we take some steps to put our economic House in order.

I am not going to reminisce about some of the things that we have tried to do in our short-lived term in office because, in retrospect, perhaps they were not that great and it is not easy to stop a landslide quickly once it starts, but I am firmly convinced that some of the things we started to do have the proper direction behind them. At least, for example, in my own limited field of responsibilities we were prepared to commit hundreds of millions of dollars to housing. Some people said that it was not enough, that it would only benefit home owners and people who pay property taxes but would not do anything for renters. We were close to putting in a shelter allowance as well, and I hope this government will do so because those two policies together would do a great deal and are now desperately needed. But what do we have? We have almost an insult, as I said earlier; we have MURBs.

● (1440)

Within the limited funds available for economic development, we brought in some additional help for western Quebec, and special areas in Montreal. Because of the fact that the previous administration had let an ARDA agreement terminate, we had little alternative but to bring in a DREE agreement for over $50 million to help eastern Ontario. I think some of the things we tried to do were constructive. I say to the government opposite that I am not so concerned about the tremendous budget of $66 billion if only some of that money, even if the government had to raise more revenue, were directed toward the repayment of some of the astronomical amounts of money which we owe to foreign money lenders such as the West Germans, the Americans, and the Swiss. Sooner or later we must pay this money back, and the fact that we have not paid it back has put us to some extent in the position in which we now find ourselves, where our financial options are very, very badly reduced.

The Deputy Prime Minister and Minister of Finance (Mr. MacEachen) is from my own province. He has been called the artful dodger. I am afraid he cannot dodge much longer. If they are not getting on to him as we say, down in his native Cape Breton, they sure are here in what we call Upper Canada.

I had to chuckle when I saw the editorial which appeared in the December 16 edition of *The Citizen.* It dealt with the economy and indicated the following:

> That admission by MacEachen reflects a direct contradiction—

It referred to the admission of the Minister of Finance, that everyone knew, ever since the Bank of Canada began tracking the American interest rate fluctuations, that Canada's monetary and so-called anti-inflation policy is being set in the U.S.

The admission of the Minister of Finance, his penetrating look at the obvious, has now excited enough comment that the Ottawa *Citizen,* which is not generally known for supporting the Conservative view, has taken a very caustic crack at our beloved Minister of Finance.

It continued:

> It is ludicrous to presume that Canadian inflation will be restrained by the current high interest rate policy. Yet inflation-fighting was supposed to be a Liberal priority.

The editorial is extensive, but I will not quote from it in its entirety. I invite members to read it because it is certainly very accurate and illuminating.

The same editorial continued:

> A concession on the price of conventional oil would bring Alberta to approve the various tar sands projects that are now on hold.

That goes back to the pre-eminent concern of our country, that of energy.

It continued: that if certain things were done—

> —Canada will be energy self-sufficient within a decade.

I am sure of that, if the disincentives to a tremendous source of revenue and energy security are taken away.

I have never seen a piece of legislation which was more repugnant for many reasons than Bill C-48. One would think that it was drafted personally by the Minister of Energy, Mines and Resources (Mr. Lalonde). It follows right in with his arrogant approach to things, particularly energy.

As the Minister of Finance is so fond of repeating ad nauseam, when it suits him, that we should divorce ourselves from what is happening in other countries, I wish to say I am not particularly proud of the stance my country has taken in foreign affairs for the last number of years. I am not particularly proud of our policies regarding certain countries with which I have very little affinity as far as their current governments are concerned as distinct from their people. I am not too proud of the high regard in which they hold the Prime Minister. I would not mind seeing him respected, but I would like to see the kind of apparent affection which is held for him in communist countries being reciprocated in countries which I feel are closer to our own aspirations, aims, and way of life.

I felt a twinge when I read the latest issue of *Maclean's* magazine and the little article by Peter Niesewand on page 25 in which he detailed the visit of the Prime Minister of the Soviet Union, Mr. Leonid Brezhnev. It reads as follows:

> The abiding impression left by the Soviet leader was that of an old, tired, sick man, with not long to live. But he did show the occasional small spark. At the ceremonial arrival, members of the diplomatic corps were introduced to him. He shook their hands in silence—until he was presented to Canadian High Commissioner John Hadwen. Brezhnev's eyes lit up. "Trudeau!" he said.

That is nice, but I just wish that the eyes of the President of the United States would light up when he meets the Prime Minister. Perhaps they will when they meet, but I remember what President Nixon once said. I suspect that perhaps that is a more accurate impression of the way that he is still regarded by our traditional ally friends to the south. I should like to see a little change in our foreign policy alignment. I am not too happy to see Michael Manley, who systematically drove his own country into brankruptcy, applying—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I had not intended to participate in this debate, but I feel compelled to put a few personal thoughts on the record in view of some of the speeches I have heard from the other side.

I think the intentions were pure on the part of the hon. member for Oshawa (Mr. Broadbent) and the Right Hon. Leader of the Opposition (Mr. Clark) to have a debate about Canada's economic problems. As members will know, having heard last night's speech of the Deputy Prime Minister and Minister of Finance (Mr. MacEachen), we do not deny that there are economic problems in the country. If one reads *Hansard* when the report is out on Monday after the fantastic job, performed by the *Hansard* reporters and the translation group, one will see that there have been serious economic discussions in this debate. I agree with the sentiments of the hon. member for Perth (Mr. Jarvis) that there has been excellent debate on all sides. But, surrounding that, and interwoven with legitimate debate, an element of pure partisanship has infiltrated many of the speeches coming from the other side, especially from my friends on the Conservative benches.

During question period yesterday, the Minister of Finance talked about the Tory blues and the bitterness on the other side. We all get riled up, and I have been accused of being unduly partisan. I do not like to be unduly partisan, but I regret the behaviour we saw last night in the debate by the Right Hon. Leader of the Opposition. He did not have the courtesy to sit down and listen to the Minister of Finance. He did not even make profound comments; he made very nasty, petty comments. I think that leaves a lot to be desired for the leader of any party in the country. I hope the Conservatives in the country will take that into consideration next February when they review the leadership of their party.

Mr. Kempling: What a stupid statement! It could only come from you.

Mr. Collenette: I knew once I got on my feet that I would liven up this debate. My good friend, the Conservative whip, and I have an ongoing relationship of shouting back and forth. Without being overly partisan, I believe that we should look behind some of the so-called logic we have seen in the speeches last night, this morning, and this afternoon.

I should like to deal with the substance of the motion and the whole question of the economy. Of course high interest rates are troubling us. One option outlined by the Minister of Finance was to allow the Canadian dollar to slide even further. I think the Minister of Finance and the governor of the Bank of Canada have done excellent jobs in trying to steer that balance, to ensure that the dollar does not fall, to ensure that we do not open up the floodgates to rampant inflation, and also to ensure that high interest rates do not get out of control.

I think the Minister of Finance made a very salient point in criticizing the interest rate policies of the United States in the last few weeks. I do not know whether it is because there is a lame duck administration in the United States. Perhaps the President of the United States is not undertaking the usual direction as he should in the period leading up to January 20. Perhaps Mr. Miller, or whoever is running the Federal Reserve Board, is running the whole country. I would submit that the high interest rate policies now being pursued by the United States are very likely, or could very likely if they continue, plunge the whole world economy into a severe recession, perhaps even a depression.

● (1450)

Last night the Minister of Finance outlined that Canada cannot divorce itself from the economic realities in the United States. In a sense, we are a passenger in that vehicle, the vehicle being the United States, in its ride to high interest rates. There is a school of economics in the United States, the Monetary school, or the school of Mr. Friedman, the Chicago school, which believes this is what we need. Some of the things I have heard in speeches from members opposite remind me of comments I have heard in my constituency made by my opponents from time to time. They say that what this country needs is a good shake-out, a good recession, a good depression and we will get back to honest, old-fashioned values.

If you look back over the last 50 years, perhaps even longer, you will see that the Conservative party philosophy is based on the assumption that the state should not intervene in the economy, that the people should tough it out. There is no compassion, in the policies of that party. We saw it in the depression years of the 1930s, and, as a result, the Conservative party has paid for that over the last 50 years by not being in power in this country. They are seen as the party which does not care.

Quite frankly, I find it personally offensive that the Leader of the Opposition lectured us yesterday on the effects of our economic policies on lower-income Canadians, when his party has an historic record of putting it quite strongly to the disadvantaged groups of Canadians. These groups are comprised of the lower-income people, pensioners and so on. One has only to look at the budget which was presented a year ago by the former minister of finance to see how Conservative economic policies take their greatest toll against those who can least afford to pay their way in society and those who can least protect themselves—the poor, the disadvantaged, the minorities, and pensioners.

I know the Leader of the Opposition has an affinity for the policies of Mrs. Margaret Thatcher in England. I am thankful that the election in May, 1979, did not produce a majority government for the other side, because people in Great Britain right now would just have loved to have had the opportunity that we had last December in voting out the government when its old-fashioned, right wing economic policy is shown to fail. Unfortunately, the people in Great Britain do not have the option which we had last year in kicking out the goverment. As a result, that great country—the country where I was born, incidentally—will go through probably the worst crisis it has ever had since the twenties, the general strike of 1926, and the depression. My parents and grandparents went through that and it was Tory governments which were in power at that time

under Mr. Baldwin, which forced the people of Great Britain into dire economic straits. We see this happening now in Great Britain. I am only bringing it up because I am very glad and relieved that Canadian people had a chance to pronounce upon the economic policies of the former government, unlike the people of Great Britain, who now must basically put up with Mrs. Thatcher for the next few years.

There are a few things which I would really like to deal with in a general way. It is all tied in with the economic debate and the energy debate. I think all of us on this side, and my colleague from Willowdale, put it very succinctly this morning, are concerned with what is happening in western Canada. We are concerned about the so-called alienation and the so-called discontent. I think all of us on this side of House are reasonable people. I think the government will be reasonable in any future negotiations it has with the other provinces.

But what I see happening, aside from the historical, legitimate grievances of western Canadians, and the historical antipathy to our party, some of it perhaps being warranted, from statements made or actions taken in the past, is that we have basically a philosophical debate, which is quite legitimate. That is what politics is all about in a democray. But, unfortunately, it is being masked by members on the other side by the cloth of separatist feelings in western Canada, of western alienation. I find it offensive.

When you listen to the argument which member on the other side advance against Bill C-48 and other aspects of Canadianizing our oil and gas industry, obviously it is their legitimate right to disagree with the philosophy of this party and this government, which is to ask for a mandate to increase Canadian ownership of our oil and gas industry, but some hon. members call this socialism. I do not call it that. When the Leader of the New Democratic Party (Mr. Broadbent) sets out in this country and talks about nationalizing every single oil company, that is socialism in its pure sense. All we are talking about, Mr. Speaker, is Canadianizing the industry.

What I find offensive is that the members opposite in the Tory party, many of them western Canadians, are playing up the historical grievances, in effect whipping up this spirit, this sentiment, this fear. What they are really doing is using western alienation and western frustrations as a vehicle for their own philosophical argument against the government for its Canadianization policy toward the oil industry, and its policy to keep lower energy prices.

It is true that Sheik Yamani, for example, has talked about an $80 per barrel price for oil this time next year. Members on the other side feel we, in this country, should move in a knee-jerk way to every single increase by OPEC when we have the security of supply here, where we can perhaps cushion the blows which Canadians might otherwise have had to suffer because of the adverse economic situations brought on by higher oil and gas prices.

An hon. Member: Come on!

Mr. Collenette: I see members are heckling me over there. One thing that worries me is that a lot of them are so exacerbated by the political debate and their own rhetoric that they are denying us the democratic right which they claim we are only trying to tear down. I find it quite ironic, and it is quite a tale being told here this afternoon, that we have a great element of democracy, since we have had this emergency debate requested by the two opposition parties. It has gone on all night and is now into the twentieth hour—twenty-second hour—whatever it is. I do not know when it will end, perhaps tomorrow or Sunday. But this is a great exercise in democracy. Every single member of this House has the right to stand here and propound and talk about the economic and national problems which concern them.

I find it a bit ironic—supreme irony, as some people would say—that members opposite who object to our constitutional and economic policies have heckled me, as the Leader of the Opposition heckled the Minister of Finance last night through most of our speeches. That is not what democracy is all about. We have legitimate views to express. I have tried to be fair and mild this afternoon, but I think the game which is being played by members in the Conservative party, especially those from western Canada, is a very dangerous game. It is an extremely dangerous game. They are trying to turn people in the west against all other forms of political expression, whether it be through the NDP or the Liberals.

I have had an ongoing dialogue with the hon. member from Edmonton West (Mr. Lambert), who is a former Speaker of this House. He sent me some editorials from the *Edmonton Journal* criticizing the policies of our government. I wrote back to him and asked him to look at editorials in *The Calgary Herald*. I told him those editorials had been a bit more objective. They did not agree with us lock, stock and barrel, but they were somewhat objective and basically favourable to the constitutional proposals. And he is trying to argue the opposite. This has taken place in our personal correspondence which we have been exchanging.

What offends me about some of the statements made by people on the other side is that they will brook no opposition. They are so self-righteous that they believe we in the government are destroying the country. Really, what we are doing is asking Canadians to make some basic choices. We are asking them to make the basic choice as to the kind of confederation they want to live in, whether they want to live in a confederation of ten semi-autonomous loosely knit states where certain provinces have the ability to use their economic powers to the detriment of the rest of the country, or whether they want to live in a country where there is an overriding national interest which recognizes the rights of all Canadians to share in each other's fortune and misfortune.

● (1500)

That is the kind of country for which we have been arguing over the past couple of years, and that is what underlines our constitutional reform proposal. We feel strongly that the provinces, particularly those in the west, must have the lion's share of the wealth derived from oil and gas. That is right, because it

is in the British North America Act that the provinces do own these resources.

There must be an element of sharing. We cannot permit one economy or one region of the country to become so powerful that in effect it becomes a countervailing power against the federal government which represents the national interest. That is really what the debate is about. I am sorry my friends opposite are not willing to listen to the arguments that have been put forward.

There are legitimate fears in western Canada over the issue of resource ownership. I should say that in the constitutional resolution now before the committee, the government did not alter in any way the provisions of the existing BNA Act as they deal with resources. In fact the Prime Minister, along with the government, has agreed to suggestions made by the NDP which, while they do not agree with us all the time, are at least working to improve the constitutional package. The government has agreed to make certain changes so that the security of resources is guaranteed to the provinces, in particular to those in the west, in any new constitution.

There are also some changes on indirect taxation, and the entrenchment of that principle as I understand it. That will be an improvement. If members opposite want some other kind of guarantees that resource ownership will always accrue to the provinces, the government would be amenable. I have not heard anything contrary on our side. I have not heard anything to suggest that the federal Parliament wants to take over the resources of the provinces.

There is a question about offshore resources but that is a legitimate constitutional question. The problem is that members opposite have set up their own straw men and are trying to knock them down all over the country. Their arguments are straw men. You can always make your own supposition, which may not be true, and go around the country trying to defend it, or you can attribute arguments to your opponent and then go around the country trying to knock down your opponent's argument when, in reality, the opponent has not made those arguments.

I believe there has been a very great distortion. The debate recently, both inside and outside the House, has been unCanadian. We have the forum of the House of Commons within which we can express our views. I have drawn repeated attention to the hysterical reaction of some of the members opposite. There is one view over there and there is another view here, and that is what democracy is all about. In the election of last February, Canadians chose to return to office a party which, over the years, has given good government, efficient government, and compassionate government. It is a government which has been tolerant of all regions and all points of view in this country.

The electorate rejected a government which sought by its economic policies and its budget to squeeze the small individual in society and to hurt groups which are least able to defend themselves. That is democracy. I agree with what the Minister of Finance said here last night. There is an element of bitterness in the points of view being expressed by members of the official opposition which transcends their legitimate concern over the legitimate economic problems we face in Canada today.

I see that my time has expired. I have made these comments in the best of faith, and I am only sorry that members of the official opposition cannot accept that.

Mr. Gauthier: Mr. Speaker, I rise on a point of order to ask if the House would give its consent to revert to presenting reports of standing and special committees. It has to do with Bill C-42.

The Acting Speaker (Mr. Ethier): In order to do that, we would need the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

MISCELLANEOUS ESTIMATES

Second report of Standing Committee on Miscellaneous Estimates—Mr. Gauthier.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

THE ECONOMY

EFFECT OF RISING COST OF LIVING AND INTEREST RATES

The House resumed consideration of the motion of Mr. Broadbent:

That this House do now adjourn.

Mr. Scott Fennell (Ontario): Mr. Speaker, for several weeks I have looked forward to speaking on the crisis which faces the economy of this country and which has been brought on by the socialist rhetoric we just heard from the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette). I am from Ontario and I am ashamed that that gentleman is from the same province. I am ashamed of many of the politicians from Ontario. They are trying to retain the west in a slave situation as they have always done. They could charge them what they would.

We have heard various descriptions of the government over the last 23 hours in this chamber, but one which I heard from the hon. member for Annapolis Valley-Hants (Mr. Nowlan)

about the nursery rhyme "Wynken, Blynken and Nod" appealed to me. I think that the present government is creating a new nursery story, "Quacky Mac, Miserable Marc and their PET". Fortunately, citizens of this country have benefited from the great resources with which they are blessed. Since our inception we have enjoyed the plentiful production of agriculture. We have had great woods and forests to produce lumber and pulp and paper. We have had a plentiful supply of water for hydro power and for other purposes. Our minerals are second to none and our hydrocarbons are now becoming of great importance.

Because of this, we have not had to become an industrial nation. We have not had to keep up to the requirements of other members of OECD. The Liberal government over the past 12 years has shunned the potential of this country to become a major industrial nation. Instead, it has concentrated on destroying the Canadian work ethic and the Canadian wish to save money and invest in this country, and this has created a disastrous condition.

The youth of this country will be burdened for the unforeseeable future with double-digit inflation, a valueless dollar, and a debt burden beyond the wildest dreams of Lord Keynes. This same government has done nothing to develop the industrial base of the country. The same government is determined to destroy the only base we have, which is our natural resources. It has removed the opportunity of self-sufficiency by 1990 with their program of nationalism for the oil industry.

This program does not affect the Seven Sisters or the large multinationals. They do not have to worry because they know it is for a period of time. They have oil in the ground. They have the wealth there. They do not need to take it out now because, if they leave it in the ground, it will be brought out later at a much higher price. Some day soon the Canadian public will wake up cold. Some morning they will decide that it is time to turf out the Liberal government which has been disastrous for this country over the last 12 years.

• (1510)

We must keep in mind why the multinationals are not terribly concerned with the government's energy program. Their warehousing costs on their inventory are zero which means no increased price. What I am concerned about is what it does to our junior and senior Canadian oil development companies. They keep talking about the 10 per cent and 35 per cent kickbacks. That is fine if there is any cash flow for a kickback. But the government must remember those companies have to come up with 65 per cent of the money. If the Canadian investment community is not prepared to bring that money in, then they must depend on a cash flow which has been totally eroded by provincial taxes, and now excessive federal tax.

This group of Canadian companies, fortunately for many Canadians shareholders, was aware of this situation last spring as soon as the election came. They started raising funds in Canada from Canadians to subsidize their subsidiaries in the United States. Those corporations which started in the last year are successful in the United States because they have freedom to make money and to create a cash flow which will in turn help the United States to become self-sufficient more quickly than we ever could.

The only money left in Canada from the oil producing companies is the little bit left over after governments have taken their big slice. Why would an oil company work in this climate? In Canada they are lucky to get $6.20 net per barrel. In England, which has been related to us as an example, their take is said to be 51 per cent. A junior Canadian oil company would much rather have 49 per cent of a $40 barrel than 33 per cent of a $17 barrel.

In the U.S. they keep 73 per cent of the $40 barrel. The Prime Minister (Mr. Trudeau) many times in the past week or two has mentioned that the rigs are not moving out of Canada. Maybe they are not right now. Maybe this side has overstated how many rigs are moving out at present. But many of the rigs, prior to this budget, were committed to contract. They cannot close down when they have gone down 1,000 feet and have 14,000 feet to go. These companies were committed to a contract. The effect of that budget has not hit us yet. We have not felt it to the degree we will by the end of 1981.

The Minister of Energy, Mines and Resources (Mr. Lalonde) refers to all of the money which will be available for investment in Canada. The minister should go to Dallas and Houston and start talking to some of the bankers down there. Many of those banks, even with the new Bank Act, are not setting up in Canada. They do not have to. Canadians have gone to them. There is not point in them setting up in Canada because the money is flowing down there. That is another factor which is affecting the devalued price of our dollar.

I wish the government would find out where our capital is going and what is happening to it. The wealth of this country is fleeing. It is not fleeing in the hundreds, thousands or millions, it is fleeing in the billions. Every week we can see in magazines new buildings being put up in every city throughout the United States, exemplary of where our money is going.

I believe it is time for the government to realize the errors of its ways. It is not too late now; it may be later. I realize that the Minister of Energy, Mines and Resources is intractable. He will not change. But I plead with the Prime Minister of the country to make a change and get somebody who knows something about the conditions of the oil business in this country.

The billions of dollars I refer to are fleeing because of the free spending, bureaucratic-riddled, Liberal government with socialistic views. If you want an eyeful, read the government's working paper on capital gains. Its proposals will again erode the capital base in Canada.

I plead with the Minister of Energy, Mines and Resources, whoever it may be, to take the tax off those low-income people who have to heat their homes and put it on transportation. If that were done, that would reduce the turnover period of a car from ten years back to seven years. General Motors is not selling small fuel-efficiency cars today. General Motors is

selling all its big Chevs and Oldsmobile. If the tax were put on transportation, people would stop buying big cars. Things would be more efficient because more people would travel in a car together at the same time.

Now we come to the question of interest rates, which is a very interesting situation. People on both sides of the House disagree on what we should do. There is one scenario that has never been approached nor tested. We are living in a roller-coaster age of interest rates. It forces many Canadians, both individuals and corporate structures, into bankruptcy. I give you an example; the CMHC and the AHOP program. The government started this program. Houses were sold. People could not afford them nor could they keep them up. These houses come back on the market and are sold at lower prices than they were in the first place. Prospective buyers for these houses which have come on the market will be able, as of January 10, to get a 2 per cent lower mortgage rate than they originally had when these houses were sold. If the government is going to give something to some people, it must do it for all. I say to the government, let us not be selective just so as to unload an asset which it is unable to sell.

I want to speak about this roller-coaster ride. Instead of the interest rates going up and down and knocking people and businesses out of business, what about letting our dollar be a roller coaster? Does the government realize that, if that happens, people in Canada would stop buying large ticket items? They could not afford them. A $25,000 Cadillac would become a $50,000 Cadillac. People would think twice. This would encourage Canadians to create more, and so help our industrial base. It would also protect those people with homes. It would enable them to keep their homes. It would protect industry and assist industry to become bigger and better. I say we should try that now.

We have tried everything else and we have failed with everything else. We would go up and we would go down. In March we could be up and in August we could be down. In November we could be up, but when would we be down again? My guess is that this time the government will leave the high interest rate on two months instead of one month and then it will go zapping down again.

It is the low-income Canadian about whom I am concerned. It is also the middle-income Canadian who has been hammered by every government we have in the country, municipal, regional, provincial, federal—you name it, they all have their hands in the middle-income pocket. It is time we got out of the pockets of the middle-income people. It is time we gave them a break with their mortgages so these people can own their own homes. It is time we gave them mortgage deductibility as we had proposed. It is time to give Canadians a break, not only the low income Canadians but others as well.

I happen to have given my colleagues an article written by Louis Ruckeyser. It was published in the Houston *Chronicle*. I just want to make the record clear. He did not say "Thank you Canada". He said, "Thank you again Canada". Thank you for last year giving our hostages back. Thank you this year for bringing billions of dollars into our country".

Many people have spoken in this debate, and I can go on and on. It is not hard to get any new material because we know the disaster which is existing today in Canada's economy. We know what is happening to industry in Ontario. We know what is happening to the drilling operations out west. We know that it is hitting the service industry. I can go on with what everyone else has said, but I just want to conclude by saying that we are heading on a one-way ride to hell in a handcart because we will not have the fuels to get us there by conventional means.

● (1520)

Mr. Neil Young (Beaches): Mr. Speaker, I listened rather carefully to the remarks of the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette), especially his comments or view that he thought that British people would love the opportunity to turf out the Thatcher government. I would like to assure the hon. member there are an increasing number of Canadians who would love the opportunity to turf out this government, based on its economic policies. I would like to substantiate that by reading a few lines of letters I have received from constituents. I assume other members in this House can probably repeat much the same kind of comments that they have been receiving.

The first is from an unemployed Canadian who states, "It seems to me that the Trudeau government doesn't care about Canadians being out of work". The next is from a senior citizen, "Look into the high price of milk and bread." Another says, "I am one of the victims of a recent lay-off from a foreign-owned company. I would suggest more measures be introduced for the purpose of protecting such employees. I've worked for this company for six years, but still I have to go."

Another constituent wrote, "Conditions in this country stink. Big companies never pay any taxes—that's why the working people are so poor. Look at the price of food. Who's making the big money? The companies come to this country and bleed it dry. They do nothing for veterans."

The last one is, "The Canadian economy has gone to hell." I think an increasing number of Canadians would agree with those sentiments.

I am glad that finally the members of this House have been given an opportunity to discuss the economic crisis we are faced with in Canada today. It is a crisis that has been in existence for some period of time and this discussion finally came about as a result of yesterday's announcement that the increase in the cost of living for the month of November was at its highest since March of 1975, and yesterday's increase in interest rates broke through all previous high records.

To date the government has not presented one proposal to deal with this crisis, to present proposals that would alleviate the hardships that the government's fiscal policies are inflicting on the senior citizens of our country and on others on fixed incomes, on small businesses in Canada which are being pushed to the wall by the government's interest rate policies, on those Canadians who are faced with mortgages coming up

for renewal, or those Canadians who had dreamed of buying a home and whose dream will not be realized.

In addition to those problems we also have the economic and social costs of having over a million Canadians unemployed, and that figure is growing at a frightening rate every day.

The response of the government to date has been to blame this crisis on everyone else and it has refused to accept the responsibility which is its to deal with those problems. However, the government was not so apparently unconcerned when its members sat as the official opposition last year, in 1979.

The Prime Minister (Mr. Trudeau), then leader of the opposition, on October 29, as reported in *Hansard*, asked this question of the then prime minister:

> Since, in the view of the government, we have to follow American interest rates up to 11 per cent, 12 per cent, 13 per cent, 14 per cent, at what rate do we begin to look at alternatives? I just remind the Prime Minister that at his press conference on Friday he said, "Given the situation that we face in the economy now, we literally have no alternative except alternatives that will make the situation worse in times to come." At what point will the government look at these alternatives, rather than following the American interest rate up to 13 per cent, 14 per cent and God knows how high?

Later in the same day the present Minister of Industry, Trade and Commerce (Mr. Gray) had this to say:

> This evening I want to speak particularly about interest rates because they are not in fact something that is remote from the daily lives of Canadians. Interest rates are costs and costs are part of prices. They affect everything done by Canadians and their families. The present record level of interest rates which is supported by Conservative policy cuts back the ability of Canadians to buy goods and services of all kinds, such as cars, homes, food and clothing, everything people need. Those high interest rates cut back on the ability of factories and businesses generally to expand, to create more production and jobs.
>
> These high interest rates limit the ability of business, especially small business, simply to operate on basic non-inflationary levels. Therefore, these high interest rates mean losses of production and jobs now and over the coming winter months. The Conservative government has been saying that these high interest rates are needed to fight inflation but they in themselves drive up costs and add to inflation.

The Liberal party, which at least pretends to be the champion of working people while in opposition, is obviously no such champion once it forms the government.

This government agreed a year ago with the arguments presented by members of my party on the effects of high interest rate policies. I can also quote many such other statements made by government members when they sat in opposition and were then horrified at our unemployment levels. Nowhere is that problem more apparent than in the number of young people we have in Canada who are unemployed and the unacceptably high levels of unemployment among women in our country.

The steady deterioration of the position of women in the labour force is a cause for grave concern. The Minister of Employment and Immigration (Mr. Axworthy) gave what has become his standard reply, in response to my question on November 5 regarding employment training opportunities for women. Superficial incentives, ineffective programs, and yet more waiting for the results of yet more studies was his reply.

The position of women in the labour force has been studied to death and, if the figures change at all, it is only to show that the situation is getting worse. Women continue to be overrepresented in the unemployment figures and underrepresented in high ranking, high paying positions.

Women experience higher unemployment than men in every industry except construction. In 1979 the unemployment rate for married women was 95 per cent higher than the rate for married men. Re-entry women comprised the largest component of the female unemployed. Most of these women who are unemployed could benefit from training programs which would provide them with skills to ensure them a good paying job with opportunities for advancement.

The problem is that those women who do find work have an eight in ten chance of winding up in a traditional occupation, such as clerical, sales, technical or service. Even there, with over one and a half million more women working now than ten years ago, the distribution of women in the work force has remained the same. There are simply more women doing the same types of jobs.

● (1530)

As a result of the segregation of women into low-paying, low-skilled, dead-end jobs, the wage gap continues to increase. Today, for every dollar a man earns, a woman earns 58 cents.

Study after study simply reconfirms those appalling facts, and study after study shows that the situation is getting worse, not better. The Minister of Employment and Immigration has both the responsibility and the resources to guarantee women an equal position in the labour force. Is his lack of concrete action an indication of a lack of commitment? I rather suspect that to be the case.

A recent report by the Advisory Council on the Status of Women which studied federal employment programs showed that these programs consistently favoured men at the expense of women, that women were underrepresented in all direct job-creation programs except two programs for youth and that women received lower wages than men under government wage-subsidy programs. The minister's recent announcement of more programs will just perpetuate the inequity which already exists. We do not need more money spent to foster more inequality. We need adequate funding for well-thought-out programs which will achieve the proper objective: good paying, long-term jobs for women.

The employment training programs which currently exist need reassessment as well. The programs are not concluding with the desired results. In 1978-79 only 33 per cent of all full-time trainees in the institutional programs were women. Only 29 per cent of all industrial trainees were women. More than 50 per cent of these women were being trained for stenographic, typing, and other clerical jobs. It is no small irony that women begin their occupational segregation in Canada Manpower employment training programs.

The Minister of Employment and Immigration has announced increased incentives to employers to hire women in non-traditional jobs. In 1978, 75 per cent of those subsidies went to small, non-union firms with 20 or fewer employees. By channelling female trainees into small firms the trainees run

the risk of becoming a cheap source of labour and vulnerable to lay-offs and unemployment. In 1975, three months after women completed their training in a non-traditional occupation, it was found that they earned $67 less than men with identical characteristics in similar occupations. Because the department only does a limited three-month follow-up of its trainees, it is difficult to determine if women are retained as permanent employees in any significant numbers.

Another problem with the subsidy program is that it is limited to areas where women's participation is 10 per cent or less. This narrow definition of non-traditional jobs increases the likelihood of failure by women since it places huge responsibilities on a few women to prove success, and guarantees that they will experience tremendous isolation.

The affirmative action program the minister keeps offering as a panacea is short-sighted and superficial. First of all, it has been implemented in only three of the approximately 100 federal departments and agencies. Second, a close look at the program shows that in reality what has been implemented is really not an affirmative action program but just another study of the discrimination that women in these three departments face in relation to hiring and promotion. If the federal government is seriously committed to equality for women in the labour force, it should implement a hard affirmative action policy in the federal public service to set an example for private industry. Further, it should use the clout it has in $11 billion worth of business in contracts purchased from private companies. Contract compliance has been highly successful in the United States. Under this policy initiative, women and minorities have found that, for the first time, they have had access to jobs and training previously inaccessible to them.

"Limited success", "a dismal record", and "far too little progress" is how the minister himself recently described the employment training programs for women. I hope the minister will, in the immediate future, use the vast resources available to him to change the deplorable situation women in the labour force now find themselves facing.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, this debate was ordered on the basis that there is a serious economic crisis in the country requiring, as Standing Order 26 points out, urgent consideration. Those words "crisis" and "urgent consideration", which were used by Madam Speaker in granting this debate have, of course, been poohpoohed and rejected outright by the Minister of Finance (Mr. MacEachen). Yet, if anything is indicative of the fact that hon. members in the opposition parties consider that the economic situation in Canada today is of crisis proportions, surely that indicator is this debate in which we are engaged, because it is unprecedented, at least in recent years. I probably would have to check with the hon. member for Winnipeg North Centre (Mr. Knowles) to see just how far back it was that we had a continuous debate of this length, but I have a feeling it is well back into the early part of the century.

What we have is a debate which has been going on for some 19 to 20 hours, and nothing which has transpired in this country in the last ten, 15 or 20 years has triggered a continuous debate of this nature.

When we look at the events which did transpire here in Canada in those years, and when we think of depressions, recessions, international conflicts and internal tensions, and realize that none of them prompted a debate of this nature, we come to appreciate the seriousness and the gravity of the economic situation which triggered this discussion session.

Members of the Conservative party and of the New Democratic Party are concerned, and deeply concerned, about the effects of galloping inflation, the devalued dollar we have to contend with, high interest rates and escalating costs of food, home heating fuels, and housing. The prices of all these things are going up. These costs affect ordinary Canadians up and down the country, especially Canadians on lower incomes, and particularly the one million unemployed. Yes, we are concerned about it. The tragedy is that members of Parliament on the government benches, whether they happen to be backbenchers or ministers of the Crown, those people in the House who really could take some action to alleviate this situation, do not seem to be the least bit concerned about it. Liberal member after Liberal member has risen in this debate to defend the government's economic policies which, I say, can only be described as hard-hearted, cruel, and insensitive. That is what they are at this point.

A Liberal member opposite shakes his head. I realize that he does not feel that way. None of the Liberal members do, and that is the difficulty. The problem is that the government is totally insensitive to the economic woes of the country today. I suppose the more charitable description which could be applied to the point of view of hon. members opposite is that they are misguided, but this is not a time when the country can put up with a government which has views which are misguided.

At a time like this, with the highest interest rates in the country's history and with one of the highest year-over-year increases in the cost of living, the Minister of Finance is floundering around like a fish out of water. He will castigate anyone in sight for the ills of the country, anyone, that is, but the Liberal government, which is the author of our misfortunes. He and his colleagues, for instance, blame the government of the United States, and after what the minister has had to say about the policies of our neighbours to the south, is it any wonder that the Prime Minister (Mr. Trudeau) is reluctant to accept the invitation of President-elect Reagan to go to Washington? Is it any wonder? Yes, the Minister of Finance will blame the Americans, he will blame the international situation, he will blame the provinces, and he will blame the oil and gas industry. I suppose the next thing he will do is blame the weather. He will try to emulate one of his predecessor Liberal ministers of finance.

Mr. MacKay: John Turner.

Miss MacDonald: The minister's only policy, it seems to me, in the absence of government policy, is to go on the offensive and to try to find a scapegoat. Well, that is simply

not good enough for a government which has been in power, this time for ten months, and previous to that for ten to 15 years without coming up with a responsible set of economic policies to offer to the Canadian public.

● (1540)

There are things the Canadian government can do. Ministers cannot just sit there, throw up their hands and say, "It is not our business, it is all because of what the Americans are doing, or what the U.S. government is doing." They owe the Canadian public more than that, and there are things that the government can be doing.

I want to mention just a couple of areas where the government should be moving now before it causes any more difficulty, any more hardship, and any more suffering to thousands of Canadians up and down this land, where it could reverse policies that have already been taken, or where it could initiate new policies which could perhaps be helpful. The two areas I want to mention are indexing and energy policy. I realize that they have been touched on before, but I want to mention them again because the Minister of Finance has made a great to-do in the last few days about the fact that those on fixed incomes, such as pensioners, have their monthly cheques indexed to the increases in the cost of living. This indexing, he protests, should be able to take care of all their concerns, all their additional costs. He says they should not have any worries. Well, he knows how false that is and he knows that it does not meet the situation.

What the minister cannot or will not understand is that indexing for pensioners is based on the cost increases of all items right across the board, many of which are considered luxury items and certainly non-essential items to people in the low-income bracket. The cost of these non-essential items does not rise as fast as the necessities of life. The difference between the two categories is quite marked. The cost of non-essentials goes up at a far less steeply increased rate than that of essentials. But since the non-essential goods and services play just as much a part in measuring the monthly increase in the cost of living, they therefore skewer the cost of living index and the rate at which it is applied to make it lower than it otherwise would be. Otherwise you would just be measuring the cost of essentials or necessary goods. This means that for those who spend the greater part of their incomes on essentials, on food, clothing and shelter, the cost of living increase is lower than it actually should be, and automatically, of course, so is the indexed additional payment that they receive.

Let me explain in specific detail what I mean so that even the Minister of Finance will understand. I take as an example a woman aged between 60 and 65 who received the spouse's allowance. She is widowed and unable to find work in the labour force because of her age. She has no other income than her monthly government cheque of some $350, and she has no way of supplementing that. There are many like her in Canada today. Her last monthly increase was $9.83 a month, based on a year-to-year increase of approximately 10 per cent in the cost of living. But her living costs are centered on items which are escalating much more rapidly than 10 per cent a year.

She spends most of her limited income on food, clothing, and shelter. But the costs of food, clothing and shelter are escalating much more rapidly than 10 per cent a year, or even the 11.2 per cent figure which was reported yesterday. Food is going up at 15 per cent, likely to increase by 20 per cent next year. Home heating fuel is up by 26.9 per cent, clothing by 11 per cent, transportation, if she happens to own a car, is going up by 23 per cent. The $9.83 increase which she gets based on a 10 per cent cost of living increase, does not reflect the 15 per cent increase in her cost of food, the 26.9 per cent increase in her home heating costs, or the increase in her transportation costs. Yet all of her expenditure goes on these items.

Surely the minister can understand that all persons in this category cannot continue to pay the much higher prices for food, clothing, shelter and transportation, if the monthly adjustment they receive to offset inflation is not geared to the actual increases in the costs of the items on which they must spend their money if they are to survive in this economic crisis. Surely the government can instruct Statistics Canada to work out an index for the monthly adjustment to the incomes of pensioners, disabled, and those in the lower-income brackets, which will truly reflect their expenditures, which will make it more equitable for them. To be sure, this is only a minimal step, but it is one the minister could take to make the plight of those who are in the lower-income brackets, the plight of those who are most in need, a bit easier. That is one step that the government could take to ease the economic crisis for a great many people across this country today.

The second area that I want to mention has to do with the government's energy policy. In the budget, and in recent bills introduced in the House, we have been presented with an over-all energy program which daily has the effect of making Canada more and more dependent on increasing the importation of expensive offshore oil. Earlier this week, as we saw, the price of offshore oil to Canada went up by 10 per cent, by anywhere from $2 to $4 a barrel for imported crude. The OPEC countries, on which we are depending for some 420,000 barrels of oil a day, raised their selling price by 10 per cent and in so doing they added an additional half a billion dollars to Canada's international balance of payments deficit annually. There is no guarantee that that price of offshore oil will not go up again.

There is no guarantee that that price for oil, which has to be imported to eastern Canada if people in that part of the country are to have the fuel necessary to heat their homes and to drive their motor vehicles, will not take another jump, and, what is more, there is absolutely no sure and certain guarantee that these offshore oil supplies on which we are unfortunately dependent, will not be cut back and reduced at the whim of some other country. In other words, Canada is increasingly vulnerable to the vagaries of the world oil supply and world oil price, and will continue to be in that unhappy and unnecessary position so long as we do not have enough domestic production to supply our own oil needs.

Day after day we are reminded of the lack of security in offshore oil, of the lack of stability in offshore prices. Day after day we are reminded of the critical need for oil self-sufficiency in Canada. The federal government's every effort should be directed to reducing our dependence on offshore oil in the face of the dangers and costly struggles in the international oil scene. It should be directing every effort to achieving oil self-sufficiency for the country, and yet what have we seen in recent weeks and months?

We have seen the introduction of a national energy program which has done more to impede Canadian oil self-sufficiency than to promote it. Canadians certainly do not want to become, increasingly, hostages to international oil suppliers, but that is the direction in which the government is forcing the country to go. All too sadly the proof is there for anyone who wants to look at it, even the government.

● (1550)

The tar sands developments are stalled, oil rigs are drifting away, money available for energy investment is becoming tighter and, as a result of all those matters, Canada's production of oil will decline. That is the point the government must face. With that decline in domestic production we become increasingly dependent upon unstable, expensive, and unreliable supplies of foreign oil with all of the international pressures which that entails.

Earlier this year I spoke on this subject in the House. At that time I accused the government of allowing us to drift into a greater dependency on offshore oil. Now, thanks to the national energy program, I know that the government is directing us into greater dependency. Earlier this year the minister responded to my remarks about the energy crisis by rehashing the election campaign. That is not what I invited him to do. I pleaded with him at that time to consider Canada's situation in the face of increasing volatility in the oil-rich Middle East. Since then we have seen the outbreak of hostilities between Iran and Iraq, a conflict which dramatizes the instability of that part of the world. Of course, it accentuates the vulnerability of those countries such as Canada which are dependent, to some extent, upon that part of the world for their precious oil supplies.

Since the outbreak of the Iran-Iraq conflict, we have seen a reduction of some four million barrels per day in the supply of oil to industrialized countries. That is the amount to date, but there is nothing to say that it will not be reduced further in the future. Neither can we be sure that the conflict will not spread to neighbouring oil-producing countries.

Saudi Arabia, from which we buy 45 per cent of our offshore oil supplies, jumped its price to $38.50 per barrel earlier this week. But that is not the end of it. Sheik Yamani, that great friend of the Prime Minister, made a prediction earlier this week that the price of oil could hit $50 American per barrel by next spring, which is $59 per barrel Canadian. He said that the price of oil to dependent countries such as Canada could go up to $59 per barrel by next spring if the Iran-Iraq conflict continues. He went on to say the following:

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If the Gulf war carries on for much longer a mood of panic will develop on the markets, and if there are no reasonable reactions from western governments, then you'll get this price soon enough.

That is the situation into which the government's energy policy is directing us. At a time when the offshore price is going up, when offshore oil supplies are becoming much scarcer, when we have run through the surpluses because of the Iran-Iraq conflict, when we are more vulnerable to offshore situations, the government is making us more dependent upon foreign supplies rather than introducing policies which would increase domestic supplies. It is cutting back on our domestic supplies and forcing us to be hostages to international oil situations over which we have no control.

It has an effect for every single Canadian. I want to bring it down to the fact that these offshore international situations will reflect themselves in more unemployment in the country, higher cost for staples in the country, much greater difficulty for small businesses and many more bankruptcies. All of those things will happen.

I should like to finish my participation in this debate by reading a letter which I received from a 12-year-old child. I received this letter not long ago. It was written with all of a child's candour. It epitomizes the situation in which we find ourselves because of the lack of government policy. Her letter reads as follows:

My Dad has been unemployed for seven months. He has worked for a trust company for 18 years, and when the mortgage rates went up, he was assigned another job. Because of two health problems this seemed practically impossible, but still my Dad gave it a try, but couldn't handle these extra jobs. A little later he was laid off . . . We have gone without for these last few months and Mum says, "We're finding out who our real friends are". My Dad has taken a job delivering pizzas but still it isn't enough. We have gone through pain and suffering these past few months and nothing seems to go right . . . People can say they understand, but really they don't. You'll have to go through this to understand. If you can, please help us. I just decided to write. Well, thanks a lot for listening.

I ask the government to listen to what Canadians are saying all across the country, and it will learn soon enough that its policies must be changed.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but her allotted time has expired.

Hon. James A. McGrath (St. John's East): Mr. Speaker, as I look at the clock I am reminded of the fact that this place has now been in continuous session for approximately 20 hours. I do not know if that is a record or not. Certainly it is a record over the 23-year period that I have been here.

It is interesting to reflect upon the fact that those hours are more time than we spent debating the constitution, the 59 government constitutional proposals, in the House. Also it is worth reflecting upon the fact that this special debate has been devoted almost exclusively, with one or two minor exceptions, to the economic situation in Canada today, to the economic crisis facing the country today.

I realize this means a particularly heavy burden on the support staff of this place, on the *Hansard* reporters and the

people who keep this institution going, but though what we have to say during the course of this debate may not be widely reported, it is important to remember that this debate is a signal to all across the country that we are in fact in the midst of a very serious and a very grave economic crisis.

The hon. member for York East (Mr. Collenette) said during the course of his intervention in this debate that he looked upon the Conservative party as one which does not care, a party without compassion. I remember when the Diefenbaker government was elected in 1957, and the erosion of the previous Liberal government which had started with the pipeline debate of 1956. I look back on that period and I think that the *coup de grâce* to that government was a measure it introduced just prior to the election to provide for a $6 increase in the old age pension. At that time the old age pension was $40 per month. I believe, certainly in the part of the country from where I come, that that miserly, uncompassionate act did more to lose votes and lose seats for the Liberal party than anything else; yes, even the pipeline debate. It is not without significance, Mr. Speaker, that the very first act of the Diefenbaker government was to increase the basic old age pension, not from $40 to $46, but from $40 to $53.

• (1600)

I remember in 1979 when the Clark government was returned to this House, albeit in a minority position, that one of the first acts of that government was to extend the payment of the spouse's allowance. Indeed, I believe that was the first bill that we put through this House. I am reminded by my colleague from Kingston and the Islands (Miss MacDonald) of that, because she campaigned so vigorously in this House on behalf of widows and surviving spouses who had been treated so unjustly by the law that deprived them of the allowance six months after the death of their partner. We extended that allowance.

I do not think we have a monopoly on being compassionate; I think all hon. members of this House have a genuine feeling for the disadvantaged in this country, particularly those in their constituencies. It is difficult for the government backbenchers in a debate like this, because they cannot give voice or expression to that concern. I understand the reasons for that and I do not make any judgment upon it; all I say to them is that it is going to be difficult for them as they go back to their constituencies to face their constituents.

Let us recall the combination of events that brought about this debate, events which are alarming in their significance and potential consequences on the three groups that we should concern ourselves with in this country—the working poor, the unemployed and the old age pensioners, people on fixed incomes. I am reminded of a question that I put to the Prime Minister (Mr. Trudeau) just a week or so ago which was prompted by a statement which the Prime Minister made during his press conference two weeks ago. At that press conference the Prime Minister was asked to comment on the impact of inflation on low-income earners and the old age pensioners of this country. His reply, one which I think he lived to regret, was that they should change their priorities. If they wanted to maintain the same level of food on their tables, then they should change their spending in other areas.

I put the case to the House, Mr. Speaker, then, and I do so again today, that if you look at the StatsCan document entitled "Urban Family Expenditure", you will find that one in five families in Canada today spend 82.6 per cent of their earnings on food, shelter and clothing. That includes, of course, people who are unemployed, the low-income earners and people on fixed incomes—the lowest income group in the country. That, of course, compares to the level of 62 per cent which has been established as the poverty line by Statistics Canada. In other words, the poverty line is reached by those who spend 62 per cent of their income on food, shelter and clothing.

We are getting used to hearing the government argue—this was referred to by my colleague from Kingston and the Islands—that we have indexing. The government says it has indexed old age pensions and family allowances, that it has authorized an increase in the guaranteed income supplement. That is true. We do have indexing. But it is also true to ask, is this indexing relative to real increases in the cost of living which relate to the low-income earners, the poor people and the old age pensioners of this country? I submit, Mr. Speaker, that when you consider the fact that indexing is based on the consumer price index, then the over-all picture is misleading, because low-income earners have to spend a disproportionate amount of their income on food, shelter and clothing. People in the one in five family group which I have outlined have no other alternative; they have virtually no disposable income.

Food has increased in cost this year by 15.2 per cent. This, of course, includes things like sirloin steak and so on. Even taking that into account, when you consider that the anticipated increase for next year as these interest rates and fuel oil price increases work their way into the system is 20 per cent, then you are looking at a 35 per cent increase in the price of food over a two-year period.

If you examine the situation with regard to fuel oil, you have a situation that becomes even more alarming. The same consumer price index that triggered this debate yesterday shows that fuel oil costs went up by 26.9 per cent. We know what is happening with OPEC. We know the consequences of the government's energy program. We also know from these two facts alone that we can anticipate even more increases in the cost of fuel oil next year.

I would like to relate that cost to what it means to a person who has to make do on a fixed income. I cannot relate it to the working poor because I do not have the figures, but I can certainly relate it to those who have to get by on old age assistance and the guaranteed income supplement. I did a check today, just a few hours ago, in my own constituency. I checked with a neighbourhood supermarket in a poor neighbourhood in St. John's, and this is what I found out. A quart of milk cost 95 cents. One dozen medium-sized eggs cost $1.49. A loaf of bread cost 85 cents. A pound of margarine cost 95 cents. A pound of round steak—that is the sort you

have to stew in order to eat it because it is generally tough—cost $3.49. A gallon of fuel oil in the city of St. John's today costs 96 cents. That is reality.

During the last three months when old age pensions, OAS, the guaranteed income supplement and the family allowances were last indexed, there has been a sharp increase in costs over that three-month period. You can gather from that how irrelevant indexing actually is. For example, let us examine what we mean by indexing in real dollars and cents terms, in terms which relate to the price of a dozen eggs, or a pound of round steak, a pound of margarine, a loaf of bread or a gallon of home heating oil. Coincidentally, the Minister of National Health and Welfare (Miss Bégin) issued a press release today announcing the amount of indexing to take effect in January. As of January, the basic old age assistance cheque will increase from $196.83 to $202.14, an increase of $5.31 over three months. What, Mr. Speaker, can you buy for $5.31? What difference does that amount make? It will not even buy a pound of sirloin steak or a ticket to a movie in St. John's.

• (1610)

Let us take the guaranteed income supplement. As of January it will go from $197.60 to $202.94, a grand increase of $5.34. That is the sheet anchor upon which the Minister of Finance (Mr. MacEachen) bases his compassionate feelings and his compassion for the poor of this country. What compassion? In January, the guaranteed income supplement for a married couple will increase from $152.36 to $156.47, for a total increase of $4.11. A couple will receive an increase in the guaranteed income supplement for the three months' indexing of $4.11.

Mr. Speaker, come back to that 95-cent quart of milk, that $1.49 dozen of eggs, that 85-cent loaf of bread, that 95-cent pound of margarine, that $3.49 per pound for round steak or the 96 cents for a gallon of fuel oil and you get the story. It has been said that Christmas is cruel to the lonely, that it is a difficult time for people who are alone. I would like to project that thinking just one step further and say that Christmas is a cruel time for the low-income earner of this country. Christmas is a cruel time for the working poor and a cruel time for the old age pensioner who is trying to get by on his pension and guaranteed income supplement. It is cruel because he sees around him all the material things of this seemingly affluent society. He sees them in the Christmas trappings of the marketplace at this time of the year. He sees them on his television set portrayed in glittering terms with slick advertising and selling techniques. Imagine the aggravation that person must feel as he sees the succulent butterball turkey presented on television knowing he must depend on the gift of a utility turkey from some charitable organization. Imagine also what such a person must feel when he sees the opulence of a typical middle-income family at Christmastime, then looks around at his family and realizes he cannot provide them with these things. That, to me, is a more cruel situation for him than if he were alone.

That is what this debate is all about, Mr. Speaker. If we can reach the government opposite and signal to it a message that this debate reflects the concern of the country over what is happening to the economy, then perhaps it might consider bringing in a shelter allowance and some relief for those who have to buy fuel oils to heat their homes. If not, then the situation will only get worse.

I have referred to only one group of the three. I have referred only to the fixed income, old age pensioner. I have not touched on the working poor except in terms of their inability to be able to meet the demands of this consumer-oriented society in so far as their children are concerned. I have not touched on the unemployed, the third group. There are one million people unemployed in this country today. In official terms we can say 800,000, but in real terms it is over one million if one takes into account the hidden force of the unemployed who have stopped looking for jobs out of sheer frustration.

The Minister of Finance, raised in the tradition of Cape Breton and educated in the tradition of Monseigneur Coady, has said, "Well, we have indexed unemployment insurance". I would ask him to consider getting by on an unemployment insurance payment of $130, $140 or $150 a week. That is what it averages in Cape Breton or Newfoundland. Could he get by and feed a family on that with inflated prices for food and the anticipation that he will have to pay more for vegetables because of the interest rate and the steep increase in the cost of imported food?

If one thinks about the increases in the cost of fuel oil, one gets some idea of the frustration of the person who is unemployed through no fault of his own. One realizes how realistic it is to consider the social consequences of unemployment which often lead to suicide. I must feed eight people and I know what it is to go to the supermarket every week and fill up that basket. I see the change week after week. I come from a background where I was one of 15 children, so I have some idea of the struggles and the problems which low-income families face.

What I cannot conceive even with that experience is what unemployed persons must have to go through. Generally speaking, they are unskilled and they usually have large families. How in the name of God they manage to feed their families is beyond me. I sometimes believe we are isolated from reality in this place. The only chance to get to see the real world is when we go to our constituencies. I am convinced the government has isolated itself from reality.

I know how easy it is. From my brief experience as a cabinet minister I know, as do my colleagues, how quickly one becomes isolated from the real world, the world of the unemployed and the person who is trying to get by on old age assistance and the guaranteed income supplement, the world of the widow referred to by the hon. member for Kingston and the Islands and those who are trying to get by on a maximum income of $350 a month because they are unemployable and that is all the state will provide.

That is the real world and the world we are trying to bring into this place by means of this debate. If we achieve that, then this whole exercise will have been worth while. A nation's culture and civilization is measured by its compassion for its disadvantaged people. We like to pride ourselves on having a good system of social security. We have a good basic system, but we tend to look upon it as the be-all and the end-all in itself.

Therein we make a great mistake and therein we do a great disservice to our fellow men and women who must get by on unemployment insurance, on fixed incomes or on the minimum wage.

A man called me the other day from my constituency. He is a supervisor with a security firm, and he has five children in his household. He is being paid $3.40 an hour and he has to work a 44-hour week. He has to buy his own uniform. This is not an isolated case. How in the name of God can that person get by having to pay 96 cents for a gallon of fuel and having to pay the inflated prices for goods which I have just given? It is not that the farmers are gouging the country, because we know that farm incomes have gone down. We know what is happening to farm incomes and what impact that can have on food production in this country. We know of the consequences for further inflation of food prices. If this situation is not corrected, we will become more and more dependent on imported food and, as the economic crisis deepens, we will have to pay more and more.

• (1620)

I believe we should keep this debate going because I think by doing that we will get the message across to the government and we will dramatically reflect the concern felt in this country. I, for one, have put in many hours on the constitution committee. I consider that a privilege, and I look forward to returning here on January 5. But I find it somewhat difficult to reconcile a three-week recess in the midst of this crisis. I am not unmindful of the fact that that was a factor which influenced the Chair in granting this special debate under Standing Order 26.

We are facing a serious crisis. It is a grave economic crisis, probably the worst this country has faced since the great depression. Somehow it does not seem right we should close down this institution. It seems to me we should come back here and stay so that we can hold the government accountable day by day. In that way perhaps we might be able to reach the government and get the message across. We might just be able to arouse that compassion which I know is in the heart of the Minister of Finance, and perhaps the government may even be moved to do something about this crisis.

Some hon. Members: Hear, hear!

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I am pleased to be able to participate in the debate this afternoon, partly because I wish to present some of my own thoughts in this matter and partly because I wish to refute some of the statements which have been made over the last 20 hours, some of which I think contain the height of cynicism. I refer to statements which have come from the Tory opposition. They fit into this particular pattern although I would exclude the statements made by the hon. member for St. John's East (Mr. McGrath). Over the last eight years I have observed him to be a person who is extremely consistent in his thinking. I know he is one of those who have spoken out for improverished Canadians and those at the bottom of the barrel and in the lower-income brackets. I think what he says is very honest, and I believe we should provide cushions for those people.

I disagree, however, with his colleague from the same city, the hon. member for St. John's West (Mr. Crosbie). I think there is a great deal of cynicism there. The hon. member for St. John's West is great with his expletives and his kind of barnyard humour, but I do not think he would know, since he was once minister of finance, that there are no simple answers to what has occurred.

I am particularly annoyed at the efforts of the former minister and at the efforts of the Tory party in general because I feel they were moving on a path worse than the one they are criticizing our government for following. Allow me to explain that. Last fall when the hon. member for St. John's West was minister of finance, we were studying interest rates. He appeared before the finance committee along with the governor of the Bank of Canada. I just want to convey to the House what was happening at that time. We were trying to show the interest rates which really counted were those we called "real" interest rates; that is to say, the rate minus the inflation rate. At that time Canada's real interest rate was about four to five percentage points higher than the real rate in the United States. In other words, the United States government rate was something like 16 per cent and its inflation rate was something like 15 per cent. I cannot give the exact figures which existed at that time, but they were in that area. Our interest rates were 16 per cent or 17 per cent. They were higher than the American rate and our inflation rate was something in the order of 10 per cent. We had a real interest rate about five or six percentage points higher than the American rate at that point.

We asked the governor of the Bank of Canada and the minister about this. They said, "Yes, it is true, real interest rates are lower but we are going to bring in a budget; we are to have higher gasoline and oil taxes and higher prices. Therefore, our inflation rate will go up; it is justified to have a higher rate than the Americans now have." That is what he said in committee. That was the kind of answer we were getting. Basically, the real interest rate was considerably higher than the American rate at that time.

Let us compare that with the present situation. The American real interest rate, the American inflation rate and the Canadian inflation rate are fairly close, with less than a percentage point between them. It is roughly 4 per cent higher than the Canadian prime rate. The real interest rates are roughly 3 per cent apart and our rate is roughly 3 per cent lower than the American rate. Yet members come here and flail us for what we have done. Obviously, interest rates are where they are because the Americans have decided, and I think stupidly, that they can solve inflation by raising the

prime rate to 20 per cent, 21 per cent or 25 per cent. It does not make sense. I do not know of any progressive economist in the world today who would say that it makes any sense, but that is the direction they are taking.

Now the minister, and certainly the governor of the Bank of Canada, have in the past followed that kind of economics. I am not convinced that we should continue to follow them. The minister is beginning to change that when he talks about the dollar dropping slowly and he is talking about a change in that direction.

What bothers me about this debate is the simplicity of it. All of a sudden it is claimed we could do something simple and the problem would go away. There are no simple answers. There is one thing we can do; we can let the dollar go. We should do that more often, let the dollar drop. That is not as bad as a lot of people say, but certainly there are some problems when we do that. I agree with the minister when he says that is the course to follow, but it must be done slowly, not rapidly as some would advocate. But there are no simple answers.

On the other side of the House you will find the same kind of simplicity in the NDP. They think that you can adopt the Keynesian idea of demand economy and that it would just work fine. All we have to do is spend more money, put out more money and that would solve the problem. But there is just no evidence I can find among progressive economists that says it will work.

That has worked in the past but under different circumstances. The reason it will not work today is that the notion of stagflation gives the opposite effect to the one you would normally expect. If you increase demand, you increase inflation; a whole series of things happen and you end up with more people unemployed. That kind of answer is not working. It is not working because we are in a lot of trouble in this country. This is because we have a budget deficit of $12 billion, $13 billion, or $14 billion. If that is not increasing demand, I do not know what is.

• (1630)

I have real difficulties with this question because of the cynicism of members opposite. I do not think there are simple answers. Although I do not say it has to be this way, I would like to see the government move toward a lower dollar for some very strong reasons. My community would probably be most affected by this. Thunder Bay on a per capita basis is, if not the largest, certainly one of the largest exporters in this country. The pulp and paper industry supports between 80 per cent and 90 per cent. We have a large company which manufactures rail cars and they export at least 50 per cent of their product. We are the largest grain exporting city in the world; therefore, exports are very important to us.

I do not believe that a 77, 78 or 79-cent dollar will create a lot of problems. If interest rates are kept at a lower level, that is what should happen. However, that is not what the last minister of finance, the hon. member for St. John's West, was saying. In the past, he said that rates have to go up because they were going to induce more inflation.

Like the hon. member for St. John's East, I am concerned about the kinds of cushions we have to support those Canadians who need support. A lot of pressure is coming from the Conservative party, the business community and other places, to cut away some of the programs we have brought in over the past ten to 15 years. They would like us to cut family allowances and deindex other programs. There is a lot of pressure on programs such as medicare. Over the years, we have brought these kinds of programs into this country. More and more of them have been indexed. I can foresee family allowances and like programs having their indexation taken away, and this worries me.

Hon. members have talked about the kind of cushion that has been put in. They refer to the mortgage scheme they intended to set up. I read their mortgage scheme quite carefully. I spent a lot of time going through it. It was for the upper middle class, not those with low incomes who do not have mortgages.

Hon. members talked about a cushion for the increased price of oil and gasoline. We must not forget that it was the government which was defeated before last Christmas which brought in the 18-cent gasoline tax. That tax was not imposed because the government was defeated on the issue.

It is said we are putting in a cushion for lower-income families. I agree there is a cushion, but it is the type of cushion one would receive when walking into a store which is having a big sale. The sign may say "Reduced 50 per cent", but the article is 10 cents higher than the regular price in the store next door. This is the kind of cushion you put in after you have raised the price.

Almost daily I read all the literature relating to energy. I am convinced that if the Tories were in power, we would be paying more for our oil and gas because they keep asking for more and more. The Tories keep saying that they had a settlement with Alberta. However, neither the Alberta government nor anyone on the Tory benches has ever said what that settlement was. I do not believe there was a settlement. I defy them to tell me what it was.

Mr. Jarvis: There was a settlement.

Mr. McRae: If there was, the price would be a good deal higher. Even the New Democratic Party says we should do more negotiating with Alberta. But if we do that, the price will go up. Negotiating means giving more, not less.

I do not blame the Alberta government. They are doing what they should do. However, if we sit down with them, we will get less. We argued this issue all last week. I am convinced that under the present regime, our offer will be a better deal for lower-income Canadians. No one has been able to convince me differently.

I wish to spend the few minutes I have left talking about the oil and gas bill. It is part of this budget and part of the whole

financial discussion we are now having but I will not spend too much time on it.

I am particularly disturbed about the NDP opposition to this bill. In this country there is a progressive movement. There are progressives in all political parties in this House. There are progressives in the Tory party. I am convinced the hon. member for St. John's East is a progressive. There are certainly progressives in the NDP. In fact, in my opinion most of them are progressive. There are a large number of progressives in this party who spent many years working toward a stronger Canada, stronger nationalism and economic nationalism.

I joined the Committee for an Independent Canada as soon as I heard about it, which was very soon after it was formed. The chairman of the local committee for the first national convention, which was held in Thunder Bay, was a very active member of that group. I am still on the board of advisers in a sort of way, but the organization is not as strong as it used to be. For years, I have been concerned about economic nationalism, about who owns Canada and how Canadians can recover lost ground in terms of Canadian ownership.

The result of all the efforts by members on this side, including the Minister of Energy, Mines and Resources (Mr. Lalonde), is that we finally got a package of which we could be proud. We could really do something about Canadian ownership. I am convinced that we will have the support of the Canadian nationals. It is not as much support as I would have liked. It is not as good a deal as the minister would have liked, but it was the best we could get.

When one sits on the opposition side, one thinks that the governing party has just one single idea, that it is in the head of the Prime Minister and that is it. However, that is not what this is all about. The party in power, as the Tories would have probably found out had they been in power longer, is a party with a lot of ideas coming into it. There are people who are right-wing, people who are left-wing, people who are ambivalent and so on.

● (1640)

These people come together and apply pressures. The things they hear from their constituents and from various regions of the country are what make up the government in this country. Many people have views about Canadian nationalism. They want to see the oil industry Canadian controlled. They want to see this 50 per cent thing. They come together and agree to put on some real pressure. That is what happens inside a government. Individually and collectively we keep this up, and the result, of course, is a bill which says that we are going to move toward 50 per cent ownership and that we are going to move fairly rapidly. We will not move as rapidly as the NDP would like, but then we could not afford to move that rapidly, and the country is not with us to that extent.

However, what I am saying is that the pressure was there. The minister, who was the leader of this movement, also wanted this desperately, and so we have a Canadian bill which is good for Canada. I used to sit in the Standing Committe on National Resources and Public Works with Tommy Douglas and people like that. I worked side by side with him when we were considering the Petro-Canada bill. We used to work together on this kind of thing.

At this point we have a chance to make a breakthrough, but it is difficult because the oil industry in this country is not happy. Indeed, many people in this country are not happy about that bill. The official opposition is to the right of that bill. Its members say we are going too far, and at this point our friends who are supposed to be the Canadian nationalists desert us because they do not think the bill is good enough. This has bothered me. I cannot say how much I have been perturbed by that. The NDP should take the attitude which I am sure they would have taken under the leadership of Mr. Douglas. If they do not like certain aspects of the bill, and if they think it should go further, then they should say they will support it in principle, allow it to go to committee and fight like hell there to get some decent amendments.

I really wonder about this debate. I wonder whether we are just grandstanding. It seems to me that there are no simple answers to the problems we are facing. The problems we have are not the result of somebody who is vicious or stupid. They are problems the whole world is facing, and rather than sit here and condemn this and yell about that, we should sit down and talk about the kinds of solutions which should be sought. They will not be simple because the problem is not simple.

I hope I have concluded on a reasonably positive note. I hope that somewhere along the line in the new year the cynicism of this kind of debate and particularly the cynicism I see in question period will disappear.

The Acting Speaker (Mr. Blaker): Order, please. Yesterday I made an error because I was working with a list, and I was not too sure of it. I think I ought to recognize the hon. member for Vancouver East (Mrs. Mitchell), but if the hon. member for Esquimalt-Saanich (Mr. Munro) would advise me that I may be in error, I will listen to him. If I am correct, then I will recognize the hon. member for Vancouver East.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I will defer.

Mrs. Margaret Mitchell (Vancouver East): Thank you, Mr. Speaker, and I thank my colleagues.

We have heard very many speeches over the last night and day. I think they were important speeches. I do not quite agree, with all due respect, with my colleagues across the floor. I think there have been important speeches in this emergency debate on the drastic state of our economy.

Speeches have been made about the intolerable interest rates, and speeches have been made deploring the fall of the government last December. There have been speeches about the high cost of fuel and food, and I share the concern which was expressed by the hon. member for St. John's East (Mr. McGrath).

There have also been references to the constitution, to energy policy and to the high cost of interest rates for small businesses.

The Liberals extolled Liberal economic policies, and the rest of us condemned non-Liberal non-policies. Last night we even heard speeches about Russia and about Christmas shopping. However, I say again that I feel that although this has been tiring, it has been a very worth-while exercise. It has certainly been a record-setting debate in the Canadian House of Commons.

We have reached a record flow of words. I think that is because we really do care about what is happening to ordinary people and to the people for whom the hon. member for St. John's East has just so eloquently spoken. I think we care very much, because we are concerned not just about the very poor but also the sons and daughters and people in almost every economic sphere who are affected by the very drastic situation in Canada today.

I am not going to waste time criticizing. Well, I suppose I will be doing a little bit of criticizing. That is my job, but I hope I will not be chastising my political opponents in too negative a way. I think we are really all equally concerned, and we know that it is very difficult to find solutions.

At the request of my colleagues I would like to speak specifically and concentrate specifically on the very serious housing situation in Canada. There is a serious housing situation for both tenants and home owners as a direct result of the very high interest rates and the lack of planning by the government and due also to the increasing speculation we see in very crowded parts of our country. We say—and I think we believe very strongly—that owning a home has always been a Canadian dream. I think those of us who have homes which we got into some years ago are very fortunate. This is certainly still the dream of many people. It is a dream which will not be fulfilled, of course, for many Canadians. However, it is certainly one of the best hedges against inflation for those who do own homes or have paid off a good part of their homes. It is also very much easier for people who are unemployed and laid off or perhaps on unemployment insurance if they have a home which is paid for or almost paid for. Indeed, it is the one asset which many, many people have. I refer to people on average and low incomes. It is an asset which is there to provide security in retirement and old age.

Home ownership is not just keeping up with the Jones's. It is really a basic part of our economic security. This was particularly brought home to me last spring on a housing tour in northern Newfoundland. I visited the northern peninsula as a guest of the national anti-poverty group. My colleagues from that area of Newfoundland would agree that it is one of the poorest areas in Canada. There is a very high rate of unemployment there. Many fishermen work just the minimum number of the weeks in the year to qualify for unemployment insurance. Many others are on welfare year-round, yet I was impressed that in these small fishing villages in remote areas, because the people own their homes—and some of them we might call shacks or small cottages—they really were in a much better situation than many other poor people across Canada. They had been able to get their land at cheap rates. They are still able to get it fairly cheaply and, of course, they put their own labour, often in a co-operative way, into the building of their homes. I was impressed by federal government programs. The RRAP and the home repair programs were particularly suited to this area because the incomes are low and the people could take full advantage of them.

In Nova Scotia as well as in New Brunswick I was impressed with the very high percentage of home ownership, which is a tradition there. Of course, we know that in that part of Canada, unlike the part I come from on the west coast, the population is somewhat stable and perhaps even decreasing in some communities, whereas our population is increasing with a great inflow of people by the thousands each month. It is great that people own their homes, but it is also great that they have built them themselves. Some of them had very innovative kinds of arrangements. In former years they could have shell houses and finish them off themselves. I was particularly interested in building co-operatives which no longer are possible because of interest rates and insecure mortgage programs. Formerly, in these building co-operatives, labour was shared. The co-ops were able to buy supplies collectively and share expertise as well to keep down the cost of housing.

These are things which are not just a dream. They are surely things which by some really innovative program could be brought about. There is a human value involved, and this is a very practical approach to housing which we should make sure we get into again.

• (1650)

The big change, of course, in the maritimes, as in every other part of Canada, is the fact that in the larger cities now it is almost impossible for young people to purchase a home of their own. I should like to mention also a trend which I noticed in the Atlantic region and which worries me because I think it is prevalent in older cities as well, and that is the trend to rehabilitate the downtown areas of cities using heritage funds. Whitewashing, as it is called, or blockbusting, is a kind of move intended to improve the appearance of the downtown core but it often ends up by removing houses, particularly family houses, and low-cost rental homes. This creates high-priced housing for professional people and for people who can be called swingers. It means that the poor people who have traditionally lived in the centre of our cities are pushed to the suburbs and often to areas without transit and with a high cost of energy. This is happening, I think, in Saint John where there is a great increase in population.

Mr. Forrestall: Why don't you talk about B.C.? You know more about it.

Mrs. Mitchell: Yes, I know considerably more about British Columbia but I hope, with respect, Mr. Speaker, that I can show concern for all of Canada as well.

Some hon. Members: Hear, hear!

Mr. Forrestall: Talk about something you know about.

Mrs. Mitchell: I think that in the Christmas spirit, members of Parliament should be concerned about all Canadians, not only the region in which they live. I could very well speak for several hours about the terrible conditions in British Columbia.

Across the country there is a zero vacancy rate in rental housing in most urban centres. I raised this in the House as a question the other day. This occurs in St. John's, Toronto, Winnipeg, Saskatoon, Regina, Calgary, Victoria and yes, in Vancouver. Most of these are centres of economic growth, as we know, with a large influx of newcomers due to migration across Canada and very heavy immigration as well, so that the housing stock is seriously depleted and there is considerable overcrowding.

We also know that most cities, particularly cities of large growth and fast growing cities, suffer from lack of long-range planning. I would like to mention particularly the lack of long-range planning by the federal government in co-operation with the provinces and municipalities to provide adequate shelter for people who are needed and who are looking for jobs and looking for a better future, and who move to these parts of Canada. This comes at a time when we have escalating interest rates and I will get back to the subject in a minute. It is also of considerable concern that the community service grants and the neighbourhood improvement programs which were to help developing communities have been cut off, that federal assistance for land banking programs, which is very important in my view, is no longer available, and also that there are very scarce federal funds now going into public housing which is still needed as the only form of housing that can meet the needs of poor communities. We know, of course, that the high and unstable interest rates are forcing up the price of housing at a drastic and deplorable rate.

In addition, in my city of Vancouver—if the hon. gentleman would like me to talk about that—there is excessive speculation. It is not unusual for a house to be purchased in the morning and sold with a mark-up of about $15,000 later in the same day. We had a concern, as expressed by our new mayor in Vancouver, about considerable speculation on the part of foreign investors which we feel should be curtailed by some specific programs. Certainly the federal government should intervene in such areas as Vancouver and other cities to develop affordable housing. Of course, we need provincial involvement, but it cannot be done without a much greater input from the federal government. That is absolutely essential. However, unfortunately, very little help is available.

I would like to speak, first of all, about home ownership. High interest rates and soaring land costs are devastating for would-be home owners. The dream of home ownership which I mentioned earlier, is dead, particularly for Canadians under the age of 35. Members of this House who have children in that age group are finding, I am sure, that it is literally impossible for them to own a home today.

We calculated that at the current mortgage interest rates, which are now 16 per cent to 20 per cent for a mortgage on a new home, it will cost close to $1,000 per month for the mortgage payments and for fuel and taxes, on which the prices are also going up. This means that a person wishing to purchase a home must earn a net income of about $40,000. Even members of Parliament are not quite in that income bracket so far as take home pay is concerned. This is a really deplorable situation. The only way in which home ownership is made possible, at least in my area, is for two wage earners, and now three wage earners, to purchase a house collectively. Adult children live at home with their parents or help out their elderly parents, and houses are being converted into duplexes for extended families and group living. There is pretty serious overcrowding. Our whole lifestyle is changing because of the terribly high cost of housing. Those of us who own homes and have almost paid them off are very fortunate, because our children will not have this chance.

The next area I wanted to mention was AHOP home ownership. We have heard a lot about this in the House as well.

Unfortunately, this is the only response the Liberal government has made to try to develop lower-cost mortgages for people on lower incomes. By lower incomes I do not mean very low incomes, I mean average income people and young people coming out of university who want to own a home. I have spoken of this several times in the House and I am sure hon. members know how fallacious AHOP was and how it has bombed. Purchasers who were offered low down payments and low interest rates for the first five years found that they could not afford to refinance after this period. Many low-income people and struggling young families lost their homes as a result. Some found it cheaper to walk away from these AHOP houses and leave them to the creditors. As a result, CMHC has acquired a good deal of real estate and, of course, it has a good deal of money invested in these homes when the mortgages were foreclosed. We find that the financial situation of CMHC is worse than ever. It has cash flow problems and money invested in these houses which should really be invested in non-profit housing for people with the greatest need.

I am concerned also about complaints I have received, and I imagine other hon. members have also had them, that selling prices of some of these AHOP houses acquired by CMHC have been below market value. We like lower-cost housing but I do not think it is quite fair to price these houses at a considerably lower cost and sell them in a non-competitive bidding situation.

• (1700)

The minister said in the House several times that the government would act to help AHOP home owners, those in the greatest need. However, we have a great deal of difficulty finding out just what he has done. It is somewhat apparent that he has done very little. We finally learned yesterday that short-term assistance was offered to only 420 home owners, and I think there are something like 800,000 home owners with mortgages coming up for renewal. With the present cost of living and high interest rates, it is hard to agree that these are the only people who are suffering as hardship cases.

The investment of CMHC in this kind of subsidy for people to keep their homes is about $1,200 per house. So, it is a relatively small expenditure on the part of the federal government. Perhaps the intentions of the minister were good, but certainly his idea of hardship is far from being close to reality. Of course, we know that it is not just AHOP home owners who are facing renewals and foreclosures. Other members have spoken about this matter in our long debate. However, because of the government's fluctuating interest rate policy, people are now having to gamble on their homes. We are finding that people are being advised to take out only six-month or perhaps one-year mortgages, hoping that the rates will change and that the Minister of Finance (Mr. MacEachen) will be good to them in the new year. We know that he has not been good to them and has no intention of being good to them. In fact, the rates have risen considerably over the 12-month period on which these people have been gambling.

An hon. Member: Interest rate roulette.

Mrs. Mitchell: That is a good phrase. Research shows that many people who renewed their mortgages last year in December at 14.7 per cent for a one-year term now have to renew their mortgages and face the prospect of a second renewal at close to 18.5 per cent. This is some gamble, but what can people do? They have no choice under our present system. A $50,000 mortgage amortized over 25 years at 18.5 per cent costs $752 or more per month. Families were faced with a 27 per cent increase in their financing costs last year. This year the increase is more likely to be 56 per cent, if they renew mortgages at the high rate of 18.5 per cent, which is the average rate today.

This is why I begged the Prime Minister (Mr. Trudeau), in the absence of the Minister of Finance, to consider a mortgage assistance program. We have talked about a mortgage assistance plan for some time.

An hon. Member: It is called a mortgage tax credit.

Mrs. Mitchell: I do not quite agree with the proposal of the Conservative party.

Mr. Jarvis: You voted against it.

Mrs. Mitchell: That is right, we voted against it for very good reasons.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member but her allotted time has expired.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, as we enter the twenty-second hour of this debate it is worth reminding ourselves of what brought this debate on and the target of the debate. The target is pretty sparse on the other side, but there has been an attempt by opposition members to get through to the government some of the critical features of our present economic plight.

We must remember the background. It was brought on in the beginning because we had been watching the value of the Canadian dollar drop from 84 cents to 83 cents, and gradually down until it reached a 47-year low of 82.56 cents on Wednesday. The next matter in sequence which caused concern was the inflation rate. It was announced that the inflation rate had increased on a yearly basis by 1.2 per cent from the previous month. The third element was the recorded high interest rate for borrowing from the central bank. It was announced around noontime yesterday to be 18.25 per cent, following the tracking of the rate in the United States.

These three elements—the dropping Canadian dollar, the high inflation rate, and the escalation in the interest rate—caused the two parties in the opposition to table motions requiring an emergency debate on the economic situation in which Canada finds itself. As I say, we are now starting the twenty-second hour of that debate.

I should like to refer to page 5446 of *Hansard* when the hon. member for St. John's East (Mr. McGrath) was questioning the Prime Minister (Mr. Trudeau) concerning the economic recession. The Prime Minister referred to people who are confronted with the problems to which these particular indicators point and which have created serious economic recession and inflation. In answer to the question, the Prime Minister said:

> —it is a common sense matter when you have a set budget to spend more or less of it on the aspects which are more necessary to your daily life—

As far as I can make out, the Prime Minister never had a set budget. This is the advice the Prime Minister offered to those persons on fixed incomes.

What figures were released yesterday which prompted this remark? Leaving aside the effect of the declining dollar and high interest rates, what actually occurred with respect to the cost of living? The change between November, 1979, and October, 1980, was an over-all increase of 11.2 per cent on all items. I should like to single out some of the elements of that basket. On food alone, the increase over that same period was 13.7 per cent, and on housing it was 9 per cent. During the course of my remarks I will break down those two items even further. Bearing in mind what that represents and the index as of November, 1980, it now stands at $220. It has risen from a base in 1971 of $100. In other words, it is now 2.2 times the cost of the basket which could have been bought for $100 in 1971; now it would cost $220. That is a rough way in which to describe it.

On food the index is $273.90 on the base index of $100 in 1971 and housing is $208. So, all costs have at least more than doubled. Those are very important elements to bear in mind when one is on a fixed income, particularly when asked to shuffle one's priorities so as to buy more food or a little more fuel oil, or a little less dog meat and a little more bread. Perhaps it would be a little less bread and a little more dog meat; I am not quite sure.

An hon. Member: Dog meat is too expensive.

• (1710)

Mr. Munro (Esquimalt-Saanich): Dog meat may be too expensive, as my colleague reminds me.

In this index, because of the weightings of the various components that I have mentioned, the energy aspect of housing deserves special treatment. On average, the energy element that goes into the consumer price index has increased over the last year by 20 percentage points. For example, fuel oil, 26.7; gas for heating and cooking, 20.7; electricity, 9.6. I remind the House that food has increased from overa year ago 13.7 per cent.

In face of those essential components—I am not talking about clothing or housing, but the very bare essentials such as food and warmth—the Prime Minister has the gall to say to this House as advice to people on fixed incomes that it is a common sense matter, when you have a set budget, to spend more or less of it on the aspects which are more necessary to your daily life. What elements are there which are more necessary than food and warmth, assuming that you start the day with some clothing itself?

My colleague, the hon. member for Kingston and the Islands (Miss MacDonald) referred to the state of a widow on pension. She used the figure of $350 a month. In the CPI the weighting for heat and energy is 2 per cent. This means that 2 per cent of $350 allows that pensioner $7 per month for heating. On the food side, 21 per cent of $350, which is roughly one-fifth, is $70 per month. How can the Prime Minister expect anyone to shift these figures from that which is less important to that which is more important? Hon. members in this House have been talking about the lack of compassion of some members of this party, but I suggest, Mr. Speaker, that if there is anyone who lacks compassion, it is the person who uses those terms to those on fixed incomes.

I would like to examine a little more closely the consumer price index to see what room there might be for manoeuvre. The consumer price index is built up of a basket of goods which in total involves elements such as food, which is 21.5 per cent, housing, which is 34 per cent, clothing, 10 per cent, transportation, 15.8 per cent, health and personal care, 3.96 per cent, recreation, reading and education, 8 per cent, tobacco and alcohol, 6.24 per cent. Unless I have missed one or other of these elements, those figures total 100 per cent. Each of the elements is broken down even more. When the index is being devised, I see that the weighting for beef alone is 2.5 per cent, or about one-fortieth of the whole basket. Other meat is .85 per cent, poultry is .80 per cent, and fish is .40 per cent.

I compare this with some of the other elements. For example, the basket is composed of fish at .4 per cent, and then I see the item of pet care, .4 per cent. I wonder if that is a realistic way to devise an index for those on fixed incomes. I am sure that those who are on fixed incomes and living alone would be very happy to have a pet to keep them company, but whether they spend the same proportion of their income, small as it is, on pet food as they do on coffee and tea, I think is questionable. Health and personal care is almost 4 per cent. I am sure that those who are on fixed income are normally elderly and will be paying more than that, even if they are on a health plan.

One of the more charitable and compassionate suggestions that I think the Prime Minister might have made is that he was prepared to ensure that there would be a different sort of index applicable to those on fixed incomes, not this general index which happens to be built up in a way that is, perhaps, not well understood. It is a basket of goods and services purchased by families and unattached individuals, a spending unit, living in private households in urban centres with populations of 30,000 or over. Not all people on fixed incomes live in those circumstances. They do not all live in urban centres where the population is 30,000 or over. Therefore, I find this CPI completely unrealistic.

I have argued this case before but I have found that in this place it is necessary to go back and repeat some of the speeches which were made earlier; and I urgently request the government to look into the matter of having a special consumer price index for those on fixed incomes, so that when their pension is indexed it will be indexed more realistically and in line with the actual purchases which they make. Therefore, I say that the CPI as it now stands is hardly a valid basis on which to base indexation for those on fixed incomes.

I should like to break it down further, but in this particular debate I think there is room to broaden the ambit somewhat and give it a philosophical connotation, if you like. I believe there has been altogether too much attention given by this government to building up expectations which cannot be fulfilled. I was absolutely staggered the other day. We were on an international delegation and one of my colleagues who was with me, not of my party, said, "I think it is so evident that the government will look after me for the rest of my life that I should be spending everything I earn. There is no reason in the world for me to save it." That sort of attitude is what has driven the government. Government ministers produced the attitude for one thing. They have not encouraged or given this person any incentive whatever to invest in his own country, and it is what is moving the government at the present time to do this person's investing for him and nationalizing enterprise in this country.

• (1720)

One particular instance comes to mind, and it is the very recent takeover by Petro-Canada of Merit Oil. There were a number of outlets and it was one of the original economy cut rate gas purveyors in British Columbia in the lower mainland. There were about 40 outlets run entirely by Canadians, supplied from Canadian sources. PetroCan, in the interest of Canadianization, bought it out. There will not be any more cut rate fuel available from that firm. That is not Canadianization. It was Canadian before it was taken over. That is nationalization. Let the government be honest at least, if that is what it is intending to do.

The hon. member for Thunder Bay-Atikokan (Mr. McRae) mentioned some suggestions. I can produce several suggestions on how we can improve pride in our country. There should be an incentive for individual investment. Why should individuals who were being serviced by the Merit outlets, for example, not help to keep that company afloat? Now it is being throttled by Petro-Canada which joined the other suppliers of gasoline they were selling. Gradually it took over.

The government could also reopen negotiations with the producing provinces to keep enterprise in this country instead of driving it out, and driving the dollar down. One of the great problems of driving the dollar down is that all the imports, even the orange juice which we have in the morning, will cost us more as the dollar goes down. The ripple effect of keeping industry here in Canada will obviously be felt here in Ontario.

Mr. Deputy Speaker: I regret interrupting the hon. member but his time has expired.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, it has been a long 22 hours or so, and I would like to commend those members on both sides of the House, especially those on this side, who, I think, have spoken with far greater frequency. I want to commend them for the effort which they have put into this debate which has important implications for Canada. Our country is faced with economic calamity, indeed with a dangerous crisis.

We are discussing here the plight of home owners and businessmen—relatively affluent groups in our society—but especially the plight of the poor, the underprivileged and the impoverished in our society. We are addressing the impact of inflation and high interest rates on farmers and fishermen, auto workers, steel workers, school teachers and even Speakers of the House of Commons. The rise in the interest rate of recent days, coupled with a collapsing dollar, both speak in condemnation of the policies of the Liberal government over these past years.

I would like to read from a letter which I received from a constituent of mine. It is typical of the sentiments expressed by thousands of constituents of all members of Parliament. It reflects sentiments which members opposite will have to face up to and contend with during the Christmas holiday period. It reads in part:

Dear Mr. Siddon:

I work in an industrial plant in Vancouver as a so-called skilled tradesman. I am telling you, Sir, that the average man employed on that shop floor does not give a (blankety-blank) about repatriating the constitution. Furthermore, few Canadians understand the meaning or the implications of such an undertaking. Most of my friends out west here are far more concerned with unemployment, inflation, increase in crime in metropolitan areas, decline of law and order, etc., and not necessarily in that order.

In responding to a question which I asked my constituents about the government's tendency to accumulate massive deficits, this gentleman writes:

The average working stiff, the so-called middle-and upper-middle class Canadian pays the brunt of personal income tax in this country. As far as myself and friends are concerned, we need every break we can get from the irresponsible fiscal planners in Ottawa.

I believe that those last few words are reflective of the plight which faces our nation. I would like to illustrate by drawing reference to another specific situation. Before doing that, however, I should say that I was most intrigued to pick up the *Householder* mailed out by the hon. member for Longueuil (Mr. Olivier) to his constituents. In it he has chosen to expound on all the great benefits that have accrued to his riding and his people as a consequence of the return of the Liberal government. There is a long list of million dollar programs and employment opportunities which have been created in his riding. In particular, I notice that he makes a big issue of a $4.8 million grant to a Mont Tremblant tourist centre, from the Department of Regional Economic Expansion, as well as $137 million for job creation, and aid to municipalities. He claims that over 2,000 municipalities will receive $25 million in federal aid. There was also a $9.4 million grant to an aircraft company in his riding.

I cannot offer those kinds of Christmas presents to the people in my riding. I am afraid that it is time there was an accounting for this sort of thing. I must go to the people in my riding and explain why it is that the Minister of Public Works (Mr. Cosgrove) has terminated the Community Services Development Program. And here we have this member for Longueuil bragging about the millions being dropped in his riding. The government wonders why the people in my part of the country and other more distant parts of the country feel alienated.

I have a great Christmas present to explain to the people in my riding. Yesterday the tenants of the Kiwanis Senior Citizens Housing project in Richmond, British Columbia, received a bill. This bill is being received by people all across British Columbia, including the residents in all the non-profit housing projects. The bill is from British Columbia Hydro. It is a bill for natural gas and it includes a supplementary surcharge, arising out of the federal budget. These are people who are living in social housing projects and they are only there because their income is less than $5,000 a year.

Mr. Collenette: Call Bill Bennett.

Mr. Siddon: It has nothing to do with the Premier of British Columbia, but it has a lot to do with the government opposite. The supplementary surcharge printed on this bill will be received by every home owner in British Columbia who heats his or her home with natural gas. The surcharge is clearly stated to be a direct consequence of the federal government's natural gas tax. This supplementary surcharge, which arrived just the day before yesterday, virtually on Christmas eve, will impact on single people, old people, sick people buying drugs and medicine and having to contend with the cost of food, clothing and shelter. These poor souls are getting dinged an extra $3 a month because of the natural gas tax. That is how direct the impact has been. It is but one small aspect of the federal budget. The compounding effect of all the various taxes imposed upon the oil industry of this country, the energy industries, is destroying the well-being and the standard of living of all Canadians.

● (1730)

I do not know how I will explain this to my constituents. Prior to the budget announcement, some 32,000 residents of British Columbia had expressed their objection to an export tax on natural gas. So the government came back, in all its sanctimony, and sent the Minister of Finance (Mr. MacEachen) into this House where he announced that the government had decided to abandon an export tax on natural gas. Instead ministers had decided to tax all natural gas, he told us. At the same time, of course, the government decided to restrict the export price of natural gas and announced that it would not provide for any increase in that. So where will the money come from to pay the extra tax on natural gas? Well, half of it will come from the pockets of the consumers, the private individual home owners and the industrial consumers of British Columbia. This will amount to $50 million for the present fiscal year, and $130 million for 1983. An additional $180 million will be lost to the B.C. economy in relation to export sales.

That money is coming out of the pockets of the consumer, Mr. Speaker. And that is just as a consequence of that one small measure—a tax on natural gas. It amounts to over $200 million a year out of the B.C. economy, to be taken from the residents of British Columbia, by the end of 1983. And if I were to add up all the composite effects which the federal energy taxes impose on British Columbia, it would exceed a billion dollars. A billion dollars lost to British Columbia by the end of 1983! Now where does that money come from? It comes finally and ultimately from the incomes earned by British Columbians. And British Columbia is not a resource-wealthy province in the sense of oil and gas when compared with some other provinces.

We are dealing here today with the question of high interest rates. I ask the members of this House why they think it is that the interest rate is 20 per cent in the United States today. The fact of the matter is that the Americans are not self-sufficient in oil; they do not have nearly enough oil to meet their own requirements. They are short to the tune of some 50 per cent plus. So they are exploring all over the continental United States for oil and gas. They are trying to develop hydrocarbon resources from shales, and they are looking into alternative energy technologies. All of that takes capital. To attract capital and to get the United States off its dependence on foreign oil they are having to pay interest rates of the order of 20 per cent and higher.

If you lived in a country, Mr. Speaker, where the inflation rate was running at 10 per cent or 12 per cent, such as Canada, and you had to compete with the demand for capital from a large neighbour to the south where the interest rate is 20 per cent, what interest rate would you need? That is the problem. In order to earn a fair rate of return on investment in Canada, the interest rate has to be where it is. That is what we are told by the economists. Well, why have we gotten into that situation? Why are we so tightly linked to the Americans, and why do we not find ways to make it attractive for Canadians to keep their capital at home, and for others to invest in this country, in order that we may produce jobs here? Why must we go instead with our hands out, to the Americans and elsewhere to borrow money, as a means of continuing to finance our accustomed lifestyle? That is merely trading on the future equity of our natural resources, and selling out the future of our children.

It is not fair to blame the Americans. The blame starts with a country and a government which has allowed runaway inflation. Inflation eats away at the return which can be earned on investment. Profits have also been eaten away by unconscionable tax levels imposed, not only on our industries, but on individuals in this country.

I heard the hon. member for Ottawa Centre (Mr. Evans) say last night that high interest rates are caused by inflation. I agree with that to a degree, but the other side of his argument was that high interest rates do not contribute to inflation. To that I say, some economist! At this particular point in our history, high interest rates are having a very profound effect upon inflation in our country. There is a synergetic effect; there is a linkage between interest rates and inflation, so that one reinforces the other, and it in turn reinforces the first. This puts the economy into an unstable cycle, as it is at the present time. In that unstable cycle you have a continual amplification of both interest rates and inflation, unless you take drastic action to bring that situation under control. The budget of the government takes no such drastic action, except to make Canada much more isolationist.

Mr. Speaker, I expect the government will soon start wage and price controls; perhaps foreign exchange controls. These are not my recommendations but I think these perhaps are the concepts that the government is going to be forced to consider—more isolationism, more protectionism, more socialism, more government intervention and, ultimately, further down the road, another form of government which many of us in the House dread.

We have heard some talk about the concept of the Laffer curve, which is a plot relating the productivity of our economy to the percentage of the gross national product which is taken away by governments in the form of taxation. Economists now know that when we have a level of taxation which exceeds a certain optimal level, the productivity of a country will begin to decline. When you are on the high side of that Laffer curve with tax levels exceeding the optimum value and governments are grabbing and groping for more and more wealth, which ultimately has to be earned by the people who work, you then get into an unstable situation where companies and individuals have less and less room to manoeuvre.

Consider a company in a fairly healthy, buoyant, free enterprise economy, which has a fairly comfortable profit margin. Well, if the interest rate were to rise suddenly because of some anomaly, that company would have enough cushion to absorb such an increase for a period of time, and weather the rise out. It would have some cushion in its profit margin to absorb higher interest rates, so it would not have to pass that increase directly on to the consumer. But if the profit margin has been reduced to zero, or near zero, because of the imposition of excessive taxation upon the operation of that venture,

then what is going to happen if interest rates go up? What is going to happen is that prices will have to rise, and that is precisely what is happening in this country today. There is no longer any flexibility in the private sector economy, because the government has taken away all the room to manoeuvre.

It all starts with oil, Mr. Speaker. We have a budget now that started out, on October 28, with a 9 per cent excise tax on gasoline, and an export tax on oil. Then the government added to that a natural gas tax, an 8 per cent producer tax, and income tax on net profits, if there are any. But before calculating net profits the industry must pay an import compensation charge, a Canadian ownership charge, and the required provincial taxes both at the producer end and at the consumer end of that chain. If an industry wants to produce oil and gas in the frontier areas, under the provisions of the Canada Lands Act, Bill C-48 presently before the House, then there is also a producer royalty of 10 per cent, with a 40 per cent progressive additional royalty. Mr. Speaker, if you compound all these taxes, there is not enough left to make it worth while to be in the oil and gas business in this country. I submit that this is at the heart of the problem in Canada today.

We could go back and make comparisons between the famous Crosbie budget of a year ago and the present one. If I have a few moments left I would like to do that. We recognized a year ago that it was essential to pay for the high cost of imported oil in order to equalize the price of gasoline and oil to all Canadians. So the Crosbie budget provided that it be paid for by a surcharge on gasoline, which is a discretionary commodity. We burn too much and waste too much of it anyway. And that 18 cents a gallon excise tax would have raised revenues close to $2 billion each year in order to pay the price of the import oil compensation. Instead of taking that approach, the present government chose to impose a corresponding tax at the wellhead, a tax which affects heating oil, a tax which affects plastics, a tax which affects the costs of producing pulp and paper, steel and every commodity which goes into our basic manufacturing industry. In addition, every time that tax moves one stage through the system it is compounded by surtaxes upon taxes. So rather than taxing a discretionary commodity like gasoline, to pay the price of import compensation, we have a government here which is taxing everything, including the heating oil the retired couple have put into their tank to heat their home. That is the basic discrepancy between the two budgets. The means by which they chose to deal with the high cost of energy is totally incorrect.

There is one other important distinction between the budget of the Conservative government and the budget presented here by the Minister of Finance a few weeks ago. That has to do with housing. The mortgage tax credit which was proposed under the budget of a year ago would have provided a 25 per cent direct deduction from income tax of the cost of mortgage interest on a $50,000 mortgage. That effectively reduces the interest rate by 25 per cent at the end of four years. Starting January 1, 1981, that credit on your mortgage interest cost would have been half as much and would have reduced the interest rate by more than 2 per cent. That is 2 per cent relief we are not getting from the government opposite through its budget. It is as simple as that. It was a direct subsidy on the interest paid by home owners.

• (1740)

There was assistance in that budget for the high cost of energy to Canadian families with an income less than $21,000, through an energy tax credit. There was also a small business development bond and investment incentives for investment in Canadian enterprise. There were a number of means of sheltering low income Canadians from the burden of inflation. Instead, we are confronted with a Liberal budget which fuels inflation through the entire economic cycle and which ultimately we will all have to absorb.

Why can't we be masters of our own economy in this country? One reason is that there is no money to be invested in Canada. If the government wants to buy out the petroleum industry, it will be going to New York, West Germany, and elsewhere. Money in Canada is tied up in Canada Savings Bonds, financing a portion of the federal government's $70 billion or $80 billion debt; recycling money through Canada Savings Bonds. It is tied up in term deposits, in secure long-term loans, and government pension plans to the tune of $18 billion. This pension money is non-existent because the government has spent it to finance its squandering ways.

I do not know whether hon. members realize it, but in this country we have an equity in the appreciation of housing over the past ten years of more than $300 billion. If the interest rate goes up 1 per cent, what is the additional carrying charge on that $300 billion to Canadian home owners? It is $3 billion. If the interest rate goes up 7 per cent, as it has in the last year or two, the carrying charge is increased by $35 billion.

Where is that amount of money to come from? Ultimately it has to come out of the household budget of Canadians, thereby reducing their discretionary income. It must come out of our gross national product. That product is the heart of our problem today. Our money is tied up as a consequence of government deficit squandering and irresponsible management of the economy of the country.

[*Translation*]

Mr. René Cousineau (Gatineau): Mr. Speaker, the hon. member for Esquimalt-Saanich (Mr. Munro) called the attention of the House earlier to the number of members on this side who were present, but he forgot to mention how many Progressive Conservatives were here last Wednesday at midnight. Strangely enough, I cannot speak to him since he has now left the House.

Mr. Speaker, I do not intend to make this debate go on indefinitely and my intervention will therefore be brief. The hon. members have been here since eight o'clock last evening and the House has been sitting without interruption since that time. It is now 5.45 p.m., which makes more than 20 hours of sitting. We are now discussing a motion to adjourn the House

under the provisions of Standing Order 26 to debate the Canadian economy.

I have had the opportunity to listen to many of the speeches made by the hon. members opposite. They have discussed the economic situation in Canada. Some have talked about inflation, some have talked about the high interest rates, some have talked about unemployment, some have talked about local and regional problems in their constituencies. This is all to their credit. I believe that they were only doing their duty.

It is true that we have problems, Mr. Speaker. Nobody denies this. If it is not the problem of separatism in Quebec, it is the problem of inflation. If it is not the problem of inflation, it is the problem of an oil agreement with Alberta. If it is not the problem of oil, it is the problem of high interest rates. I do not believe that a single member on this side would deny these facts. Unfortunately, however, some have taken it upon themselves to talk about other subjects than inflation, interest rates and unemployment.

Some members have taken it upon themselves to make charges and insinuations about the role of our Prime Minister (Mr. Trudeau). This has nothing to do with politics, it is not a conflict of ideas, it is not a difference of opinions. I shall give you an example which occurred this afternoon. The hon. member for Central Nova (Mr. MacKay) noted in his speech that our Prime Minister should have more contacts with our friends than with the Soviets. Yet, on page 25 of the issue of December 22 of *Maclean's,* we can read the following:

[*English*]

The abiding impression left by the Soviet leader was that of an old, tired, sick man, with not long to live. But he did show the occasional small spark. At the ceremonial arrival, members of the diplomatic corps were introduced to him. He shook their hands in silence—until he was presented to Canadian High Commissioner John Hadwen. Brezhnev's eyes lit up. "Trudeau!" he said. "Wheat!" replied the high commissioner.

[*Translation*]

Why, Mr. Speaker? What was the point this afternoon during a debate on the economy to quote the example of a visit by Mr. Brezhnev to India? As long as members make personal attacks against someone in particular in the House and call other members all sorts of names, they will only make the debates more acrimonious.

[*English*]

I do not think hate has any place in this chamber. Opinions, yes; debate, yes; respect, yes.

[*Translation*]

Mr. Speaker, if I may, I would like to give an example which concerns the visit of the Right Hon. Prime Minister to Saudi Arabia. Certain jokers on the side of the opposition referred to this trip, but not one of them noted that Saudi Arabia intends to spend $280 billion within the next five years. No one mentioned this fact on the other side. All the companies throughout the world want a share of this pie. This is why the Prime Minister went there, Mr. Speaker. He wanted to open the door to our Canadian companies so that they may also have a taste of this pie worth $280 billion.

Mr. Speaker, the year 1981 will not be easy. We have not left all our problems behind, they are still before us, but for my part I have confidence in the future of this country; I have confidence in the good will of some of the members opposite. I know that some of them have shown their good will, have intellectual integrity and make constructive criticisms. Mr. Speaker, to show some holiday spirit after such an arduous, lengthy and tiring debate, I would like to say that I hope that 1981 will be a year of peace and that all the hon. members, whatever their party, will work in the best interests of the Canadian people. Is this not why we are here?

[*English*]

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I must say that, as we approach the twenty-fourth hour of continuous debate, it was with a sense of discouragement and shame that we were forced into this kind of discussion tonight. It is a direct reflection on the leadership and the ability of hon. members opposite to come to grips with some of the problems facing Canadians today. I am proud that it was my leader, seconded by the financial critic for the New Democratic Party, who provided us with an opportunity to discuss some of these crucial issues facing Canada in this emergency debate.

I have listened with a great deal of interest to our colleagues to my right. I listened very carefully to many of the positive proposals they have put forward in the last 22 hours. I have been very pleased to be part of a party of representatives who also put forward a vast array of solutions, suggestions and proposals for the government to use to meet this crisis which is upon us in 1980.

• (1750)

I must say that I was distressed at some of the comments I heard from across the way, and at some of the performances across the way. Early this evening when the Leader of the Official Opposition (Mr. Clark) wanted to raise with the hon. member for Kitchener (Mr. Lang) a number of questions about his speech, the hon. member for Kitchener said that he was not interested in entering into a dialogue at all and was more interested in pursuing a game of squash.

Mr. Baker (Nepean-Carleton): That is what he said.

Mr. Riis: That is what he said. We have noticed as we have sat here on the opposition side for hours and hours the absence of some prominent persons across the way. Where are the cabinet ministers? Where is the Minister of Finance (Mr. MacEachen)? He has been absent from this chamber for hours and hours. Where is the Minister of State for Finance (Mr. Bussières)? He has been absent.

Mr. Huntington: Where are the parliamentary secretaries?

Mr. Riis: Where are the parliamentary secretaries? Where are the backbenchers? I am proud to say that attendance on this side of the House has been large. That has shown that

concern for this country exists on this side of the House. What on earth is going on across the way?

Why was it that we were prompted to take this special action under Standing Order 26? Put very simply, it was because the last nine months and 19 days have seen Canada enter into what could only be called a devastating and pathetic situation.

Let us look at some of the facts. We now have a prime interest rate of 18.25 per cent, and rising on a weekly basis. It is the highest ever in Canadian history. It is the highest rate ever, and we have been listening to the pathetic responses of the Minister of Finance for the last week that he intends to do nothing about it, it is out of his hands and there is nothing that can be done. That is the kind of commitment, initiative, and solution we get from the present government.

The consumer price index in Canada has now increased 11.2 per cent. In the food sector the increase is 13.7 per cent. Bankruptcies in small businesses across Canada today in some provinces are occurring at a 130 percentile rate over the same period last year. In the last year we have seen not tens of thousands of Canadians laid off but 200,000 Canadians laid off, primarily in central Canada. In relation to the United States dollar the value of the Canadian dollar is at its lowest ebb since 1933, since the depression years. We have a deficit now in excess of $14 billion, a current accounts deficit of approximately $6.2 billion.

We have a housing crisis in this country. In numbers like never before, young people are finding it impossible to qualify for mortgages. People are facing difficulty. Even people in this House are facing difficulty when they go to banks to renegotiate mortgages, only to find that their incomes are insufficient. They cannot qualify for the new rates which the government's policies have created. This is to say nothing of rental housing. People who are out now attempting to purchase homes find that there are no homes being constructed to meet the demand across Canada.

The rental housing situation is worse. In my own city of Kamloops, British Columbia, the vacancy rate is virtually zero. In other major metropolitan areas across the country serious rental accommodation shortages are forcing people to live in vans, converted crawl spaces, and converted garages. That is the kind of situation in which we are finding ourselves in Canada. Indeed, it is a housing crisis.

Of course, those who can least afford it are those who are being hit the hardest. I refer to the elderly on fixed incomes and on pensions, veterans on pensions, and the handicapped. I refer to people experiencing regional disparities across the country. Of course, the most dramatic picture of all where this problem focuses very clearly, in terms of the real problem in Canada, is seen when we look at the unemployment level in Canada. In Canada 1,320,000 people are without jobs. That is approximately 8 per cent of the total work force, and here in Canada we are asked to accept, presumably, that 8 per cent unemployment is acceptable, to say that more than one million Canadians being out of work is quite acceptable. That is the kind of response we are hearing from across the way when inquiries are raised in the question period as to what is going to be done. The infamous shrug comes from across the way. Presumably 8 per cent is acceptable.

I would like to remind hon. members opposite that the unemployed in Canada are not purchasing a great number of Canadian goods. The unemployed do not build and create a sound basis for our Canadian economy. They are unable to play a committed and meaningful role in our various communities and neighbourhoods. They cost Canadians money. They cost all of us in this House money, and I think most of us are getting fed up with having to pay for the unemployed of Canada, because there is no reason to have unemployed in Canada. Other western industrialized countries would never begin to accept an 8 per cent unemployment rate if they had the richness and the opportunities which exist in our country.

One serious side of the employment question which is often overlooked is the social impact of unemployment. What does it really mean when more than one million Canadians are unable to find work, and when more than one million Canadians are unable to provide for their families in a respectable way? One does not have to quote those Canadian and American analysts who have found correlations between rising unemployment and the increased incidence of suicide, homicide, mental illness, family breakdowns, prison sentences and so forth. One can simply examine the contents of a recent analysis with respect to the social impact of job lay-offs prepared by the Metropolitan Toronto Social Planning Council. In this report that council indicates the following:

> Social interaction patterns can be very much disrupted by unemployment. The loss of social contact through the work setting is further aggravated by the tendency of unemployed persons to withdraw from friends, relatives and community life . . . Within the family, social interaction patterns can be upset since the loss of a job and income may diminish the unemployed person's status and authority. Shifts in roles within the family, coupled with changes in the unemployed worker's personality, can provoke considerable stress and in extreme cases can lead to family breakdown.
>
> Turned inward, these feelings of bitterness, rage, and powerlessness may result in depression that becomes further exacerbated by the self-doubt and blame that develop when job hunting is not successful. Anxiety over financial difficulties, both now and in the future, also contributes to the depressed mental state that has been found to characterize many laid off workers.

● (1800)

The impact of the economy on family life is further illustrated by the following comments from the National Council on Welfare:

> Anything that widens the gap between income and need—the loss of breadwinners wages because of unemployment or illness, escalating rent, sudden rises in fuel and grocery costs, any unexpected and unavoidable expense—can plunge a poor family into crisis.

Specific evidence on personal and family crises due to unemployment is increasingly being catalogued in Canada. In Windsor, Ontario, a city which has experienced major lay-offs in the automotive sector, the mayor's committee on services for the unemployed reported that:

> Inability to make credit payments, inability to make unemployment or welfare payments stretch to the end of each month, has brought about uncontrollable

stress and pressures and resulted in increased use of alcohol and tranquillizers and other drugs to ease stress.

The mayor's committee also found that social agencies in Windsor have experienced increases in caseloads ranging from 25 per cent in some months to 377 per cent in other months. In this regard it said:

The human tragedy associated with unemployment is also reflected in the committee's statement that having to go on welfare after other benefits are exhausted is having "a devastating effect on individuals and their families."

One tragic result of prolonged unemployment can be an increase in family violence.

Mr. Deputy Speaker: The hon. member for Nepean-Carleton (Mr. Baker) wishes to rise on a point of order?

Mr. Baker (Nepean-Carleton): Mr. Speaker, you may have some apprehension about the fact that the clock has reached 6 p.m., which is the normal time of adjournment for supper. I apologize to the hon. member for Kamloops-Shuswap (Mr. Riis) for interrupting him but since this is an emergency debate I wonder, Mr. Speaker, if you could canvass the House. I think there might be unanimous consent to carry on through the normal dinner adjournment hour so that members can participate in the debate.

Mr. Pinard: Mr. Speaker, I do not think unanimous consent is required. I thought the rule obliged us to go on. In any case, we wish to proceed with the debate during the dinner hour.

While I am on my feet, may I raise a point of order? I have spoken to my colleague in the Conservative party and I understand he agrees with the procedure. We wish to seek unanimous consent to table a notice of ways and means motion to amend the Income Tax Act under the provisions of Standing Order 60(1).

Mr. Deputy Speaker: I assume there is unanimous consent to the two propositions, first, that we continue the debate throughout the dinner hour, and second, that the President of the Privy Council (Mr. Pinard) has permission to table the document.

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

NOTICE OF MOTION

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, in accordance with Standing Order 60(1), I am tabling a notice of ways and means motion to amend the Income Tax Act.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

THE ECONOMY

EFFECTS OF RISING COST OF LIVING AND INTEREST RATES

The House resumed consideration of the motion of Mr. Broadbent:

That this House do now adjourn.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it is certainly clear that a serious problem is facing us, which is unemployment with the many serious social implications which perhaps we still do not fully understand or appreciate. I have listened with interest as many previous speakers have attempted to define why it is that we find ourselves in this dreadful situation. The most obvious answer is the ineptitude across the way. What is behind this? Why is it that our interest rates, for example, are chasing those in the United States in a roller-coaster effect? When theirs go up, ours go up and when theirs come down, ours come down.

The Minister of Finance (Mr. MacEachen) has indicated that what happens in the United States has an influence on what happens in Canada. Of course, that is the case. What else would one expect of a country with a branch plant economy which is closely intertwined with the economy of the United States? What would one expect of a country which is essentially a colony of the United States? What would one expect from a Liberal government and, I would add, from the Tory continentalist approach to the economic systems within North America which is to see Canada and the United States as one, an approach which has essentially ignored the existence of the forty-ninth parallel? As a result of this continual progression toward a continentalist policy, and there is no indication that that is changing at all, we have had high interest rates that have chased those in the United States which are now likely to go to 20 per cent and above. This does not have to be the case. If we had an economy which was a Canadian economy, if we were in control, we would be more like Japan, West Germany or Switzerland. The interest rates in Japan are around 8.8 per cent, the interest rates in West Germany are around 11.5 per cent, in Switzerland they are about 5.7 per cent and in the United Kingdom they are in the 15 per cent area.

In other words, we do not have to have the high interest rates that obtain today in Canada. They are a reflection of the leaderless economy in Canada and its close ties to the United States. That is the reason that our prime rate today is 18.25 per cent. I suggest that the government's priorities in dealing with these problems are completely out of whack with reality. The government's main concentration of activity and interest is on the constitution, and yet when one travels across the country or to my riding of Kamloops-Shuswap and asks people what is foremost on their minds, what their major concerns are today, no one ever mentions that the constitution is their major concern. Their major concern is the cost of food, the cost of housing, the cost of travelling to and from work, whether their

children should go to college, and whether it is worth it as the future is so uncertain.

There is a frightened feeling out in the land. Those are the things that are on people's minds today, not whether or not the constitution should be patriated and whether or not it should have a certain kind of amending formula.

The people of Canada have received a great Christmas present from the government in 1980—an economic crisis, an economic catastrophe. If there is one sector of our economy that suffers dearly during these times, it is the small business sector, the sector which provides 50 per cent of the work force of Canada, the sector which provides essentially the new jobs that are being created today. The growing sector of our economy is the small business sector, not the branch plant sector. That is where the research and development is occurring, sometimes about 14 per cent of the value of sales in some of these small businesses. That is the sector that is exporting the finished goods and products from Canada to overseas markets. That is the creative, innovative sector—not the branch plant sector but the small business sector. That is where the creative instincts are played out. It is the sector of our business community which has a commitment to this country, which has a commitment to the communities in which it is found and to its neighbourhood. These are the firms that are providing assistance to the Little Leagues, and providing funds to allow the Boy Scout movements to exist.

This is the aspect of our economy that reflects the flavour of Canada, the personality of Canada. The Liberals and their policies are assassinating this sector, bringing it to its knees. They say they have lots of plans for the small business community, lots of schemes, lots of programs. Of 200 business programs in Canada, how many cater to the business sector? Two programs out of 200 are for the business sector, and those two are rather minimal. One is the Small Businesses Loans Act. The banks do not tell anybody about these programs. The small business development bond, because of its excluding clauses, makes it applicable to only 5 per cent of Canada's 940,000 small businesses. That is the kind of assistance that is available.

The Minister of State for Small Businesses (Mr. Lapointe) has the gall to rise in the House of Commons and say, "We are studying the matter and we will study it for the next number of months." A businessman cannot meet a payroll with studies. He has to go to the banks and is forced to borrow at high interest rates. When a small entrepreneur or a contractor does a job for an individual, he often has to wait 30 or 60 days before he is paid. To meet his costs he has to go to the bank and borrow at today's interest rates, and that is 18.25 per cent, depending on the risk. That is the kind of support that is available to the small business sector.

Mr. Speaker, I see my time has run out. To conclude, I should like to quote from the Scriptures and say, "Lord forgive them for they know not what they do."

Economic Conditions

• (1810)

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, I appreciate the opportunity to take part in this debate. I should like to express appreciation to my leader for initiating this debate on the economy and on the tragic failure of the government to act.

This debate is important for two reasons. First, it is important that we take every possible opportunity—no matter how small it is—to make the Liberal government face up to the consequences of its inactivity. This is a slender hope, but we must hold on to it. Perhaps we might wake the government up to the crisis we are facing. Second, if we fail to wake up the Liberals, at least we want to let Canadians know who is responsible.

Other speakers have already outlined the basic situation and the disastrous combination of factors which creates the present crisis. There is high unemployment. Over 853,000 people are officially unemployed, but when we add to that the number of people who have given up actively looking for work, we realize that the figure is actually 1.3 million people. Also, the Bank of Canada interest rates are the highest in our history. The rate announced yesterday was 17.63 per cent and today the prime interest rate is 18.25 per cent. As all members of the House know, most people must pay a much higher rate than that. We have also experienced the greatest increase in the cost of living in the last five years. Today, it costs people 11.2 per cent more to live than it did last year at this time. The price of food increased 13.7 per cent in November, 1980, over what it was in November, 1979. As the American poet, Randall Jarrell said, "It is a sad day at the supermarket".

Mr. Regan: Couldn't the poet do better than that?

Mr. Manly: Hon. members opposite should think about it—it is a sad day at the supermarket for the people of Canada. I should like to see the Liberal government do better than that. All these factors have a multiplying effect in the economy. There were 6,000 bankruptcies in the first 11 months of 1980, manufacturing was operating at 78 per cent of capacity. Housing starts are down 20 per cent from last year. This is at a time when most of our cities have a minus zero vacancy rate. Each of these conditions represents the failure of the Liberal government to keep its promises. But, when we take these conditions together, they constitute a massive betrayal of trust.

During this past week we watched the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) indicate his inability to do anything about the gathering crisis. It reminded me of some lines which were written by a Canadian socialist poet who was killed during World War II, Bertram Warr. His poem was entitled: "Working Class" and reads:

They have gashed the lands with cities
And gone away afraid when the wounds turned blue.
We are left with the politicians who think poorly of us
And who stand back with chaos in their pale old eyes
Whimpering, "That is not what we wanted.
No, it was not to have gone that way".
They are very old but we have been very ill
And cannot yet send them away.

During the past week we have seen chaos in the eyes of the Minister of Finance, who whimpers and says, "This is not what we really wanted".

I should like to make a few remarks concerning the effect of this situation upon Indian people. During the past week the constitutional committee heard several Indian organizations talk about the threat to their survival as a people. Development projects and government policies have taken Indian people away from their traditional economy which has been based on the land. More and more Indian people today are being brought into a cash economy. But, too often they have been brought into a cash-economy situation without being given the means to obtain the cash, except as welfare recipients. We all know welfare does not keep up with inflation. Too often large-scale developments have not bothered to hire or train local Indians for all but the most casual jobs, those jobs where they are the last hired and the first fired. The government has not made sufficient money available to Indian bands for economic development, and what money is available requires so much by way of front end equity that the bands which need it most are least able to get it. In spite of inflation, funding to Indian bands has been frozen at the 1975 level. We expect Indian people to manage their affairs with 1975 dollars.

An hon. Member: The government cannot manage its affairs with 1980 dollars.

Mr. Manly: That is correct. Indian bands face a continuing problem with funds arriving late, so they are required to go to the banks to borrow money at exorbitant rates which cut into their very slender resources.

I should like to refer to some of the concerns of the people in my constituency. Last night as I was preparing for this debate, I phoned some of these people and asked them how the conditions affected them. First I spoke with a millworker who told me about some of his fellow workers who had to renegotiate their mortgages. From payments of $500 or $600 per month, their rates would be increased to $800 or $900 per month out of a take-home pay of $1,400, $1,500, or $1,600 per month.

This is not an isolated situation which affects just those people. We know that high interest rates mean no housing starts. Millworkers realize that when there are no housing starts, there are no lumber sales and so their jobs are threatened. The mill in which he works, like most mills in British Columbia, is stumbling along. It has no firm orders, but it is cutting lumber in the hope that markets will pick up in the spring. This Christmas, at the very time when workers are concerned that they are falling behind in some of their payments, most mills will be facing longer shutdowns than usual.

The anxiety of woodworkers is reflected in the fact that they are not making major purchases at this time of the year, such as refrigerators, sofas or stereos. We know the multiplying effect this has upon the economy. My friend pointed out that the classic system of free enterprise had completely disappeared; that many companies no longer dropped prices when sales were down; instead they raised prices to keep their profits up. This millworker wondered why it was that lumber sales were down, but profits were up.

I also talked with a small troll fisherman about the multiplier effect of what is happening. He pointed out that every fisherman is concerned about interest rates because he has to finance his operations for next year. In another three months he will be getting ready for the 1981 fishing season. High interest rates are especially difficult for fishermen who are making payments on their boats. Because of the intense ongoing gear war, fishermen have been required to equip their boats with more and more gear. They have found it necessary to borrow money in order to do that, and now they are in a real bind.

Not only does this affect fishermen, but it affects the small businessman who does business with them. I heard of the situation where one small or medium-sized supplier gave out lines of credit to several fishermen so that they could purchase gear. This is a normal procedure, but when these fishermen lost their boats because they were seized, the supplier was unable either to get his payment or to recover the gear. In this case there were seven boats affected just from one supplier.

The federal government has raised the licence fees by 100 per cent. The cost of diesel fuel has risen by one third. On top of that, Mr. Speaker, salmon fishermen on the Pacific coast face a very poor year. The catch is down by one-third, and on top of that the price of salmon has been down one-third. Many fishermen just do not know what their future is going to be; they fear that many boats will be forced out of the industry and they will not know until next season.

I talked with an elderly couple who were nearing retirement age and had their own modest home and grew a great deal of their own food in their own garden. They are beginning to look forward to receiving old age security, but they are not looking forward to it with any hope. They find the whole situation rather scary. They wonder what inflation is going to do to them once they are dependent on that pension. They are very close to the margin right now and the cost of food today hits them very hard. They ask why governments cannot do something. They ask, what is the possibility of currency controls? Who does it benefit, they ask, to keep the value of the dollar up? They certainly feel that it does not benefit them.

Then they ask whether the constitutional issue is simply a smokescreen to keep the people of Canada from focusing upon their real needs. For example, I talked to a butcher who was wondering what effect high interest rates would have upon his business. He asked how he could justify borrowing money to carry on business when he had to pay 19 per cent or 20 per cent to borrow that money. He is very much aware of the way in which cost of living increases affect people on fixed incomes. They are buying cheaper cuts and smaller amounts. He told me about some of his elderly customers who ask him to weigh a particular cut of meat. Then when he tells them how much it will cost, in many cases they have to say they are sorry, they cannot afford it, and they ask him to show them something less

expensive. He told me that it hurts him to do that, but he has to survive as well. His rent is going up. The cost of wrapping material has almost doubled over the last two and a half years and, of course, the wholesale price of beef has gone up.

Then I talked to a woman on unemployment insurance. She receives $81 per week unemployment insurance, or something like $330 per month. She has been listening to the debate and had heard Liberals say that everything was indexed. As far as she was concerned, any indexing was a sham. She said there was no way that it had risen along with the cost of living increase. She is making very high payments on oil and on hydro, since the previous summer while waiting for her unemployment insurance payments to come through she fell behind in meeting her payments. The Lord help the person who begins to fall behind in this society!

Her son is also out of work. She pointed to the fact that there were many families who have traditionally depended upon more than one wage earner, yet all of them are now out of work. She referred to the cynical statement of the Prime Minister (Mr. Trudeau) with regard to how people had to rearrange their priorities. She said that the only way you can do any rearranging is to cut down on how much you eat and skip buying clothes altogether.

The general impression I got from talking to these sorts of people, Mr. Speaker, was that they were uncertain and anxious. They were even living in fear of the future. They wanted to know where their problems were going to end. It is just not good enough for the Liberals to say that the members on this side of the House are spreading doom and gloom, because they themselves have already done that. The people already sense what we on this side of the House have been documenting for the last day and a half; they sense the frightening fact that there is no one in control.

All of the people I talked to felt the effects of high interest rates and the increased cost of living, but they are also able to point to other people who suffer even more from these effects. They were concerned that those least able to look after themselves were getting left behind. They do not want to go back to a dog eat dog society.

An hon. Member: The Liberals just do not care.

Mr. Manly: They have a sense that the Liberals are constantly dragging in the constitution in order to evade the real problems that confront the nation, that the constitution is only a smokescreen. If the constitution is only a smokescreen, then the people of Canada are beginning to see through it. Or, rather, the horrifying reality behind that smokescreen is beginning to appear.

I say to the members of this House that the unemployed woodworker on Vancouver Island has a great deal more in common with unemployed auto workers in Windsor than with any of the fat cats who talk about western separatism. The homemaker in British Columbia faces the same problems and has the same struggle to make ends meet as any homemaker in the maritimes.

Therefore, along with other members of my party I urge the government to take this crisis seriously and make themselves aware of the way it affects ordinary Canadians. We ask them to bring in a new budget in January which will provide some real relief and get the economy of Canada moving again. We ask them to bring in a fair prices commission with the power to roll back unfair price increases, and, finally, Mr. Speaker, we ask them to get working now on an industrial strategy which will put Canadians back to work, which will bring together the resources of this country and the skills of the people of this country, and thus create an economy which will be fit for the people of this country.

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, this debate now seems to be drawing to a close since the official opposition is not rising any longer to participate.

Mr. Forrestall: We are going to have the last word.

Miss Jewett: They have certainly taken a breather during the last two or three speeches of the New Democratic Party, but it is quite appropriate because it was the New Democratic Party which asked that this emergency debate take place, and it has been the New Democratic Party over the past several years that has most consistently addressed the economic problems that beset this country.

After the present Leader of the New Democratic Party (Mr. Broadbent) became leader, immediately the task was set for the whole party—not just the few in the top rank of the party, but the rank and file of the party—to address the economic problems facing this country. For three and a half, almost four years, that was done both in convention of the party as well as in the caucus of the party. It was done provincially as well as federally.

One of the what I may call satisfying and exciting things about being a member of this party is that the kind of attack, the kind of philosophy and approach which is taken to all problems, but specifically, for our purposes at the moment, to economic problems, is consistent. As a British Columbian I find that the general approach of the New Democratic Party in British Columbia to economic issues of the day is almost identical to that of the federal party. I suggest you will find this to be so in all of the provincial parties as well as in the grassroots of the party.

I believe that one of the reasons the Liberals and the Progressive Conservatives have not evolved over the past several years a coherent economic policy or industrial strategy, a coherent policy for bringing women, for example, into the work force at the same level of wage as men, is that they do not sufficiently encourage, it seems to me, any policy discussion in conferences or conventions where the grassroots and the interested academics and others can participate and help shape policy.

● (1830)

As I say, it began with the industrial strategy policy of this party about four years ago, as a result of which it has been

possible for us to develop not just vague general outline policies, but coherent and, indeed, detailed policies in all the matters that are now the subject of this emergency debate. Industrial development, industrial incentives, industrial restructuring, interest rate policies and monetary policies, and generally tax policies have all been systematically addressed by all the parties in the provinces and in the federal convention.

I suppose one reason this party does that is because it is a social democratic or socialist party which believes in the values of long-range planning, of thinking ahead and trying to shape our life, at least in its broadest outlines, and in many cases we try to shape policies that fit into a particular philosophy. Because it does have a particular philosophy it does engage in this kind of long-range planning.

The government is suffering now, as it has probably been suffering off and on in the last many years, from failure to engage in this kind of thinking and planning. I suppose one could argue that this country has never really had an economic development policy since Sir John A. Macdonald. Macdonald's national policy is obsolete, but neither of the major parties has produced anything comparable to it in the years since.

I thought the beginnings were coming in the late years of the Second World War and in the early post-war period. For a time it really looked as though the government of the day would develop coherent, constructive, social and economic policies. What seems to have happened at least in the economics sphere, because some advances were made in the social sphere, is that the guru of the day, the late C. D. Howe, persuaded the prime ministers of the day, Mr. King, and Mr. St. Laurent, that the best direction for Canadian economic policy to take was to dismantle much of the very industrial structure that he had set up or had helped to set up during the Second World War. He wanted to dismantle it and turn it back to the private sector, whether Canadian or American. Indeed, he himself, as hon. members will see—I am sure many have read the biography which was recently published on C. D. Howe—had a proclivity toward continentalism which has probably not been matched, even by the Liberals. Therefore, it really did not matter to him that you had something focused in Canada done by Canadians for Canadians, even though it had mattered to him in the war, because in the war there was no alternative; we had to do things ourselves.

It did not seem to matter after the war and, as a result, Canada started them on its continental drift it has been on ever since. One of the fundamental reasons we are facing this emergency today and the kind of economic problems we face today is because we sold out our economy and control over our economy, our resources, interest rates and all aspects of control in the economic sphere, despite efforts by the Hon. Walter Gordon and a few other Liberals who in my view really tried hard. There are approximately four who are still trying hard. But despite all their efforts, the sell-out continued and, indeed, it has worsened in the last ten years.

For example, there is the Gray report. The hon. member for Windsor West (Mr. Gray) is one of those who is concerned. But at the time of his report he thought the situation was almost beyond recall. The situation is twice as bad today. We have nobody in power who wants us, as Canadians, to be masters of our own economy. This is not to say that our economy is not highly interdependent. Of course, it is. But we in Canada wanted to be the ones to say how we fit into the rest of the world and not have the U.S. or any other country for that matter—particularly the American multinationals—telling us how we fit into the rest of the world. That has just been lost.

The difficulty may be with the Prime Minister (Mr. Trudeau) because economic policy has never been his long suit. Indeed, he has vacillated from a pale imitation of John Kenneth Gailbraith, in the famous Christmas message of 1975, I think it was, and from the position that the free market system was not working—as indeed it was not—to one which can only be described in the last two years as a Milton Friedman approach. They defer to the Bank of Canada and most small "c" conservative economists in the country.

Starting around the late summer in 1978, the Prime Minister seemed to have suddenly embraced this incredible monetarism, to a greater extent even than Margaret Thatcher or the American democrats, and probably more, if one could think it possible, than is likely to come about under the republicans in their new administration. So how can a party be sure where it is, or whether it is going anywhere in terms of economic policy, when its leader does not know and vacillates from one extreme to the other in a two and a half to three-year period?

To my mind there have been two enormous difficulties. There has been a lack of grass roots participation in the development of economic policy in the Liberal party and there has been the lack of interest on the part of the leader of the party itself. And so it has continued. There was one short break. That was when the Liberal party decided to adopt our suggestion about the creation of Petro-Canada. That was a constructive step to ensure that at least we had a window on the resource industry. It did not work out quite that way, but it was at least an attempt to preserve the public interest as far as the resource industry of this country is concerned and, indeed, as far as the whole economic nature of this country is concerned.

Apart from this there is very little evidence that the government is willing, able or perhaps even concerned enough to start to become masters of our own House and to develop an economic strategy and an industrial strategy. It is not easy. One has to say which industries are good, efficient and able and which industries are not. One must have means of restructuring, of dealing with structural inefficiency; one must possess the will to do it and the means to relieve the difficulties which that process in itself will create, so as to ensure that Canada is a leading nation in the high technology industry and the electronic and communications industries. We are on the brink of an information revolution. It is here. Some people on the government side, I think, have even heard of Telidon.

But what help has there been? What policy has there been ? If one compares the government's record with that of the United Kingdom, France, Japan or the U.S. and the kind of

encouragement they have given to high technology industries, our record is shameful. The government does not care, for example, if the banks in Canada decide they are going to have their data processing done in the United States. They do not care about the data processing firms in Canada.

• (1840)

They do not care to encourage the computer software industry and yet of all areas in which we should have been giving assistance, this is the one. Do not say that assistance is only given in countries where computer software is used for military purposes. Japan has given enormous assistance to this industry which was in no way for military purposes. It may have a lot to do with the military in the United States but not in Japan nor in many other countries where it has been developed. We would not be in this crisis today if there had been a little more forethought about where Canada had expertise and where Canada could move. I think we all agree we have the expertise in most of what I call the communications based industries.

The government is responsible for the situation we are in today. I believe this is the longest consecutive debate since 1913 and I hope that as a result, the government will now bring into its ranks those who think in terms of economic planning, forethought, restructuring and development by Canadians for Canadians. Surely it is not too late for that.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my intervention will be relatively narrow in its content. Hopefully the points made by the opposition in the last day have been of some importance to government and they will have an impact which can be measured. It is interesting to note, as the hon. member for New Westminster (Miss Jewett) just said, you cannot spend more than you earn and hope to own anything. Because of the phrase she used, I would suggest that most socialist teaching, modern economic socialist order, would seem to shore up the thought that socialists are not savers, but spenders. Taxation, which has not changed, is nothing more than a policy which gives people incentive. It gives people a reason for work and pride in their country and in their community. The last speaker, given her great love for order and planning, makes one wonder why she left her former job with such chaotic nightmares of administrative horror which caused some problems for her successor. I have an area of deep concern that I want to talk about. I regret the Minister of Transport (Mr. Pepin) is not in the House but I am pleased to see the government House leader is here. I want to take advantage of the few minutes that I have to talk about one of those infernal documents, most of which I put to one side and rarely peruse. I am speaking about one of those documents called Brown envelope documents. My concern has to do with a very high level move arising out of a dictate by this government involving air transport, which is facing massive federal expenditures. The air administrative branch of government has been charged with reducing costs and increasing user-pay fees. I believe they now call it revenue dependency, a phrase which seems to have current vogue on the other side. In any event, facing the developments in the Arctic with respect to Arctic air services, the government recognizes that the day of the beaver and the otter is rapidly coming to an end for extensive Arctic travel.

The government knows that runways will have to be extended to accommodate larger aircraft, including jets, and the facilities to support these aircraft will result in enormous expenditures on the part of government. The requirement for brand new facilities in the Arctic to accommodate these larger aircraft will in themselves be even more strenuous on the federal government purse. The Arctic air people, the Department of Transport and the air administration people, have been charged to get rid of all of the air facilities in the Arctic. In a recent briefing, it was proposed to drop the special Arctic airport classifications and using the national airport classification system. It proposes a new administrative arrangement investing full control over operations maintenance, upgrading and replacement in the territorial government's hands. If this is carried through, the impact is obvious. It poses two problems. First, while there is massive potential for revenue sources in the Arctic, the means of realizing that revenue are not yet in place. In fact, that is probably not possible before the end of this century. There is a requirement from the Treasury Board to the air administrative branch to divest themselves of all of that capital responsibility. Indeed, the information I have suggests even those aspects of air transport having to do with navigational aids, traffic control, local terminal control and so on, areas which are almost sacred with respect to single authority control, now vested and should remain vested in the federal authority of the Department of Transport, should be transferred to the territorial council. That in itself poses two problems. I cite the problems and the resolution to indicate to you how determined the government is to avoid spending money down the road on behalf of Canadians.

Let me preface it by saying this: having been charged with reducing costs, by increasing revenues—I suppose it is Otto Lang's user-pay principle which is now back in vogue, if only in higher internal circles—but let us look at the impact of this. Having been directed by TMAC to keep abreast of inflation and consider new sources of user-charges to the extent that such practice will "not create problems", in other words, the minister Jean has indicated that just to stay abreast of inflation increases of some 20 per cent across the board will be required. This is instead of recognizing that public transport policy must, simply stated, ensure that it does not in one way by not ensuring neutrality infer special services or capital advantages for any one mode, public or private, over any other. Competitive neutrality should be the goal, not user-pay charges and usury pay under the guise of revenue dependence.

The result of pursuing the policy that they are will force an undue competition, both advantage and disadvantage of the various modes, private and public operating in the Arctic.

I mention these things because it seems to build into our system problems which we are not going to be able to overcome until we recognize a relatively fundamental fact. That is the problem—

• (1850)

The only way to reduce core inflation is by reducing the deficit. I commend to the government and its supporters a new book which will shortly be in their hands entitled "A Way Out". Its authors will command, by their names and performance within government ranks in the past, their attention and concern.

With respect to transport facilities, we have to bring capital indebtedness into line. We should be considering, as we have done to some degree in the past, writing off all the old historical debt and bringing new capital assets closer into line, and on that basis eradicate the historic debt and determine what are the fair charges.

We should encourage competition within both the private sector and the public sector, as well as competition between the two sectors. When we do that, we can determine the degree to which we own and control our own destiny and our own country. Revenue raising in isolation has never worked. It will not work here in Canada.

With respect to the Arctic and what is proposed, as I indicated, the direction is to vest in the territorial government all control over operation, maintenance, upgrading and replacement of the air facilities. That poses a question. How do you vest in the right of Canada something that is already in the right of Canada? If the direction is to turn over all of these facilities to the territorial governments, how do you do it?

If time permitted, I would read the question put to the legal counsel beause the response to it is rather intriguing. The powers of the commissioner in council in the Northwest Territories and in the Yukon are under the Yukon Act and the Northwest Territories Act. As we all know, they are subject to the laws of the Parliament of Canada. Consequently, it does not seem possible for the commissioner in council to construct and maintain airports since his powers and duty are now and have always been vested in and assigned to the Minister of Transport.

There is no means we know of to do that sort of legislation in this House. The government does not want to do that. I am talking about the subterfuge and the way you go at these things.

The legal advice of the Crown to those who have to sort out how to get out from under this situation is for the governor in council, upon submission to the Treasury Board and the governor in council by Transport Canada and Indian Affairs and Northern Development, possibly under the Public Works Act, to transfer the existing B & C airports and the duty and maintenance attached thereto to the Minister of Indian Affairs and Northern Development.

This is where it gets very interesting. Then the minister could possibly, under the Yukon Act and the Northwest Territories Act, direct both commissioners to operate and maintain these airports and, second, under the Territorial Lands Act with the approval of the governor in council, transport these airports to the Territories.

Who is going to pay for them? How would the people of the Arctic pay for them? At one point it was acknowledged quite openly that the first, direct and recognizable result of such a policy would be the downgrading of the level of service to people living in the Yukon and in the Northwest Territories.

It was recognized that option two as well as option three would provide a lower standard of service than has been provided under the existing policy. Fuel facilities should be provided only where necessary to regulate operations. There is nothing about expansion, nothing about new runway requirements. The change is there, to be determined not by airport classification, but by critical requirement. In other words, are we handling 185 Cessnas or 737 Boeing jet aircraft? There is quite a difference.

These questions need a much closer review than can be brought to bear today in the limited time available. After the New Year when this session resumes, it will be the intention of several of us on this side to pursue the matter with respect to aircraft facilities because of the cost burden and stresses placed upon the territorial council and the Yukon. The point is whether the government, floundering around as it is, is justified in the action it has taken in many areas. They are the ones who have been here most of this century.

We must determine whether this subterfuge has been transferred to other sectors of our economy and other sectors of government. It is demonstrated in these documents, indeed, it is argued, that decisions such as this should not come before government, but rather should be handled internally at the ADM level. There is no need to bother the economic development committee because it is too busy. Wherever possible these should be made before getting remotely close to the responsible authority, which is government. I object to behind-the-scenes deals being cooked up which ultimately will cost the competitive market and cost dearly the people in the Arctic who have to use air service to maintain their livelihood and freedom to move around.

What every member on this side has talked about in the past two days has been relevant. What will make that relevancy credible can only come from direct action by government in areas of high interest and the impact it is having on our economy and on the free marketplace. It will only come when government moves and acts credibly in response to the suggestions. Dozens of good suggestions have come from this side of the House in areas of housing, underemployment, unemployment and community work. Above all, attention should be given to the fact that this government is only feeding and perpetuating the problem.

It is to be hoped that the time has not been lost and that the government has in fact paid attention. It has been demoralizing to sit here on this side of the House throughout the day and take note of the almost total absence of ministers, the number being down to one more frequently than not. There has very rarely been anybody on the treasury benches. In fact, at this time there are only two occupants.

• (1900)

There are many things this government can do. I think we have been relevant in this debate. I think the credibility and the responsibility for the credibility of that relevancy lies now with the government. It is up to the government to take some positive steps and to do these things which have been suggested which may ease the burden on the people in this country. Above all, from the very narrow point I have been addressing this evening, the government should at least return some credibility to its process and structure and once again accept responsibility for decisions which directly affect people and the regions.

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am sure that the House will be glad to know that I have been able to persuade a few of my colleagues and myself not to extend the debate any further. I rise simply to express the hope that was included in the closing words of the hon. member for Dartmouth-Halifax East (Mr. Forrestall), namely, that the government will realize how serious the situation in this country is when we have debated it for these 23 hours. We earnestly hope that the concerns which have been expressed by many members last evening, all night long and today, will be given the consideration they deserve by the government during the next two or three weeks.

We look forward with hope to some positive measures being brought before the House when we come back in January.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I share those sentiments. I think history will note that this has been the longest debate under Standing Order 26. Subject to verification, I believe that is so, but in any event, I am glad to see at the closing of the debate that the government House leader is here, and I hope he will convey to his colleagues in cabinet the concerns which have been expressed in this House about the economic crisis in the country.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, after listening to my colleagues and having heard most of the speeches made in the last two days, I believe that I can easily conclude that the lengthiest debates are not necessarily the most fruitful. Moreover, I believe that the many speeches made last night and today prove without a doubt that several members would have every advantage in rereading carefully our budget and energy policy since a better understanding of these policies would certainly have led them not to make the types of speeches that we have heard.

In any event, I have no objection to the procedure itself as this debate is absolutely legitimate and in order. The opposition exercised its fancy, or rather its privilege or its right, and the fact that this debate lasted for as many hours as it did should not be criticized. As government House leader, I have had to reply to several questions from my colleagues here and outside the House, and I now repeat publicly what I have told others, and that is that the opposition members should not be blamed as the procedure was quite normal and legitimate. I do not want to make any judgment on the ruling of the Speaker to allow this special debate. However, as I said earlier, with all due respect for my colleagues, I must say that several members would have had advantage in reading more carefully our budget and energy policies and in giving these policies more time to become effective. We could then have avoided a debate which has been much too lengthy in my opinion and which history will show to have been nearly useless.

In closing, Mr. Speaker, I simply want to offer my best wishes to all the employees of the House of Commons who have had to work very long hours because of this debate and wish a Merry Christmas and a Happy New Year to all my colleagues on both sides of the House.

[*English*]

Mr. Baker (Nepean-Carleton): I make no comment on any other remark by the President of the Privy Council (Mr. Pinard) except that I would like to join him in the statement he made with respect to the staff of the House of Commons. As the House knows, there was a resolution earlier, but that was some time ago and the debate has since extended beyond that time. I think the sentiments of that earlier motion should be renewed now as this debate closes. In that sense I would like to join with the President of the Privy Council in expressing our thanks to the House and to the staff of the House of Commons. Some of them have laboured very long and very hard, and all of us should be grateful. I suggest respectfully that this is perhaps the best served legislative assembly in the world.

Mr. Knowles: Now that we seem to be on a point of order, Mr. Speaker, I should like to join in associating the members of this party with the members of the other parties in wishing the very best for Christmas and the New Year to the staff of the House, to all those who occupy the Chair, to all those at the Table, and also our best wishes to all members of the House and their families.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I hope that all the backbenchers, even those who sit in the first row, will be allowed to offer to the Right Hon. Prime Minister (Mr. Trudeau), who is now in the House, to the Right Hon. Leader of the Opposition (Mr. Clark) and to the hon. member of the Privy Council, the hon. member for Winnipeg North Centre (Mr. Knowles), the best wishes of all the members of this House and thank them for having maintained a good spirit in the House during this debate which has perhaps been rather long, maybe too much so for some—for my part, I do not wish to make any comment about the length of the debate—but, in any case, we, the ordinary members of this House, would like to offer our best wishes to all the senior members who spoke long before I did.

[*English*]

The Acting Speaker (Mr. Blaker): In the absence of any other members who may wish to be recognized to enter debate I am pleased to inform the hon. member for Dartmouth-Halifax East (Mr. Forrestall) that he was the seventy-third and final contributor to the debate on this subject.

Motion (Mr. Broadbent) agreed to.

The Acting Speaker (Mr. Blaker): Pursuant to order made on Tuesday, December 16, 1980, this House stands adjourned until Monday, January 12, 1981, at two o'clock p.m. pursuant to Standing Order 2(1).

Before we disperse may I extend on behalf of Madam Speaker her invitation to join her in the usual and traditional libation? This invitation is extended not only to those hon. members who are present but also to some who may still be in the precincts as well as others who have been involved in assisting hon. members.

Merry Christmas!

Mr. Knowles: Same to you!

At 7.09 p.m. the House adjourned until Monday, January 12, 1981, at 2 p.m.

HOUSE OF COMMONS

Monday, January 12, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

CALL FOR NEW BUDGETARY POLICY—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Clearly, as the economic conditions which prompted the record long emergency debate in the House of Commons on the day before the Christmas recess continue to exist and the government's economic policies are proving to be ineffectual, I move, seconded by the hon. member for York North (Mr. Gamble):

That the Minister of Finance announce his intention to bring down a budget no later than the first week of February that will change government policies to deal with the excessive interest rates, high unemployment, double-digit inflation, stagnant growth and the decline in productivity.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CONSTITUTION

RESOLUTION PROVISIONS RELATING TO REFERENDA—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas David Lewis, former national leader of the NDP, stated on Friday that the inclusion of the referenda provisions in the proposed constitutional resolution were immoral, and whereas the present national leader of the NDP stated yesterday that he would attach no conditions to his support of that resolution, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That the present leader of the NDP reconsider his position on what he calls a civilized document and accept the advice of his former leader and demand that those provisions be withdrawn from the resolution as a condition of his support for it.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESSES LOANS ACT

AMENDMENT RESPECTING WORKING CAPITAL—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering that bankruptcies in Canada have risen by more than 70 per cent over the past three years, and recognizing the sharp increase in the number of small businesses placed in receivership by lending institutions as the current economic crisis deepens, therefore, in order to ease the growing burden of a sadly misguided monetary policy which falls so heavily on small business, I move, seconded by the hon. member for Beaches (Mr. Young):

That steps be taken immediately to amend the Small Businesses Loans Act so that working capital will qualify for lower interest rates under this act.

• (1410)

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INDUSTRY

SEPT-ÎLES—ASSISTANCE TO LAID-OFF EMPLOYEES—MOTION UNDER S.O. 43

Mr. André Maltais (Manicouagan): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

All members of this House learned last Friday, January 9, that the Iron Ore Company of Canada has decided to suspend operations for an indefinite period at its concentrator and pellet plant in Sept-Îles. This economic decision will result in the short term in the lay-off of 500 workers in Sept-Îles and of 150 others in Schefferville.

S.O. 43

Since the North Shore has suffered numerous lay-offs within the past year, with the close down as well of the ITT (Rayonier Quebec) plant which brought about over 700 lay-offs, as the House will recall, I move, as the member for Manicouagan, seconded by the hon. member for Témiscamingue (Mr. Tousignant):

That this House set up a restricted task force made up primarily of the Ministers of Employment and Immigration and Regional Economic Expansion or their representatives, to consider what assistance can be provided to the workers laid off following the decision of the Iron Ore Company to suspend operations indefinitely at its pellet plant and concentrator in Sept-Îles.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

CAPITAL PUNISHMENT

CALL FOR REFERENCE TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, under the provisions of Standing Order 43 I rise on a matter of extreme urgency. All Canadians were stunned to learn of the horrendous murders which were committed New Year's night in the communities of Burks Falls and Huntsville and the wounding of a constable from Orillia. Canadians from one end of the country to the other are shouting loudly and clearly, "Bring back the death penalty". Public opinion polls clearly establish that Canadian favour the return of the death penalty.

In light of this, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government refer the question of the return of capital punishment to the Standing Committee on Justice and Legal Affairs and that the committee report back to Parliament without delay so that a really free vote can be taken.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

LABOUR DISPUTES

RADIO-CANADA—REQUEST FOR SETTLEMENT OF DISPUTE—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, under the provisions of Standing Order 43, I request the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

As the dispute at the French CBC network has been going on for more than 76 days and since this government—

[*Editor's Note: The Minister of Industry, Trade and Commerce (Mr. Gray), having entered the House, was greeted by applause.*]

Mr. Kilgour: —has allowed the situation to deteriorate shamefully for the Canadian people, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the House urge the Minister of Communications (Mr. Fox), the Minister of Labour (Mr. Regan) and the President of the Treasury Board (Mr. Johnston) to meet as soon as possible and to appoint a special mediator fully empowered to settle this dispute.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR RELATIONS

JOB SECURITY FOR WORKERS—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, under the provisions of Standing Order 43, I request the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

The Prime Minister (Mr. Trudeau) wrote in a McGill University publication in 1962 that it was unfair for workers who had spent most of their life working for a firm to lose their job overnight because of administrative decisions made by shareholders or bad capital investments. Considering this tendency of the Prime Minister to share other people's miseries, and considering the ever-increasing number of lay-offs in Sept-Îles and Schefferville, not to mention other cities, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That the Prime Minister make all necessary efforts to enable workers to control their own future and thus attain employment security.

Madam Speaker: In order to be put, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

SIR JOHN A. MACDONALD

CALL FOR PROCLAMATION OF NATIONAL DAY FOR FIRST PRIME MINISTER OF CANADA—MOTION UNDER S.O. 43

Mr. Roland de Corneille (Eglinton-Lawrence): Madam Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to inspire pride, honour and respect for our country. Yesterday, Sunday, January 11, was the 166th anniversary of the birthday of Sir John A. Macdonald, one of the Fathers of Confederation and the first Prime Minister of Canada. At a time when we need to give our support to symbols which unite us as Canadians rather than accentuate the things that separate and divide, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald), whose sponsorship is especially appropriate because of the links between her name and riding and the subject of this motion:

That January 11 be proclaimed a national day for Sir John A, a day which will be observed annually to serve as a symbol of respect in recognition and commemoration of the first Prime Minister of Canada.

● (1415)

Some hon. Members: Hear, hear!

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

INQUIRY WHETHER CHANGES IN POLICY PROPOSED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Minister of Finance who is responsible for the economic health of the country. He will remember that on December 17 the Prime Minister said that he had seen no evidence that the movement of oil rigs and investment money out of Canada was causing any damage to Canadian jobs, to Canadian security or to the Canadian economy.

Given the wide range of evidence of investment being diverted away from Canadian energy development by Canadian companies toward energy development in other countries, and given the estimate by oil drilling associations that in the neighbourhood of 40,000 existing Canadian jobs will be lost by the end of March as a result of the government's energy policy, I wonder if the Minister of Finance, in his capacity as the author, or at least the signatory, of the budget and in his capacity as the Deputy Prime Minister, will tell the House whether the government intends to protect the Canadian economy by proposing significant changes in the energy policy which is now driving jobs and investment out of this country?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lalonde: I want to draw to the attention of the hon. Leader of the Opposition a statement made by a spokesman of the oil drilling rigs association who stated that the figure to which the right hon. member has referred was merely an attention getting figure, that they had no basis in fact to justify the type of figure referred to by the right hon. member. Therefore, I should like to suggest to him that he read carefully those so-called statements which are made without any foundation.

So far as the general question raised by the right hon. member is concerned, I should like to state quite clearly that the government is very concerned about the impact of energy pricing on inflation and on unemployment. The right hon. member knows that every dollar increase in the price of a barrel of oil has a significant impact on inflation and on loss of jobs in Canada. It is important that we proceed on a very gradual basis, one that will make sure that the inflationary impact of high prices for energy on the Canadian consumer and on Canadian jobs will be gradual so that the economy can absorb the increases without negative effects.

Finally, Madam Speaker, we indicated just before the House adjourned in December that we were willing to make adjustments and that changes were made in the budget proposal concerning exploratory wells. These changes are in the ways and means motions before the House. We will continue the present policy for 1981 and we have suggested some changes for 1982. I think the government has clearly indicated that it has in mind the welfare of all parts of this country in its energy policy.

● (1420)

EFFECT OF ENERGY POLICY ON ECONOMY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I was surprised when the Minister of Finance let the Minister of Energy, Mines and Resources write his budget. I am even more surprised that the Minister of Finance does not have the faith in the budget he offered to stand up and explain and defend economic policy in the House. The Minister of

Energy, Mines and Resources knows that the small change he made before Christmas—made, by the way, after the House had risen so that he would not be subject to questioning here—was very minor in its implications. He left unanswered the question whether or not the government intends any more significant changes to stop the loss of jobs, which I might say is certainly capable of attracting the attention of the 40,000 Canadians who now hold jobs but will lose them by the end of March.

Let me turn again to the Minister of Finance to see if he is prepared to assume his responsibilities in this matter. He will know that the Economic Council of Canada, the C. D. Howe Institute, the Royal Bank, and virtually every major spokesman for the petroleum industry, have indicated that the energy policies being followed by the Government of Canada today are policies which will do very significant damage to the Canadian economy, particularly to any prospects of recovery which we might have as a country. Knowing that the Minister of Finance has read the testimony of other experts in this field, can he tell us whether the government has any contrary evidence to present to Parliament, and if it has contrary evidence which indicates the damage we know is being done to the Canadian economy by this energy policy in fact is not happening, will he present it to Parliament?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the right hon. member referred to a number of spokesmen who have urged the Canadian government to establish a much higher pricing schedule for energy in Canada. It is not surprising that one of the authorities the right hon. gentleman quoted should be the multinational oil companies which would normally suggest the highest possible price for their commodity.

Mr. Andre: The Economic Council of Canada is not a multinational oil company.

Mr. MacEachen: We have already put before the House of Commons the pricing schedule—

Miss MacDonald: For Mexico.

Mr. MacEachen: —in effect for energy in Canada. That schedule has been approved by the House of Commons and it is currently in effect. The Government of Canada undertook that particular pricing schedule for a number of reasons, but mainly to moderate the impact upon Canadian consumers and upon the Canadian economy of very rapid price increases in this country. When the right hon. gentleman is quoting these particular spokesmen, obviously he is urging us to establish an even higher pricing schedule for energy in Canada. We do not intend to do that.

Mr. Clark: Madam Speaker, the Minister of Finance knows that the issue is not pricing; the issue is the taxing policies, the regulatory policies and the degree of discretion vested in the government by the national energy policy which is driving investment out of the country. He has confirmed what we all knew: he has confirmed his incapacity for the job of Minister of Finance in suggesting that numbered among the multinational oil companies of the world are the Economic Council of Canada, the C.D. Howe Institute and the Royal Bank.

I am interested in protection for Canadians whose jobs and security are at stake right now. The minister does not believe the advice he has received. The minister will not tell us whether he has any advice of his own. Will the minister, as the Deputy Prime Minister in the House, let the Parliament of Canada do its job of finding the true facts about the impact of the national energy policy upon jobs, upon industrial growth in Quebec, Ontario and across the country? Will he give a commitment to refer the short-term and downstream impact of the National Energy Program on economic activity in Canada to a parliamentary committee with a mandate to hear witnesses, to subpoena evidence and to establish a factual basis for appropriate revisions to a policy which, in our judgment, is now causing deep damage to Canadians who are worried about jobs, growth and investment in the country?

● (1425)

Mr. MacEachen: Madam Speaker, the Right Hon. Leader of the Opposition has stated that pricing is not the issue. It seems to me pricing is the central issue with the producing provinces and with the oil companies. It is the main reason being put forward by the companies for the alleged loss of jobs.

The right hon. gentleman has talked about the Economic Council of Canada and he has cited it as an authority. If he reads the report he will clearly notice that the difference of opinion between the Government of Canada and the Economic Council of Canada, as stated in its report, is on this very issue of pricing. The Economic Council of Canada has urged the government to lay on the consumers of Canada higher prices than those proposed in the budget and the National Energy Program. This we refused to do, since we did not intend to adopt the punitive pricing policy which was established by the right hon. gentleman when he was Leader of the Government of Canada.

The Leader of the Opposition wants to have an investigation into the true impact of the energy program upon the Canadian economy. Before the House today is the oil and gas energy legislation, which will go to committee where hon. members opposite may call all the witnesses they desire and examine them on the impact which this bill will have on the economy.

REDUCED OIL WELL DRILLING—EXPECTED JOB LOSS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. I would like to discuss some specific figures, as he will not accept the more generalized statements on expected job losses. Some 38 per cent of the 570 Canadian-owned drilling rigs are now inactive or drilling outside the country. Last year at this time about 16 per cent were inactive. This means there will be 40 per cent fewer oil wells drilled in this country, which will result in jobs not being created in Alberta,

Ontario and Quebec. The minister has talked about not believing the figures with respect to expected job loss. My question is: does he have an alternative figure with respect to expected job loss caused by this obvious reduction in drilling? Has the minister the courage to report those findings to the House of Commons today?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, supposedly the hon. member is comparing the figures for last year and this. The hon. member knows that quite frequently in winter there are fewer drilling rigs operating than during the rest of the year.

Some hon. Members: Oh, oh!

Mr. Andre: It is the other way around. They drill in winter.

Mr. Lalonde: I wish to refer the hon. member to the figures which were published in *Oilweek* magazine. I suspect he will believe these figures a little more than some of the others he has been referring to. *Oilweek* says that the number of rigs drilling in Canada on January 6, 1981, was 442; on January 8, 1980, it was 442; on January 9, 1979, it was 398. These are figures from what I submit is a very reputable magazine.

Mr. Wilson: Madam Speaker, my supplementary question is for the same minister. Last year it was winter at the same time as it is winter this year. Those figures are the same year after year. If the minister would listen, the question I asked was in relation to the percentage of inactive drilling rigs. Last year it was 16 per cent and this year it is 38 per cent. That is a fact.

• (1430)

My supplementary question deals with the fact that energy development is largely within the control of the federal government. The government has been looking for all sorts of excuses on which to blame this reduction in drilling activity which is solely within its responsibility.

The incompetence of the minister and his officials in designing the program has been underlined day after day over the last few weeks by knowledgeable people in the industry. Nova, a very responsible Canadian company, has said that the National Energy Program will not sustain the business activity declared as its objective. Does the minister recognize the serious damage which delays in introducing changes to this disastrous program will create for projects which will provide jobs across the country—pipelines, petrochemical activity and heavy oil development? The delays are causing serious problems and we need action from the government.

Mr. Lalonde: I can see that the hon. member is pursuing the line taken by his party, that of being the lobby for the oil industry in this House. That party may pursue that line as long as it wishes, but I can tell the hon. member that as of January 6, 1981, there were exactly the same number of drills in operation as on January 8, 1980. There has been no decline in drilling activity in this country.

Mr. Clark: That is not true.

Oral Questions

THE ECONOMY

INQUIRY RESPECTING ACTION TO DEAL WITH ALLEGED CRISIS—SUGGESTED ESTABLISHMENT OF FAIR PRICES COMMISSION

Mr. Edward Broadbent (Oshawa): Madam Speaker, I direct my question to the Minister of Finance. During the past three years price increases have outstripped wage and salary increases in excess of 3 per cent. What this meant in 1979 in human terms for the typical Canadian family is that they suffered a net loss in real income of some $1,200. Over the Christmas period a number of economic agencies forecast that this terrible trend will worsen in 1981. Is the minister now prepared to recognize that we have an economic crisis in Canada, and what is the government prepared to do about it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member urged on December 18 that the House accept the notion that Canada is in the midst of an economic crisis. I understand that over the weekend he called for the declaration of a national economic emergency. As I stated in December, I do not believe that the condition in Canada justifies the description of "crisis".

Undoubtedly, a serious attitude must be taken to our economic problems. I laid out in the budget a framework of economic policy which, in my view, barring further shocks in the oil industry or similar unexpected events, will put the Canadian economy on a course of resumed growth. That is my opinion. I have listened carefully to the views of the hon. member and other hon. members and I will consider any alternatives that are presented, but up to the present time I have not found any proposal which has been made that would not be more harmful to the economy or that would have very much value. I gave this same opinion on December 18.

I would add that the situation, since that time at least, has improved modestly with respect to interest rates and with respect to the strength of the Canadian currency, which is a rather important factor in combating inflation in this country.

Mr. Broadbent: Madam Speaker, the minister may not think there is an economic crisis, but the Parliament of Canada and the ruling by Madam Speaker just before Christmas decided that there was such a crisis. Over the Christmas holidays the results of a poll conducted across the land indicated that six out of ten Canadians believe that we face an economic crisis in 1981. When will the minister catch up with the perceptions of the people of Canada on this matter?

Further, will he not accept the implicit suggestion of his own Prime Minister, who acknowledged before Christmas that the government has the authority to establish a fair prices commission, which could order rollbacks of all unfair price increases? That is a concrete suggestion which would cost the people of Canada no money and have an impact on inflation. Why does the government not bring in a fair prices commission?

Mr. MacEachen: Madam Speaker, the hon. member has been talking about the establishment of a fair prices commis-

sion which in the case of price increases would have the power to roll such increases back if they were proved to be unjustified. The hon. member has not gone very much beyond that suggestion. He has not described any of the villains which he sees in the market at the present time. The hon. member ought to know, as I know and as every other hon. member of this House and every citizen knows, that the main upward pressure on prices at the present time is from increased energy prices and increased food prices. These are the two main driving forces behind inflation.

I ask the hon. member, is he suggesting that we give authority to a fair prices commission to establish energy prices in Canada such as, for example, the price of energy flowing from Saskatchewan, or does he believe that the fair prices commission should have the authority to set firm prices? I am sure that, on reflection, he would reject both suggestions, whereupon what would be left for the fair prices commission?

Mr. Broadbent: Madam Speaker, I wish that we were permitted half the time to raise questions that ministers are permitted to answer these questions. I would like to deal with what the minister has suggested. Considering the fact that in recent years oil companies have been making excessive profits beyond the price which is established at the wellhead level, that a number of companies in the food chain business have been making excess profits, that a number of banks in Canada have had record profits amounting to hundreds of millions of dollars—ripping off Canadian consumers—there are indeed lots of corporate villains out there if the Government of Canada did want to act and establish a fair prices commission in this country.

Mr. MacEachen: Madam Speaker, that does not sound very much like a question. I would remind the hon. member that if he sees villains, he might reflect on the fact that, as a share of the gross national product, the proportion going to profits—

Mr. Broadbent: Profits are up over wages.

Mr. MacEachen: —has been down over the last two years. They may increase in 1981, but the hon. member has not provided the basis for his allegation as it relates to the experience of the recent past.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF INTERNATIONAL TRADE AND INDUSTRY OF JAPAN

Madam Speaker: I would like to draw hon. members' attention to the presence in our gallery of Mr. Rokusuke Tanaka, the Minister of International Trade and Industry of Japan.

Some hon. Members: Hear, hear!

NATIONAL ENERGY PROGRAM

INQUIRY WHETHER CANADIAN DRILLING IN UNITED STATES MONITORED

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. As the result of the minister's October 28 national energy policy, virtually every single one of the Canadian independent oil companies, which incidentally have traditionally been responsible for 70 per cent of the exploratory wells drilled in Canada, is expanding tremendously its U.S. exploration budget at the expense of its Canadian budget. Private estimates of the funds involved range from $1 billion to $4.5 billion in 1981 alone. Will the minister tell the House whether he is monitoring this situation and if he has an estimate of how many dollars in the budgets of these Canadian-owned companies will be allocated to U.S. exploration? Can he say what figure his monitoring has produced?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, in reply to the hon. member I must tell him that we do not now have the kind of audit system he is suggesting. It is extremely difficult to arrive at those figures before some time has elapsed, after months or even at least a year. For the time being those are tentative figures and must be taken with a grain of salt. As suggested earlier, the Leader of the Opposition refers to 40,000 jobs, but the association which put that figure forward had to backtrack and qualify by saying that the job figure referred to was hypothetical and had no basis whatever in fact. The Canadian Manufacturers' Association themselves had to state they had no proof at this point that jobs had been lost in Canadian industry because of the announcement of the National Energy Program.

● (1440)

[*English*]

Mr. Andre: Madam Speaker, the minister seems to be the only one in Canada who is not aware that rigs are leaving this country and that millions of dollars are going along with them to finance exploration in the United States, to the point where American banks are advertising in Canadian newspapers, inviting firms to do business with them as this money, equipment and people go down there.

My question to the minister is, how many rigs are involved? There are estimates of 200 rigs leaving this year if they can find enough trucks to carry them. How many billions of dollars is the minister prepared to see leave Canada for the United States, which will be a great boon to their oil and gas industry? They are delighted and are running columns in the financial magazines saying "Thank you, Canada". How far is the minister prepared to see this go before he will take reparative action and amend substantially—or hopefully, as the Royal Bank suggested, withdraw—this national energy policy which is proving to be such a disaster not to Alberta

alone but to Canada, the entire nation? When will he start thinking of his national responsibilities and withdraw that disastrous policy?

[*Translation*]

Mr. Lalonde: Madam Speaker, once more I must remind the hon. member that while some American companies put out advertisements in Canadian newspapers, the Alberta government suggested in American newspaper advertisements put out recently that should it ever become impossible to become a millionaire in Alberta, then there would be no place in the world where it could happen. At all times there is advertising on that subject in newspapers of both countries, Canada and the United States. Coming to the hon. member's question, if the president of a bank makes a statement, I immediately react differently, and assume that the program must have some good points if it is a matter of concern to some bank presidents. And finally, I would remind the hon. member that the National Energy Program benefits all Canadians, and it is my view that we should not necessarily bow to some companies because they are now resorting to panic tactics.

* * *

[*English*]

CANADA PENSION PLAN

POSSIBLE EXTENSION OF PLAN TO UNEMPLOYED PERSONS

Mr. Chas. L. Caccia (Davenport): Madam Speaker, I should like to ask the Minister of National Health and Welfare whether, in proceeding with the national pensions conference on March 31, an initiative for which we congratulate her and the government, she will also launch public consultation on the future of the Canada Pension Plan and, in particular, on how to open up the plan to persons who are not employed and who wish to contribute the full premium on their own, thus permitting entry to hundreds of thousands of Canadians who presently cannot do so?

Hon. Monique Bégin (Minister of National Health and Welfare): Yes, Madam Speaker, we intend to do that. We have announced that we are looking into ways, for instance, of collecting moneys from people, housewives and the handicapped, who are not in the labour market and who could and do want to contribute to the Canada Pension Plan. There are, of course, technical problems to resolve. For instance, at what amount shall we attribute a value to their work for defining the contributions, and so on and so forth? This will be discussed further throughout the country. It is not, however, a specific item. It is not the focus of the conference in late March but it will be touched upon. The focus of the conference is the reform of private pensions for all Canadians.

ENERGY

INCREASED PRICES FOR GASOLINE AND DIESEL FUEL

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. I must say, Madam Speaker, that it is no wonder we have tensions in this country, given the arrogance of the Minister of Energy, Mines and Resources.

Some hon. Members: Hear, hear!

Mr. Mazankowski: A lot has been said about pricing. I should like to ask the minister how his government can justify the increase in the price of gasoline, the cost of which has risen by 30 cents per gallon since the defeat of our government. Farm diesel fuel has also increased in price by 30 cents per gallon since the defeat of our government, an increase of 50 per cent. On February 8, 1980, in a speech in Toronto the Prime Minister said that the price increase would be less than 14 cents per gallon.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am glad that the hon. member wants to pay tribute to my well-known humility and flexibility. He does it in an offhanded way, but I understand his real feelings vis-à-vis my attitude are not what he said.

As far as the point raised in his question is concerned, I want to remind him that the total increases provided under the budget and since this government took office are considerably lower than those that had been foreseen in the budget brought down by his government.

An hon. Member: What are they?

Mr. Lalonde: In particular, there was no 18-cent tax. As far as the increases themselves are concerned, while the increase was to be $4 for 1980 we managed to arrive at something below that figure for 1980, contrary to their last budget. So we have respected our commitment to the Canadian public that all our prices would be lower than those provided in the Conservative budget last year.

Mr. Mazankowski: Madam Speaker, that is absolutely incorrect. I would be pleased to produce invoices to substantiate the statements I have made. There is absolutely no question that the price of farm diesel fuel has risen by 50 per cent in this country. That contributes directly to the cost of producing food. There is no relief for pensioners, there is no relief for low-income people, and there is no relief for farmers. That is going to impact directly on the cost of food. What does the government intend to do about this in terms of living up to its commitment, particularly regarding its impact on the production price of food?

Mr. Lalonde: The government is indeed very concerned about the impact of higher prices for diesel and oil on the producers of food. That is why the government has refused to follow the line set up in the Conservative budget of 1979 which

would have indeed increased the price of diesel fuel to farmers by much more—

Some hon. Members: No, no.

Mr. Lalonde: —than has been provided by the last Liberal budget. There is no doubt about that.

Mr. Clark: That is another falsehood.

* * *

HOUSING

ALLEGED CRISIS CAUSED BY ECONOMIC POLICIES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question to the Minister of Finance concerns the housing disaster in Canada which now affects almost every Canadian. What is the minister going to do about young couples who now have to decide not to have families because they will never own a home, workers who cannot move to areas of economic growth because there is no accommodation, tenants who are paying over 50 per cent of their income on rent, and people that he knows well are losing their homes because they simply cannot afford 16 per cent mortgage interest rates? What is he going to do about increasing housing starts which are at an all-time low, and about speculation which in Vancouver and places like St. John's has increased prices by about $10,000 a month?

I repeat, Madam Speaker, what is the minister going to do about this crisis which is created by his economic policies?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am aware of the trends in housing starts in Canada. I am aware also of the impact upon housing starts of interest rates which are obviously serious in their effect. I would point out to the hon. member, however, that in addition to the impact of higher interest rates on housing starts there is the fact that there has been a very large and spectacular build-up throughout the 1970s in Canada's housing stock. There has also been a decrease in family formation in Canada, so undoubtedly we would expect something of a downturn in any event.

I would remind the hon. member that throughout the country there is a variation in the number and intensity of housing starts. For example, in 1980, because of the very strong demand for housing in British Columbia, housing starts increased, I believe, by 40 per cent.

Mrs. Mitchell: A supplementary question, Madam Speaker. I wonder if the minister is also aware that in Vancouver the cost of a simple, three bedroom home is well over $160,000, which no one can afford, especially the younger people. Although the minister is not willing to do anything about high interest rates which have discouraged the building of rental accommodation as well as new homes, and since we know that few families can afford homes, which means that the only alternative is non-profit housing, which is the only affordable housing in Canada today, will he increase now—not in the summer, as he did last year, which was too little and too late—the budget for non-profit and co-op housing?

• (1450)

Mr. MacEachen: Madam Speaker, there is no formula by which I can automatically increase the budget, even for such a deserving and worth-while program as the one the hon. member mentions. There is a cabinet committee which is responsible for allocating funds of a fixed sum within the over-all framework of social development. I will ensure that her representations are considered by that committee to see whether it is possible to free up funds for other purposes for the programs she has in mind.

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ADVISORY COUNCIL ON THE STATUS OF WOMEN

ALLEGED GOVERNMENT PRESSURE TO CANCEL CONSTITUTIONAL CONFERENCE

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the minister responsible for the status of women. It concerns a press release put out earlier today by Doris Anderson, who has provided two previous governments with excellent advice of an independent nature as chairperson of the Advisory Council on the Status of Women. Given that Mrs. Anderson has charged that the government is pressing the advisory council to cancel its constitutional conference scheduled for February this year, will the minister advise what possible reason he has for interfering with the work of an independent council other than the fact, as stated in the press release, that he is afraid that that constitutional conference might embarrass the government?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I was very surprised to read the statement of Mrs. Anderson. It really is not a very accurate or proper statement of what transpired. Let me tell the hon. member that the idea of a constitutional conference held by women in Canada originally came from myself, was recommended to the advisory council, and the discussion held last week was at their request. They were concerned that in view of the impending announcement of changes and proposed amendments to the charter of rights, which would take into account some major representations made by women, the next step in the discussion by women about constitutional matters would be broadened to embrace a much wider range of people.

In my response to that request I suggested that if they intended to hold a conference on a regional basis over the next six months, a second round or range of discussion concerning matters dealing with federal-provincial relations and the jurisdictional question might be of far more value at that point, considering the debate that has already taken place. That debate has had a very successful result in the sense that the advisory council made its case very clear.

I would conclude by telling the hon. member that I said to the members of that executive committee who, by the way, agreed—

Some hon. Members: Order.

Mr. Axworthy: If hon. members want answers, I am trying to give them. I stated to the members of the executive committee that it did not matter one way or the other, but that it might be preferable to hold the meetings on a regional basis so that a broader range of women could be consulted.

Miss MacDonald: It is a shocking indictment of the minister's behaviour, particularly with regard to the fact that he is responsible for the status of women, that he charges the chairperson of the advisory council with having made statements that are inaccurate—in other words, with fabricating the document which was released earlier today. Is the minister now stating that Mrs. Anderson's comment "that the executive interpreted the suggestion from the Hon. Lloyd Axworthy that our conference might be slightly embarrassing to the government" is inaccurate? I would like to ask him if her statement that the government has attempted to influence the council's plans directly is also inaccurate. Are those the accusations he is now making?

Mr. Axworthy: As I pointed out, Madam Speaker, it is the executive committee of that council which makes the decision about whether to hold a conference. It was their decision to make not mine. They requested a meeting with me to get my advice. I gave them my advice. It was the executive committee which made that decision. It is Mrs. Anderson who is going against the decision of that executive committee.

* * *

THE CONSTITUTION

AMENDMENTS TO PROPOSED RESOLUTION

Hon. Jake Epp (Provencher): Madam Speaker, I wish to direct a question to the Minister of Justice. Later today he will be tabling the amendments to the proposed resolution on the constitution before the joint committee. Will that be the totality of the government's amendments or will the government bring in additional amendments as the committee sits for three weeks on clause by clause study?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I will be appearing before the committee, at which time I will be delighted to reply to that question. We have followed very closely the work of that committee and have listened to the many representations we have received. We intend to make a lot of modifications to the resolution, and these will be known this evening. The committee will be working over the next three weeks. We will listen to the arguments and discussions that will be brought forward. Of course, after many weeks of work the government has a clear indication of what it should do at this time.

These amendments will be tabled, reflecting the many representations which have been made and the views of members from all sides of the House. If other arguments come up in the next three weeks, I will consider them, and I am known to be very flexible. This is a rather complex piece of legislation. After having these amendments before the committee for three weeks, when we come back to the House in February we will have a good package which will give Canadians a new constitution.

Mr. Epp: I am pleased that the minister has listened to the Canadian people. I now understand he will not take unilateral action because the people are opposed to it. The minister says he will present a package and that he will be flexible. In addition to his package, will he accept additional amendments reflecting what we have heard from the witnesses and what Canadians have been saying through the opposition parties?

[*Translation*]

Mr. Chrétien: Madam Speaker, we intend to appear before the committee this evening, and in the next three weeks we shall see what suggestions are made in addition to those received up to now. However, as I said in reply to the first question, time is running out and a bill of rights as effective as possible and likely to meet the needs of Canadians must be drawn up. We are considering further amendments, but I think that the hon. member will probably be quite pleased with the improvements we will propose this evening.

* * *

[*English*]

MUNICIPAL AFFAIRS

REQUEST FOR RECONSIDERATION OF CUTBACK OF COMMUNITY SERVICES CONTRIBUTION PROGRAM

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is for the Minister of Finance. Since his fiscal policies led directly to the cut in the community services contribution program and this in turn led not only to a loss of services across this country but a loss of jobs and economic activity, will he now reconsider his fiscal policies and any cuts to that program?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I indicated in the budget statement, it is my intention to follow a certain expenditure path over the next several years whereby government expenditures will not rise above an appropriate portion of the national income. It is within that context that decisions are taken to expand or contract more programs. I have no intention at the present time of recommending to my colleagues a different fiscal framework or expenditure plan from the one I announced in the budget.

● (1500)

Mr. Keeper: Madam Speaker, it is sad that the minister will not reconsider his fiscal policies, particularly since they direct-

ly affect the capacity to create wealth in this country. Since this is an area in which he cannot slough off responsibility, will the minister consider some new program of investment in local public activities across this country so that we can get the economy moving again?

Mr. MacEachen: Madam Speaker, I think it is worth reminding the hon. member that the question of public investment was very much taken into account in the budget statement itself, where an additional $1.5 billion was provided for investment in economic development, an additional $4 billion was provided for western development and an additional $8 billion provided for energy projects over the four-year period for which the fiscal plan has been developed. I want to assure the hon. member that I did have concern for economic development in mind and very substantial funds have been provided in the budget for that purpose.

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FITNESS AND AMATEUR SPORT

POSSIBLE TERMINATION OF NATIVE SPORT AND RECREATION PROGRAM

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is for the minister responsible for fitness and amateur sport. It concerns native sport and recreation. Are we to understand that the minister is considering the termination of this rather worth-while program at the end of this fiscal year, or is there any hope that when he meets with various leaders tomorrow to discuss this subject funding will continue?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I thank the hon. member for his question on this important subject. The hon. member will be aware that the program to finance native sport and recreation through my department was of a temporary nature. It originated in 1974 and was aimed at upgrading the opportunities for those native communities which qualified to take advantage of the regular programs of fitness and amateur sport.

The decision has been made to terminate the program. The committee, in making that decision, took into account that a similar amount of funds would continue to be spent on other projects for the benefit of our native people, and that every effort would be made by the department to find ways in which young athletes from the native population would be able to benefit from the existing and permanent programs in the department. I have agreed to meet with representatives of the non-status Indians tomorrow to discuss some concerns they have on the matter, but I certainly cannot prejudge those discussions.

Mr. Nickerson: Madam Speaker, I might say that is a rather disappointing answer. Under the guise of asking a supplementary question, I want to draw to the minister's attention a discussion paper dated November 5. In this document—

An hon. Member: Order.

Madam Speaker: Order, please. Will the hon. member please ask the question and not quote from a document. The question period has almost expired so I think he should make his question very brief.

Mr. Nickerson: Madam Speaker, does the minister still agree with his statement of November 5 that a reduction in this program would result in increased social problems, and that at the present time the people involved are unable to continue these endeavours without proper financial assistance from the government?

Mr. Regan: No, Madam Speaker, I cannot agree with the conclusion of the hon. gentleman. The problem is that the program provided only $1,100,000 a year for the entire country. Therefore, it was not possible for very much to be spent on actual programs but instead funds were used primarily for directors or staff who would assist. The limited size and nature of my department made it virtually impossible for us to provide in different native communities throughout the country any supervision as to how effectively that money was being spent, and a number of propositions were put to the committee as to how those services might better be provided. That is the background under which the program ceased to exist.

* * *

NATIONAL SECURITY

U.S.S.R. CRUISE SHIP "ODESSA"—INQUIRY WHETHER SECURITY CHECKS CONDUCTED

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is for the Minister of State for Small Businesses or whoever is in charge of tourism. However, the first part of my question is for the Solicitor General.

The U.S.S.R. cruise ship *Odessa* conducted tours in the inland waters of British Columbia last year. It undercut Canadian wages by its arbitrary prices and so forth. Did the Solicitor General's department do any security checks on the crew of the *Odessa*, or check the ship to see whether any electronic surveillance equipment was on board so as to make sure it was a bona fide cruise ship and was not conducting clandestine activities?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as the hon. member must know, I am obliged not to answer questions of that nature because the operations of the security service are not described in this place in the degree of detail he is asking.

Mr. Clark: That is not correct.

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

INCOME TAX

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, pursuant to Standing Order 61, I am now tabling a notice of ways and means motion to amend the Income Tax Act. I would ask you to designate the required order of the day for consideration thereof.

* * *

[*Translation*]

LAND TITLES ACT

MEASURE TO REPEAL AND TO VALIDATE CERTAIN ORDINANCES RESPECTING YUKON AND NORTHWEST TERRITORIES

Hon. Jean Chrétien (for Minister of Indian Affairs and Northern Development) moved for leave to introduce Bill C-52, to provide for the repeal of the Land Titles Act and to validate certain ordinances of the Yukon Territory and the Northwest Territories.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO SEXUAL OFFENCES AND THE PROTECTION OF YOUNG PERSONS

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development) moved for leave to introduce Bill C-53, to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other acts in relation thereto or in consequence thereof.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*English*]

POINT OF ORDER

MR. CLARK—STATEMENT BY SOLICITOR GENERAL DURING QUESTION PERIOD

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Solicitor General (Mr. Kaplan), in response to a question from my colleague, the hon. member for Surrey-White Rock-North Delta (Mr. Friesen), gave an answer which I believe misstated the practices of this House in relation to the release of security information and the detail of security matters. I think that misstatement was probably inadvertent

and that the minister will want to review past practices, but I would not want our silence to be interpreted as acquiescence in the promulgation of a new precedent.

* * *

● (1510)

THE ECONOMY

MOTION TO ADJOURN

Mr. Edward Broadbent (Oshawa): Madam Speaker, I rise to present a motion. Before the House recessed for the Christmas period we had a record 23-hour debate in the chamber which recognized the existence of an economic crisis, a view supported by both opposition parties and confirmed by a public opinion poll conducted across Canada between Christmas and the resumption of business today.

In the House today the Minister of Finance (Mr. MacEachen) has turned down specific proposals for a fair prices commission, and the restoration of the community services program, and has completely refused to do anything about housing, which is essential to providing homes and jobs. In short, the Minister of Finance does not admit that a crisis exists, a fact which is acknowledged by everyone else in the country.

I therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House do now adjourn.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea!

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay!

Madam Speaker: In my opinion the nays have it.

And more than five members having risen:

Madam Speaker: Call in the members.

The House divided on the motion (Mr. Broadbent) which was negatived on the following division:

● (1520)

(Division No. 41)

YEAS

Messrs.

Althouse	Blackburn	Deans
Anguish	Blaikie	Fulton
Benjamin	Broadbent	Hovdebo

Messrs.

Jewett (Miss)	Murphy	Robinson (Burnaby)
Keeper	Nystrom	Rose
Knowles	Ogle	Sargeant
Kristiansen	Orlikow	Skelly
Lewycky	Parker	Waddell
Manly	Rae	Young—30.
Miller	Riis	
Mitchell (Mrs.)		

NAYS

Messrs.

Allmand	Ethier	MacBain
Andre	Evans	MacDonald (Miss)
Appolloni (Mrs.)	Ferguson	MacEachen
Axworthy	Fleming	Mackasey
Bachand	Forrestall	MacLaren
Baker (Nepean-Carleton)	Foster	Maltais
Beatty	Fox	Marceau
Bégin (Miss)	Francis	Massé
Blaker	Fretz	Masters
Blenkarn	Friesen	Mazankowski
Bloomfield	Frith	McCain
Bockstael	Gamble	McCuish
Bosley	Gauthier	McDermid
Bradley	Gimaïel	McGrath
Breau	Gourd	McKnight
Bussières	Gurbin	Mitges
Caccia	Gustafson	Munro (Esquimalt-Saanich)
Campbell (LaSalle)	Halliday	Neil
Chénier	Hamilton (Qu'Appelle-Moose Mountain)	Nicholson (Miss)
Chrétien	Hargrave	Nickerson
Clark (Yellowhead)	Harquail	Parent
Collenette	Hawkes	Peterson
Cooper	Hees	Pinard
Corbin	Henderson	Portelance
Côté (Mrs.)	Herbert	Regan
Cousineau	Hnatyshyn	Reid (St. Catharines)
Crombie	Hopkins	Reid (Kenora-Rainy River)
Crosby (Halifax West)	Hudecki	Roberts
Crouse	Irwin	Rompkey
Cullen	Jarvis	Schroder
Cyr	Johnston	Scott (Victoria-Haliburton)
Darling	Joyal	Shields
Dawson	Kaplan	Siddon
De Bané	Kempling	Simmons
Deniger	Kilgour	Smith
Desmarais	Killens (Mrs.)	Taylor
Dingwall	Kushner	Thacker
Dinsdale	Lalonde	Tobin
Dion	Lambert	Tousignant
Dionne (Chicoutimi)	Lamontagne	Towers
Dionne (Northumberland-Miramichi)	Lang	Vankoughnet
Dupras	Laniel	Watson
Elzinga	Lapointe (Charlevoix)	Wenman
	Lawrence	Wilson
	LeBlanc	Wright—136.
	Lefebvre	
	Lewis	
	Loiselle	

● (1530)

Madam Speaker: I declare the motion lost.

* * *

● (1540)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following tions will be answered today: Nos. 25, 803, 887, 1,278, 1,472, 1,525, 1,537, 1,579, 1,610, 1,614, 1,632, 1,633, 1,634, 1,635, 1,636, 1,646, 1,649, 1,663, 1,672, 1,714, 1,715, 1,717, 1,723, 1,727, 1,729 and 1,730.

[*Text*]

FEATHERBED FILE

Question No. 25—**Mr. Cossitt:**

With reference to the answer to a question by the hon. member for Leeds-Grenville on Friday, November 23, 1979, at page 1638 of *Hansard*, which stated in part that the objective of the Featherbed File was to identify and neutralize influential persons working at high levels as agents of any foreign power against the Canadian government, what is the highest ranking job designation, excluding names, of any official appearing in the file?

Hon. Bob Kaplan (Solicitor General): The highest ranking job designation of any official appearing in the file is kept confidential because the governor in council has seen fit to exempt all access to this category of information for reasons of national security.

One of the reasons for this policy of confidentiality of this information is to prevent disclosure of security service target categories to any hostile intelligence service. While the Featherbed File is no longer operationally active, any information a hostile intelligence service can glean from public records could be of great interest to them as they evaluate future operational activity against Canada.

CHRYSLER CORPORATION

Question No. 803—**Mr. de Jong:**

1. Was consideration given, during discussions between the government and the Chrysler Corporation, to establishing a manufacturing plant in Canada that has as its goal the manufacture of automobiles which (a) do not have to be re-designed each year (b) have interchangeable parts (c) have high levels of energy efficiency (d) are pollution free (e) can be recycled and, if not, for what reason?

2. Would the Prime Minister instruct his officials to include such topics in the next round of talks?

3. Would the government consider taking over Chrysler Canada's assets and using the facilities as a base to develop a Canadian automobile industry that uses as its objective the development of an automobile that (a) is non-polluting (b) is energy efficient (c) is designed to last for at least seven years (d) has interchangeable parts (e) is designed to meet the challenge of the Canadian winters?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Deparment of Industry, Trade and Commerce is concerned:

1. Yes, the corporate operating and financing plan presented to the government the product mix for the future and this plan is part of Chrysler's agreement with the Canadian government. All the goals set out in the question were responded to positively in this plan. The situation in the automotive industry today is such that if these criteria were not met, no company would survive.

   The Cordoba and Mirada currently being assembled in Windsor, the Imperial scheduled for the 1981 model year and the new small fuel-efficient car scheduled to be assembled in Windsor in 1983 meet these criteria.

The van wagon plant to which Chrysler is committed in its agreement with the government would also build a vehicle that will meet these criteria.

2. See reply to question 1.

3. The nature of the North American automotive market and the costs involved did not indicate this step would have been a practical one.

GOVERNMENT WHARF—WESTPORT, ONT.

Question No. 887—**Mr. Cossitt:**

Did the former minister of fisheries and oceans advise the hon. member for Leeds-Grenville on October 26, 1979, that minor repairs to the government wharf at Westport, Ontario, in the constituency of Leeds-Grenville, were being considered for inclusion in the 1980-81 Small Craft Harbours program and, if so (a) has a sum of money been included for this project and, if so, what is the amount (b) approximately, on what date will tenders be called and the work commence?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): In a letter to the hon. member for Leeds-Grenville on October 26, 1979, the former minister of fisheries and oceans advised him that repairs at Westport were being considered for inclusion in the 1980-81 Small Craft Harbours program pending the availability of funds and other priorities.

Due to limited funds and other regional priorities, this project was not included in the 1980-81 program. This will be considered for inclusion in future years programs depending on availability of funds and other regional priorities.

INTERNATIONAL BANKS

Question No. 1,278—**Mr. Greenaway:**

1. What is the name and address of each International Bank that the government contributes to and, from which banks, if any, is capital made available to Canadian companies who wish to sell products or make investments in the country where the bank is situated?

2. What criteria are used to decide which Canadian companies may take advantage of such capital and what amounts would be allowed?

Hon. Pierre Bussières (Minister of State, Finance):

1. World Bank Group,
1818 H. Street, N.W.,
Washington, D.C.
U.S.A. 20433
(including the International Bank for Reconstitution and Development, International Development Association, and International Finance Corporation)

Inter-American
Development Bank,
807 17th Street, N.W.
Washington, D.C.
U.S.A. 20577

Asian Development Bank,
P.O. Box 789,
2330 Roxas Boulevard,
Metropolitan Manila,
Philippines.

Caribbean Development Bank,
P.O. Box 408,
Wildey,
St. Michael,
Barbados, W.I.

African Development Bank,
B.P. No. 1387,
Abidjan,
Ivory Coast

The principal functions of the above-named international financial institutions or multilateral development banks are to utilize the resources at their disposal to provide loans for the development of developing member countries; to provide technical assistance for the preparation, financing, and execution of development projects and program; to promote investment of private capital for development purposes; and to meet requests to assist member countries in the co-ordination of their development policies and plans.

Loans to developing member countries are disbursed to meet expenditures authorized under project loan agreements and specific procedures are laid down in the loan documents and in the banks' guidelines for the procurement of goods and services. The banks distribute in member countries including Canada news releases on all loans and technical assistance approvals and publish procurement notices internationally of invitations to bid or to apply for prequalification of bidders in order to promote international competitive bidding for the supply of goods and services. Canada's membership in the banks automatically enables Canadian firms to bid on all bank-financed projects.

The only institution actively engaged in the provision of equity and loan investments uniquely to the private sector is the World Bank Group through its affiliate, the International Finance Corporation (IFC).

2. All Canadian companies are eligible to pursue procurement opportunities with the development banks. In the case of consultants, to facilitate proper review of proposals for the prequalification of suppliers of services, the banks maintain files of information concerning the capabilities and experience of a large number of firms. Consultants interested in bidding on procurement contracts financed by one or more of these institutions should pre-register with the headquarters of the bank or banks in question.

The Department of Inquiry, Trade and Commerce has set up a special office to assist prospective Canadian suppliers on bank-financed projects and regularly publishes and distributes information on export opportunities throughout the Canadian business community. Prospective suppliers should contact the Office of Overseas Projects, 33/1, Department of Industry, Trade and Commerce, 235 Queen Street, Ottawa, K1A 0H5; or the nearest Industry, Trade and Commerce regional office located in major cities across Canada.

Order Paper Questions

Procurement opportunities and project sizes range from several thousand dollars to upwards of $100 million.

On the investment side, the International Finance Corporation will enter into an investment when it is satisfied that the project is to the economic benefit of the host country and is potentially profitable. Investments must be made in conjunction with local interests with or without a foreign investor and may involve loan or equity financing in any combination depending upon the needs of the project. IFC's largest investment to date involved a $100 million syndicated loan.

FLYER INDUSTRIES

Question No. 1,472—**Mr. Deans:**

1. From 1965 to June 1980, how many orders in council were issued affecting Flyer Industries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Flyer Industries?

3. What were the commitments from Flyer Industries in exchange for remitting each customs duty?

4. Did Flyer Industries meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: copy of the Flyer Industries Limited Remission Order PC 1972-1646 is shown below. This order does not relate to the Auto Trade Agreement, but allowed duty free entries of parts of a class or kind not made in Canada for use in the manufacture of trolley bus bodies.

His Excellency the Governor General in Council, on the recommendation of the Minister of Industry, Trade and Commerce, the Minister of Finance and the Treasury Board, pursuant to section 17 of the Financial Administration Act, is pleased hereby to make the annexed order respecting the remission of certain customs duty paid or payable by Flyer Industries Limited.

Jean-Pierre Côté

Approved
Roland Michener

ORDER RESPECTING THE REMISSION OF CERTAIN CUSTOMS DUTY PAID OR PAYABLE BY FLYER INDUSTRIES LIMITED

Short Title

1. This order may be cited as the *Flyer Industries Remission Order*.

Remission

2. Remission is hereby granted of an amount not exceeding $83,000.00 representing the duty payable on components of a class or kind not made in Canada or determined by the Minister of Industry, Trade and Commerce to be not available from Canadian production, imported by Flyer Industries Limited, formerly Western Flyer Coach Limited, during the period January 1, 1970, to June 30, 1972, for use in the manufacture of 151 electric trackless trolley bus bodies for the Toronto Transit Commission.

CAR RENTAL CONCESSIONS

Question No. 1,525—**Mr. Mazankowski:**

Are all car rental concessions at Department of Transport airports up to date in the payment of rents and concession fees and, if not (a) which concessions at which airports are in arrears and by what amount (b) what steps is the department taking to collect monies owing?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): (a) The licensees in arrears as of September 30 are as follows:

Airport	Licensee	Amount
Sept Iles	Location Auto Ray Leg (Avis)	$11,333.67
Sept Iles	Tilden Rent-a-Car Systems Ltd. (Tilden)	$5,135.27
Winnipeg International	Save Rent-a-Car Ltd. (Big Blue)	$9,259.05
Grande Prairie	Trumpeter Pontiac Buick Ltd. (Budget)	$1,887.66
Prince George	D.S.C. Leasing (Hertz)	$5,432.68

(b) Notices of default of licence have been sent to the first two licensees indicated on the list. Save Rent-a-Car has been advised that it is in default of its agreement. Trumpeter Pontiac Buick and D.S.C. Leasing have been contacted by departmental officials to secure payment of their amounts owing.

INITIAL PRICES FOR GRAIN

Question No. 1,537—**Mr. Mazankowski:**

1. Did the minister responsible for the Canadian Wheat Board announce increases in the initial prices for grain in March, 1980 and then again in July, 1980 with the new result being the same initial prices for most products as existed before February 18, 1980 and, if so, for what reason?

2. Is the minister considering a real increase in initial prices to recognize world market realities and provide grain producers with a price more in line with the value of their product?

Hon. Jean-Luc Pepin (Minister of Transport): 1. The initial payment announced in March, 1980, for wheat for 1980-81 was $9.19 per tonne above the initial payment established at the beginning of the 1979-80 crop year. The March, 1980, announcement also indicated that the initial payment level would be reviewed before the commencement of the crop year and adjusted if warranted by the market outlook. The initial payment for wheat for 1980-81 was reviewed in July, 1980, and adjusted upwards to $156.16 per tonne, an increase of $18.37 over the level previously announced in March. Concurrently, the initial payment for barley (No. 1 Feed) was adjusted upwards by $34.44 to $124.01 per tonne, and the initial payment for oats was held unchanged from the 1979-80 level. The initial payment levels announced in March and July were all based on the best information available at the time with regard to anticipated market conditions.

2. An increase in initial payments with an adjustment payment for past deliveries is not considered appropriate at this time. However, prices and markets are being closely

monitored and initial payments will be adjusted prior to spring seeding if conditions so warrant.

TAX INCENTIVES FOR INDUSTRIES

Question No. 1,579—**Mr. Howie:**

1. Has the Department of Regional Economic Expansion undertaken a study related to tax incentives for industries locating in areas that suffer from regional disparity and, if so, what is the status of the study?

2. Have outside consultants been engaged to assist in the study and, if so, what are their names?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): The response for the Department of Regional Economic Expansion is as follows:

1. The Department of Regional Economic Expansion regularly reviews ways and means by which industries can be encouraged to locate in areas of regional disparity. In this context, the use of tax incentives is given proper consideration.
2. Not applicable.

ANNIVERSARY STAMP—RIDEAU CANAL

Question No. 1,610—**Mr. Cossitt:**

Is the government aware that 1982 represents the 150th anniversary of the Rideau Canal and to commemorate this very historical event in the history of Canada, will the government consider issuing a commemorative postage stamp for the occasion?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Canada Post is aware that 1982 will be the 150th anniversary of the official opening of the Rideau Canal and it is considering this anniversary as a possible subject for a postage stamp to commemorate the occasion.

AIR CANADA—NUCLEAR MATTER

Question No. 1,614—**Mr. Cossitt:**

1. Within the past three years, has Air Canada carried any nuclear matter on any of its flights and, if so (a) on what dates (b) what were the points of departure and the points of destination?

2. Were there passengers on any of the flights and, if so, were they advised of the cargo in advance so that they could decide whether or not to take the flight and, if not (a) for what reason (b) will such information be given in the future?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises the following:

1. All Canadian airlines routinely carry radioactive materials. They are carried as common commodities on Air Canada flights.

   (a) and (b) The volume of the shipments of radioactive materials is such that the compiling of a list would be an expensive and time consuming task. In 1977, there were 490,533 such packages shipped in Canada, of which 123,208 went by Canadian airlines, the remainder moving by surface carriers.

2. Passengers are not advised of the carriage of radioactive materials on aircraft.

   (a) Neither the Atomic Energy Control Board nor the Department of Transport requires such notification. The fact that some packages have radioactive contents does not mean they are hazardous or dangerous. The licensing of manufacturers and processors of radioactive materials, control of handling procedures, and approval of shipping containers is the responsibility of the Atomic Energy Control Board. Goods constituting a potential hazard to airline passengers are carried in freighter aircraft rather than in the cargo sections of passenger flights.

   (b) Air Canada has no plans to advise passengers of any specific shipments in the cargo holds as current handling procedures preclude the carriage of hazardous material in passenger aircraft. Both national and International Atomic Energy Agency handling standards are met by Air Canada.

DND "INSIGNIA" CONTRACT

Question No. 1,632—**Mr. McKinnon:**

Did the Department of National Defence enter into contracts in 1980 for the provision of "insignia" and, if so (a) how many (b) at what cost?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes. 122 contracts

(a) 4,301,672 items of 256 types.

(b) $1,702,798.

DND "STOP SMOKING PROGRAM" CONTRACT

Question No. 1,633—**Mr. McKinnon:**

1. Did the Department of National Defence contract with a civilian firm for "Research and Development of an effective Stop Smoking program for members of the Canadian Armed Forces" at a cost of $13,908 and, if so, what were the qualifications of the firm designated?

2. Have there been any previous similar studies done?

3. Are there any government institutions such as NRC or NDMC that might be able to provide similar studies?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): 1. Yes. The head of the research group as well as its members are internationally recognized as leading authorities in the field and have initiated and implemented successful smoking cessation programs in the United States and Canada.

2. Yes.

3. No.

Order Paper Questions

DND—HOUSEHOLD FURNITURE

Question No. 1,634—**Mr. McKinnon:**

Did DND order $124,821 worth of household furniture and, if so (a) for what purpose (b) what are the items?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes.

(a) To furnish other ranks single quarters on Canadian Forces Base Petawawa, Ontario.

(b) Beds
Bedside tables
Writing desks
Chairs
Chests of drawers
End tables
Mirrors
Davenports
Coffee tables.

DND—ELECTRIC OVEN WARMERS

Question No. 1,635—**Mr. McKinnon:**

Did the Department of National Defence order $33,833 worth of electric oven warmers and, if so, for what purpose?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes. To replace those currently in use in Hercules and Cosmopolitan aircraft.

PUBLICATIONS SUPPORTING COSMOPOLITAN AIRCRAFT

Question No. 1,636—**Mr. McKinnon:**

Has the Department of National Defence been using the Cosmopolitan Aircraft for a decade and did the department spend $250,000 on publications in support of the aircraft and, if so, for what reason?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes. The Cosmopolitan has been in use for over 20 years. This contract is part of a continuing process to provide maintenance personnel with up-to-date technical information on modifications to the aircraft and its systems. This information is essential to maintain flight safety standards. In the case of the Cosmopolitan aircraft the contract provides for the technical writing, engineering validation, editing and actual printing of amendments to 39 publications consisting of more than 100 volumes, over the next two years. The aircraft is expected to be in use for another ten years.

SSEA TRIP TO ENGLAND

Question No. 1,646—**Mr. Cossitt:**

1. Did the Secretary of State for External Affairs recently visit England to meet with the Queen, Prime Minister Thatcher and Lord Carrington and, if so (a) how many minutes did he spend with the Queen (b) how many minutes did he spend with Prime Minister Thatcher and specifically was the number 4 (c) how many minutes did he spend with Lord Carrington?

2. Did the minister state in a letter dated October 20, 1980, to what he called therein "Special Friends", that he had been involved in "serious discussions" with the Queen, Prime Minister Thatcher and Lord Carrington on the subject of the constitution?

3. What was the total cost to the taxpayer of the visit including the names and the cost for all persons who accompanied the minister?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. Yes, in early October, and spent (a) about three hours with Her Majesty, (b) about 60 minutes with Prime Minister Thatcher and (c) about 30 minutes with Lord Carrington. The SSEA has had several other discussions with Lord Carrington on the same subject.

2. With respect to the question concerning the "Special Friends" letter, please see the response to question No. 1,690 answered December 17, 1980.

3. The minister was accompanied by Miss C. Anderson (senior special assistant), Mr. J. Haviland (special assistant), and Mr. A. Simard (official spokesman, departmental press office). Although all bills have not yet been forwarded, we would estimate the total cost of the visit to the taxpayer to be $12,600.

CODE OF ETHICS—FEDERAL EMPLOYEES

Question No. 1,649—**Mr. Herbert:**

Is the government aware of a code of ethics for federal employees adopted by the United States Congress in 1958 and is consideration being given to the adoption of a similar code in Canada?

Hon. Donald J. Johnston (President of the Treasury Board): The government is aware of a code of ethics for U.S. federal employees.

No consideration is being given to the adoption of a similar code in Canada as current provisions governing the conduct of federal government employees are more comprehensive and explicit than those contained in the 1958 United States code and are found in specific legislation such as the Criminal Code and the Public Service Employment Act as well as in guidelines such as the Public Servants Conflict of Interest Guidelines, supplemented by departmental codes of conduct and ethics specifically oriented toward their operations.

MEDICARE PROGRAM

Question No. 1,663—**Mr. Herbert:**

1. Does a retired senior citizen moving from Quebec to Ontario continue to be covered after the initial three-month period, by the benefits of a medicare program, while living in the adopted province and is there any difference in treatment in the other provinces and territories?

2. Has the government considered any form of financial assistance to Canadian citizens who may not be covered in Canada for medical attention as a result of moving from one province to another?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. Generally speaking, when a person moves from one province to reside in another, the first province will provide health insurance benefits (i.e. for insured services of the national Hospital Insurance and Medical Care Programs) until the last day of the second month following

assumption of residence in the second province, provided any required premiums (if the plan is financed by a premium system) and other registration requirements are met. The second province will provide coverage from the first day of the third month following assumption of residence in the province, once again provided any premium and registration requirements are met. All provinces integrate health insurance coverage for residents moving from one province to another in this way. The Yukon and the Northwest Territories also participate in these arrangements in the same way.

2. Yes. The federal government, the provinces and territories, participate on a 50-50 basis in the funding of a Health Insurance Supplementary Fund which is administered by the Department of National Health and Welfare. The purpose of the fund is to provide protection for residents of Canada who either lose or are unable to obtain health insurance coverage for the insured services of the national programs from a provincial or territorial plan through no fault of their own. This fund has been in existence since 1972 and superseded a hospital insurance supplementary fund which was established in 1966.

CANADAIR CHALLENGER AIRCRAFT

Question No. 1,672—**Mr. McKinnon:**

1. Is the production model of Canadair's Challenger aircraft heavier than the prototype model and, if so (a) by how much (b) will Canadair be compensating for this extra weight by redesigning any of the aircraft's component parts?

2. Is any part of the $20 million that Canadair recently committed to the Challenger program to be used in correcting the weight problem?

3. Will a redesign of component parts to correct the weight problem cause an increase in the sale price of the Challenger and, if so, by how much?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: Canadair Challenger Aircraft

1. No. (a) The manufacturer's empty weight (MWE) of the early production models is approximately 600 pounds less than the prototype aircraft (18,600 pounds vs 19,200 pounds).

   (b) A significant number of weight-saving modifications have already been incorporated into the early production aircraft, resulting in the above-referenced weight saving.

2. Part of the $20 million committed to Challenger aircraft improvements includes additional weight saving in the order of 300 pounds near-term and 600 pounds ultimately (i.e. target MWE equals 18,000 pounds). Half of the weight saving will result from use of light-weight composite material parts in place of conventional aluminum parts.

3. No. The selling price of the Challenger aircraft will not increase as a result of the weight-saving program. Other factors such as inflation rates, competitive aircraft prices and measures of what the market will bear in relation to program costs and expected return on investment will largely determine prices.

IMMIGRATION LEVELS

Question No. 1,714—**Mr. Stewart:**

1. Are the provinces consulted when immigration quotas are established and, if so, which provinces?

2. Are provincial quotas taken into consideration when a national quota is being established?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. In setting out the objectives of immigration policy, the Immigration Act of 1976 emphasizes the importance of federal-provincial co-operation and consultation. Section 7 of the act specifically requires the minister to consult with all ten provinces on regional demographic needs and labour market considerations before announcing annually to Parliament the federal government's determination with respect to future immigration levels. Consequently, consultations with all the provinces have become a particularly meaningful aspect of the entire level-setting exercise.

2. Some provinces do indicate a specific number of immigrants they wish to receive during the following year, based in part on numbers they expect to receive in the current year. However, most provinces refer to their needs in terms of a percentage of the total level to be set. While full consideration is given to provincial views, provinces recognize the fact that the setting of a global immigration level is not based solely on the sum of their individual views, but that the federal government has the responsibility to also take into account national economic and social development goals which have a direct impact on the level-setting exercise. Provinces also recognize the fact that since all residents have free access to all parts of the country, their provincial levels of population will increase or decrease as people move from one province to the other.

COMPANY TAKE-OVERS

Question No. 1,715—**Mr. Stewart:**

1. For each year 1975 to 1979, how many applications by non-Canadian companies to take-over or acquire an interest in a Canadian company were received and processed and how many (a) were (i) approved (ii) rejected (b) are still pending?

2. Are applications by a non-Canadian corporation to take-over or acquire an interest in a Canadian company in the public domain from the time the application is formally filed?

3. Are Canadian companies given an opportunity to counter-offer so that ownership may remain in Canadian control?

4. Is any effort made to find a Canadian buyer before an application by a non-Canadian company is approved?

5. For each year 1975 to 1979, what was the total net worth of the companies which passed from Canadian control to foreign control?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Foreign Investment Review Agency is concerned:

Order Paper Questions

1. Proposals to Acquire Control of Canadian-Controlled Businesses

Year	Received & Certified	Processed	Approved	Rejected	Withdrawn	Pending at Year End
			number of applications			
1975	90	106	70	18	18	22
1976	66	69	49	11	9	19
1977	134	124	110	7	7	29
1978	166	153	133	13	7	42
1979	172	185	165	7	13	29

2. No.

3. The government accepts and acknowledges representations by alternative Canadian buyers. When it can be demonstrated that a competing Canadian bid is bona fide and credible, the existence of such an alternative is taken into consideration in the decision on whether to allow or disallow the foreign acquisition proposal.

4. No. The government and the agency could not seek alternative Canadian buyers without contravening section 14 of the act.

5. Figures on net worth are not maintained; however, assets are.

Year	Value of assets of Approved Acquisition Cases ($000,000's)
1975	386.9
1976	201.0
1977	301.3
1978	963.0
1979	441.4

POST OFFICE ANNUAL REPORT

Question No. 1,717—**Mr. Cossitt:**

1. What was the total cost of publishing the Post Office Annual Report and how many copies were published for the fiscal year (a) 1978-79 (b) 1979-80?

2. For the same years, what was the name and address of the printer?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General):

		Cost	Quantity
1.			
	(a) 1978-79	$2,840.00	3,500
	(b) 1979-80	$4,228.00	2,500
2.	1978-79	Supply and Services Canada	
	1979-80	Supply and Services Canada	

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

Question No. 1,723—**Mr. Murta:**

1. Was the guest list, for the tenth anniversary celebrations of the International Development Research Centre held in Ottawa, October 30, 1980, by invitation only?

2. How many persons attended the party?

3. What was the total cost to the taxpayer for the celebration?

Hon. Mark MacGuigan (Secretary of State for External Affairs): The International Development Research Centre replies as follows:

1. Yes.

2. 106.

3. $3,043.36.

SELECT COMMITTEE ON FIRA

Question No. 1,727—**Mr. Stewart:**

1. Is it the intention of the government to revive the select committee on Foreign Investment Review?

2. Has the government investigated any previous submissions from business that the FIRA forms are too (a) lengthy (b) complicated to complete?

3. In the past six months, have any of the FIRA application forms been streamlined and, if not, is the government considering steps to review existing application and reporting forms with a view to making them easier to understand and complete?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Foreign Investment Review Agency is concerned:

1. No.

2. The Foreign Investment Review Agency has, from time to time, examined the form and content of forms provided for filing notice under the Foreign Investment Review Act. In this examination the agency took into account general observations by businessmen and others concerning the suitability of the forms and the information requirements prescribed by regulation. In 1977, important changes in the regulations governing the procedures for application under the act were implemented which have minimized the administrative burden placed upon applicants and streamlined the internal processing within the government.

3. A thorough review of the forms and the information requirements specified by regulations was completed by the agency earlier this year and changes to both were prepared. These changes have however been held in abeyance pending consideration of any further changes that might be considered necessary by the present government.

INDUSTRIAL SECTOR STUDIES

Question No. 1,729—**Mr. Stewart:**

1. Did the government carry out sector-by-sector studies of various Canadian industries and, if so (a) for what purpose (b) have the studies been completed?

2. Have industrial responses to the studies been completed and, if so, have the studies and industrial responses been carried up by the Department of Industry, Trade and Commerce?

3. Are the results of the studies or the industrial responses now available to members of Parliament?

4. What was the total cost of carrying out the studies and eliciting responses from industry?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned:

1. (a) In February, 1978, at the initiative of the Prime Minister and the premiers of Canada, 23 industry consultative task forces were established to make recommendations to the provincial and federal governments on measures to promote the sound development of their industry sector. These task forces were composed of representatives from business, labour and academia. The federal government provided the secretariat for each task force and provincial governments were invited to participate as observers.

   (b) The reports of the task forces were submitted to the federal and provincial governments by July, 1978, and an overview committee, composed of business, labour, and academia, was formed in July, 1978, to identify and make recommendations about factors and policies that cut across sector lines. This committee submitted its report in October, 1978.

2. In February, 1979, the federal government issued a report, entitled "Action for Industrial Growth, Continuing the Dialogue", in which it addressed the recommendations made by the overview committee in the context of its review of the reports of the 23 industry sector task forces. Between February, 1979, and May, 1979, the federal government released responses to each of the individual task force reports. The federal government accepted some of the recommendations, rejected others and placed still others under review. Some major policy initiatives have been taken and announced, either in conjunction with, or subsequent to, the release of the response documents.

3. In 1978 and 1979 copies of the task force reports and the government's responses were made available, on request, to members of Parliament, private individuals, industry, labour, provincial governments, schools and libraries. These publications are now out of print.

4. The Department of Industry, Trade and Commerce has calculated the direct costs involved in carrying out the consultations involving the industry sector task forces and the overview committee, including the publication and distribution of the reports, as about $475,000. The indirect person-year costs involved in this process were not recorded and would be virtually impossible to estimate.

U.I.C.

Question No. 1,730—**Mr. Stewart:**

1. In what year was the Unemployment Insurance Program introduced?

2. Was the program initially established on actuarial principles with premiums designed to match disbursements from the fund?

3. How many years since the inception of the program has there been a shortfall in employee-employer contributions requiring additional funding by the government?

4. For each year 1975 to 1979, what was the total (a) employer/employee contributions (b) disbursements (c) shortfall?

5. Is it the intention of the government, by raising employer/employee contributions, to return the fund to actuarial principles?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. The UI program was introduced on July 1, 1941, for contribution purposes and on January 27, 1942, for benefit purposes; the UI Act had been given royal assent on August 7, 1940.

2. The UI program was initially established on a self-financing basis, with disbursements being funded from employer-employee contributions and the government's statutory contributions. This basis still prevails today.

3. Additional funding by the government in the form of repayable interest-bearing advances will be required whenever the accumulated employer-employee contributions plus the accumulated government statutory contributions are less than the accumulated disbursements under the UI program. Additional government funding was required during part of 1964, part of 1965 and from part of 1972 to part of 1976.

4.

	1975	1976	1977	1978	1979
			($ million)		
(a) employer-employee contributions (excluding self-employed fishermen)	1,949	2,473	2,547	2,834	2,806
(b) disbursements (including administration)					
employer-employee share	1,627	2,172	2,336	2,507	2,897
government share	1,707	1,356	1,788	2,255	1,295
total	3,334	3,529	4,124	4,762	4,192
(c) annual shortfall(S) or excess(E) of employer-employee contributions vs employer-employee share of program costs	321(E)	301(E)	210(E)	327(E)	91(S)

Notes:—Additional government funding in the form of repayable interest-bearing advances were required during 1975 and 1976 in view of the cumulative deficit of $418 million in the UI account at the end of 1974.
—Totals may not add, due to rounding.

5. Employer-employee rates of contributions are set, in accordance with the UI Act, to provide for the employer-employee share of UI program costs, thus maintaining the UI account on a self-financing basis.

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 537 and 1,511 could be made orders for returns, those returns would be tabled immediately.

[*Text*]

DREE PROFESSIONAL SERVICE STUDIES

Question No. 537—**Mr. Orlikow:**

1. For the fiscal year 1978-79, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Regional Economic Expansion?

2. How much was committed on each contract and to whom?

Return tabled.

CBC EMPLOYEES

Question No. 1,511—**Mr. Herbert:**

1. What are the criteria used by the Canadian Broadcasting Corporation to determine the number and type of employees that shall be given credit on television presentations for the work for which they receive pre-determined salaries?

2. How many persons are regularly employed by CBC on a contract basis?

3. How many persons receiving an annual salary from CBC also receive contract payments for specific assignments?

4. How many persons on contract have in the contract document a clause relating to credits on television programs?

Return tabled.

[*English*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that Nos. 537 and 1,511 be deemed to be made orders for returns?

Some hon. Members: Agreed.

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA OIL AND GAS ACT

MEASURE RESPECTING OIL AND GAS INTERESTS

The House resumed, from Wednesday, December 17, 1980, consideration of the motion of Mr. Lalonde that Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Howard Crosby (Halifax West): Mr. Speaker, I would like to begin my remarks by reviewing briefly the comments I made on December 17, 1980, with respect to the contents and the likely effect of Bill C-48, which enacts the Canada oil and gas act. First, I said that Bill C-48 apparently represents the government's implementation of the National Energy Program announced on October 28, 1980. Like many Canadians, I fear the real effect of the National Energy Program will be the nationalization and socialization of the nation's energy industry under the guise of the Canadianization process advocated by the government. The immediate effect of this new policy and process is to drive petroleum explorers and developers from Canada at an alarming rate. Already over 60 oil rigs have left Canada and over 2,000 jobs have been lost. The unfortunate irony of the Canadianization process is that smaller, independent, Canadian-owned companies are leaving for greater opportunities, while multinational operators are staying in Canada.

The second point is that Bill C-48 is the continuation of the federal government's takeover of submarine lands which adjoin Canada's east coast provinces without any respect for the claims of Nova Scotia and Newfoundland. That process started after the 1967 decision of the Supreme Court of Canada in the offshore and mineral rights reference which involved British Columbia. In 1969 Parliament extended the Oil and Gas Production and Conservation Act to apply to the submarine lands adjacent to the coasts of Canada to the extent of exploitability. But the act excluded those lands within the geographical limits of a province. The province of Nova Scotia claims ownership of its adjoining submarine lands on the basis that the British North America Act recognized the limits claimed by Nova Scotia in 1867. Bill C-48 removes the exemptions and claims as Canada lands Nova Scotia's submarine lands to the outer edge of the continental shelf, or 200 nautical miles seaward.

Third, I reviewed Nova Scotia's claim to ownership of its adjoining submarine lands and its basis for ownership of offshore resources. That claim is based on historical facts, which begin with the grant of a royal charter in 1621 by King James I and include the exercise of ownership rights over offshore coal mines and legislation respecting sea plant harvesting on submarine lands.

Fourth, Mr. Speaker, I reviewed Nova Scotia's energy problem, which involves dependence on foreign oil supplies. I said that resolution of these difficulties for Nova Scotia depended on a multifaceted energy program for the future. Such a program involves the development of Nova Scotia's coal resources at Donkin and elsewhere, extension of the natural gas pipeline, exploitation of tidal power, but most important it involves offshore oil and gas exploration and development. This could lead to energy self-sufficiency before the end of the decade for Nova Scotia.

Last, I reminded this House that the federal-provincial dispute over ownership and control of offshore resources could delay and damage exploration and development on the Atlantic coast. I said the dispute ought to be resolved immediately. Parliament could simply extend the provincial boundaries to include the submarine lands now claimed to be Canada lands by this Bill C-48, or the question could be referred to the courts. I repeat that the proper resolution is federal-provincial negotiation based not on historical facts or law but current needs and problems of eastern Canadians.

Others have dealt with the details of Bill C-48, the difficulties and dangers which they represent to the private sector in the Canadian energy industry. I want to deal briefly with two other points relevant to Bill C-48. The first point is the provision respecting oil and gas spills, and the second is the regulatory powers granted to the minister and the cabinet.

With respect to oil and gas spills, the east coast of Canada has experienced several disastrous shipwrecks which have resulted in extensive environmental and other damages from oil. First, we had the sinking of the *Arrow* and then the *Kurdestan* disaster. Canada now has a fund of over $50 million collected from ship owners to provide compensation for damages from spills.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. He had five minutes remaining from his previous speech. He may continue with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: The hon. member for Mission-Port Moody (Mr. Rose).

Mr. Rose: On a point of order, Mr. Speaker, I would like to point out that objection to the extension of the member's time did not come from this side of the House.

Mr. Deputy Speaker: The hon. member for Mission-Port Moody is recognized.

Mr. Crosby: On a point of order, Mr. Speaker—

Mr. Deputy Speaker: The hon. member for Mission-Port Moody.

An hon. Member: There was no objection.

Mr. Deputy Speaker: The Chair distinctly heard a series of noes.

Mr. Kempling: Ask the question again.

Mr. Deputy Speaker: The Chair asked if there was unanimous consent for the hon. member for Halifax West (Mr. Crosby) to continue his remarks. The hon. member for Mission-Port Moody has the floor for the purpose of making a speech.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I am facing some difficulties today in making my remarks. I want to speak to some extent on the matter of alternative energies. I am a member of a committee which is now dealing with that issue and I will do whatever I can to avoid any reference to the committee's work. That is one of the problems associated with the remarks I will be making today, since I will be calling for greater reliance on conservation and alternatives, both in Bill C-48 and the National Energy Program. I will try to avoid the subject which is before an in-camera meeting of a special committee.

Having said that, Mr. Speaker, I would like to remind people that my party, along with others, including the Social Credit party, came into being during the 1930s because of the inability of the old-line parties in those days to deal with the collapse of the economy. The Minister of Finance (Mr. MacEachen) indicated today that energy, food and inflation are serious problems which our country faces at present. That, therefore, has prompted the official opposition and our party to try to bring to the attention of the government and the Canadian people the severe problems which we are facing.

In Canada today we see a crisis similar to ones which we experienced in the 1930s. It is of a different magnitude and nature perhaps—certainly when we are dealing with energy it is of a different nature, if not of a different total dimension. If there were not the social measures for which this party has fought, with the assistance, and in some cases the impediment, of the old line parties, such as medicare, hospitalization, unemployment insurance and better pensions, to help people face the crisis in our economy, there would be riots in the streets. That is how serious the situation is today. The tension in this country over constitutional matters, energy matters and economic matters is extremely high and has not been this high for at least 30 years.

• (1550)

I would like to give some examples. We are facing the highest cost price index today of the past five years. On December 19 we had the highest interest rate ever in this country. We face an unemployment rate of more than 800,000 people without jobs. That is the seasonally adjusted figure. The former leader of the opposition, the Hon. Robert Stanfield, once said that if we could adjust the weather in the same way we can adjust the cost of living, we would have sunshine outside today, and the same applies to the unemployment insurance rate. Bankruptcies are at record levels, and housing starts are down. Our industries are operating at 78 per cent capacity.

There is no need for me to go on and list the tragedies and crises which we face.

Mr. Deans: Go on!

Mr. Rose: Would you like me to go on?

Mr. Deans: Yes, list some more.

Mr. Rose: The indexing of old age pensions amounts to a mere pittance. However, the individual who earns $45,000 per year has some protection through indexation. Even the MPs have some protection because of their higher wage. Food costs are up 15 per cent. All that the government intends to do about this crisis, the energy crisis and all the other crises, is to ride them out.

Our economy does not work any more. The American economy does not work any more. We can take very little comfort from the 1979 report of the department of commerce of the United States which said that there is no explanation for the productivity slump. What that really means is that there is very little we can do if we simply consider matters from the point of view of cause and effect. For instance, we attempt to bring inflation down by raising the interest rate, but it does not seem to work. We try to stimulate demand in other ways, but we do not reduce unemployment and often increase it.

One of our problems is that we look at the economy and the energy program strictly in a linear cause and effect way. The system does not work that way any longer because that is no longer the way the industrial society works. All of us look for people to blame. We say that things would work better if it were not for the decline of the work ethic, which is known as the "lazy bastard theory of sociology". We say that we would be better off if we had a leaner and meaner government. This is a line which we have heard before.

Mr. Deputy Speaker: The Chair has been listening to the hon. member with great interest, but the subject before us relates to Bill C-48, the oil and gas regulations and Canada lands, and I invite the hon. member to direct his remarks to the subject matter.

Mr. Rose: I beg your indulgence here, Mr. Speaker, in a very general second reading debate because I would like to draw the point around. I admit that I did take a bit of an excursion, but it seems to me that if one were to mention energy every once in a while, one could say that energy is at the root of a good deal of our problems, and has been since 1973. However, that is not the only reason. People blame our problems on big government, over-regulation, and the Arabs. The major point, I believe, relates to the kind of industrial society we have and our expectations of this society.

I was very impressed recently with some of the remarks of some of the futurists, particularly one Hazel Henderson who has written a very interesting essay called, "Dissecting the Decline in Productivity Flap". It brings up the question of what is the appropriate new direction for industrial societies. It points out that pressure applied at one point, whether it be pressure through higher interest rates or through reducing the money supply or whatever, does not necessarily work from the approach of cause and effect.

Certainly, we cannot expect to continue the patterns which we have been following for years and years. It is beginning to dawn on people that the party is over. For example, with regard to energy, the binge of cheap energy is over. It is the beginning of the end, but not necessarily the end of the beginning.

Mr. Evans: That is a change of tune.

Mr. Rose: What tune?

Mr. Evans: The tune which you have been singing all along.

Mr. Rose: I am saying that we all must change our tunes. I am pleased with the intervention of the parliamentary secretary. Many of us will have to adjust and rethink these matters.

Mr. Benjamin: Especially the government.

Mr. Rose: We would like the government not only to rethink these matters, but to start doing some thinking. It would be helpful to us in our times of crisis and distress. It does not matter where one goes, there is ample evidence in the U.S., the Arab world and in Canada that there is a decreasing net production of petroleum in the easily accessible areas. This situation has already come about with regard to oil. As a result we will be pushed—and this bill attempts to address the problem—into the marginal, offshore and northern areas. This bill is attempting to anticipate this situation. It will mean billions of dollars in terms of costs of production and prices of energy, and it does not guarantee that we will find any oil. So far, we have not found any oil to speak of.

What discoveries have been made in these marginal lands so far? What will we do when we run out of oil? In the brief period of human history which includes the industrial revolution and since, we have virtually exhausted all the light oils and we have moved toward the heavy oils and, if we can get our act together, we are trying to harness the tar sands by moving into shale and coal. We have exhausted our oil supplies, and some are afraid that we will do the same thing with our gas supplies by shipping them off to our neighbour to the south. Many people are concerned about this matter. We have put ourselves in this bind in what amounts to just a wink in the life of man on earth.

What I find extremely distressing about this bill and about the National Energy Program in general is that they almost totally concentrate on increasing or at least maintaining the supply side of the equation, and they do nothing or virtually nothing to limit demand. We read, for example, in the National Energy Program booklet that the cheapest barrel of oil is the barrel of oil saved. I do not understand, if the government believes this statement why it does not back up this sentiment with dollars? The fact is that we are not doing it nearly as much as we should be doing it.

Billions of dollars will come out of the hides of consumers over the next 20 years. But aside from the ravages which increased prices will bring, I believe that we should have a much better balance between the side which increases demand through subsidies of one kind or another and various kinds of public investment, the R and D side and the incentive side, which is the old tried, but not necessarily true technologies or "hard paths" as some people call them—we should begin to

reduce these measures and increase the kinds of measures which will make us less dependent on hydrocarbons and far more dependent on the alternatives and the renewables. We are not doing that and I think it is the greatest flaw in the program.

● (1600)

The minister will say, as he said to me one day, that there is $1.2 billion in the program for the next three years, unspecified. I should like to remind him that next year alone we will spend $3.1 billion on imported oil. Regardless of the totality of the sum, which is immense, $3.1 billion is not a pittance, as I think we would all agree. The National Energy Program spending provides for 85 per cent on the supply side and 15 per cent of whatever the total is—and it is very hard to find out because the figures are deliberately muddied in this book and efforts to get detailed figures have proved unsuccessful up to now—but whatever it is, it seems to me there is an improper balance which will have to be changed because we are going to run out of non-renewables. Everyone knows what it means, that there is an end; it is not infinite.

We seem to have lots of money for lots of things, Mr. Speaker. From $3 billion to $6 billion—we do not know the final amount—will be spent on a plane of doubtful flying ability. Apparently the wings have been known to fall off, but that is just a little bug that has to be worked out. We do not have equivalent investment in mass transit and we are not willing to put that kind of investment into various incentives to coax people from using oil and into using other alternatives. We blindly continue to hurl more than $100 million per year at nuclear energy. Out of the total R and D budget for 1980-81 $100 million is to be spent on nuclear research. I could give the rest of the figures. In the last operating year 65 per cent of federal funds allotted for energy R and D went to nuclear research, compared to 7.6 per cent for conservation and 13.4 per cent for active solar, biomass, wind, and all of the other energy resources.

That shows the government's position regarding dependence on supply and on conventional hard path sources rather than moving in another direction. I do not say this can be done immediately but I think there needs to be more emphasis placed on this. I am sure my colleagues agree with me.

This attitude is not unique to the present government, however, Mr. Speaker. When we travelled across Canada this summer with the alternative energy committee, and I think my colleague from Niagara Falls will bear me out on this, no provincial government indicated that it intended to spend, over the next 15 years, any more than 5 per cent of its energy budget or expected more than a 5 per cent fulfilment of its energy needs from wind, biomass and solar. When we consider the possibility of running out of oil, then it seems to me that we have been somewhat blind about this and that more people will have to look in other directions for alternatives.

We subsidize all kinds of things, Mr. Speaker. We subsidize oil all the time; we subsidize coal; we subsidize gas; we subsidize nuclear. In the last 15 years the United States has spent $134 billion on hard path, conventional kinds of technology, plus nuclear. They ask, and we do too, why we subsidize all these other things to enable the newer technologies to stand by themselves and then find that they cannot do it? The same thing has happened in Canada with the National Energy Program.

The National Research Council, which is a fine upstanding body, spends only 11 per cent of its $244 million budget on energy research and development in this time of energy crisis. What is even more remarkable is that under the heading of "Alternatives", a budget of over $50 million for fusion is hidden. They call it a renewable. I hope we are around long enough to enjoy that renewable but I am not so sure that will be the case.

Mr. Deputy Speaker: Order, please. I would ask the hon. member to direct his remarks to the bill before us.

Mr. Rose: What I am trying to say, Mr. Speaker, is that my criticism of the bill and of the energy program is that they are directed to the supply side of the problem while ignoring other ways that we might organize ourselves.

We ignore some of the obvious things that we might do in the economy as well as in our energy program, Mr. Speaker. This just goes on and on and on. I am speaking directly to the bill now. We have ignored all the social costs involved and just said that certain things cost so much to get them out of the ground, but we must also consider what it costs to get rid of nuclear waste—after we have spent hundreds of millions of dollars on nuclear reactors. It cost the state of Tennessee $80 million to close down their breeder reactor at Clinch River. Is any insurance company prepared to ensure a nuclear power plant? Nobody is going to do that, Mr. Speaker.

If we move to coal, who then picks up the social cost of acid rain, the social cost of polluted rivers and lakes, and dirty air? No one does, except our children. They will have to pick up those costs because we are passing them on to future generations.

A growing number of people, including the minister, admit that there is another way to tackle this problem. He gives lip service to it in his National Energy Program and in this bill, but so far I think it is not much more than lip service.

Let us see what some other countries are doing regarding alternative sources of energy and regarding a reduction in demand. In 1978 the United States allowed a 40 per cent federal tax credit for the purchase and installation of solar equipment. Combined with similar state taxes for the purchase and use of solar equipment, this sometimes amounted to a 65 per cent tax credit. In contrast, the allowance of $800 available under our conversion program is taxable, Mr. Speaker, but in the United States they get a 40 per cent subsidy from the federal government and sometimes up to 33 per cent from some of the state governments. It seems to me that their program is more realistic than ours. They have a 50-50 cost-sharing program with hospitals and schools for the purchase of solar and conservation equipment and a $3 billion program for the federal provision of loans to consumers for the purchase of

solar equipment. France has a central program for solar which is much like AECL in this country. It is completely independent of the ministry.

We could do some of those things as well, Mr. Speaker. We could adopt the soft path technology which would create more jobs.

We hear criticism about the lack of leadership in the Department of Energy, Mines and Resources. David Brooks of Energy Probe has told us about that. The Auditor General's report has said the same thing about the department when it concerns anything beyond technical assistance in regard to conservation. It says it has assisted our agencies, departments and Crown corporations inadequately when it comes to the management, aims and objectives necessary for the establishment of solar energy.

Getting directly to the bill, Mr. Speaker, I admit that for the sake of explanation and effect I might have strayed just a little but during my remarks, but I felt it was necessary.

I think we should not just let the public worry about these things but should try to bring up matters that interest and concern them. That is what this place is all about, at least in my view. Some critics of this bill have claimed that it will pauperize the oil companies. Some have said that it is not too bad in the end, but it is sure hard on the cash flow. I do not know whether we can totally agree with those claims. I know that big oil and energy companies, big companies of all kinds and, in fact, small companies, can cry wolf a lot.

• (1610)

The Globe and Mail in its report on business on December, 18, in an article by Jeff Carruthers, headed "Profitability increases for oil and gas industry" said that profits were up 40 per cent in 1980. That is pretty good, a lot better than in many other industries. I quote from the article:

> In fact, the ratio of internal cash flow to shareholder equity (measured as a percentage) for the petroleum industry increased by 7.4 points to 42 per cent while the same ratio for all other non-financial industries declined on average to 27.3 per cent.

While things may not be all that terrific in some industries the oil or energy industry does not fall into that category. Its companies are doing very well, thank you very much. In addition, in the last five years they have had sufficient profitability to export, in profits, interest, dividends and various kinds of earnings, perhaps not even including various professional fees, something like $3.5 billion.

We in this party reject the notion that the multinationals are short of money. We agree with the general proposition that they are doing extremely well. This bill is not going to change anything very much as far as their profitability is concerned.

Our party believes we should nationalize the whole industry. There is no point waiting until it is all gone before we do that. If you only nationalize 50 per cent or bring in public ownership, public control, or whatever euphemism seems best or that you are most comfortable with, you have to do it reasonably rapidly or there will not be much left. We know there is no point in nationalizing zero. That is what we are heading for by the end of this century.

We agree with Alberta that ministers should get back to the bargaining table. I see the incessant kind of war that has gone on with that province and what has happened in Ottawa from the minister on down. It is something that cannot be tolerated in our society henceforth. Canada can only stand so many tensions of this kind.

I could go into greater detail along that line, but I am not going to do so. I would, however, like to assure those members from Alberta that we in this party think it is time the minister got back to the bargaining table with the producing provinces. Nothing will be gained in terms of this country, and certainly we will not have constitutional tranquility, as long as this festering sore remains.

We hope that one way or another it will be resolved and resolved quickly, but not by giving more deals to the multinationals. If it is done that way, we may have to ride it out. We want to ensure that what ultimately comes about is a fair deal to both parties.

An hon. Member: That is what Alberta wants.

Mr. Rose: Alberta does not want, as some people think, to hog all the investment dollars of the whole of the nation and hang on to them. We have to agree that their share in terms of helping Canadians has been pretty significant over the last few years. They must be given credit for that.

Our energy critic, the hon. member for Vancouver-Kingsway (Mr. Waddell), in his remarks on this bill made basic criticisms in addition to those I have raised. He outlined the fact that he feels that Canadianization, or the attempt to convince people that Canadianization will be advanced through this measure, is a lot of nonsense. Under the new legislation, a foreign-owned company such as Imperial could qualify by taking on a junior Canadian partner. The project could still be as much as 75 per cent foreign owned and qualify as Canadian.

We reject it on another ground. The hon. member for Vancouver-Kingsway mentioned that Norway has a strict requirement on sourcing, that 50 per cent to 60 per cent of all goods and services must come from Norway. There are rigs from all over operating in the Beaufort Sea. We say that the sourcing, the various rigs and anything that goes into the investment of energy production in Canada, should come from Canada, be made and used by and purchased from Canadians, providing these things are made in Canada. We believe this even if it costs 10 per cent more, because that is what this country is all about, having things cost 10 per cent more. To many Canadians it is worth it. Some people say you can buy eggs cheaper in the United States. You can also get a lot of urban crime cheaper in the United States. For many of us, being a Canadian is worth a hell of a lot more than 10 per cent, and we want to continue in that way.

My colleague also said that the 25 per cent back-in or carried interest in Canada land production is less than half of

what these same companies are prepared to give to the Norwegians and the English. That is backed up by facts. We are very critical of this. For example, a 75 per cent Canadian company that might be 70 per cent foreign owned should not get 93 cents back out of every dollar it invests. We do not think that 25 per cent is being voracious. We do not see that and we reject that kind of criticism.

People talk about the back in confiscation. That is utter nonsense. It is about time we owned our own resources. We should own more of them before they are all gone.

Recently I met with one of our messengers in an elevator. Before Your Honour says I am not in order for not speaking strictly about the bill, I want to say that he talked about energy prices. He earns roughly $13,000 a year. He owns a single family dwelling. He's lucky. He probably could not buy one in Vancouver, or anywhere else for that matter. Last year's heating bill between November and April for his 1,200 square foot home was $275. We are not more than two and a half months into that six month heating period as of this date, and he has spent $100 more than he spent last year for the whole period. He feels it will be approximately double this year. Part of it is due to the cold winter, no question about it.

Mr. Munro (Esquimalt-Saanich): Why did you defeat the Crosbie budget?

Mr. Rose: If I am going to be heckled, Mr. Speaker, I would like a little clearer enunciation from the hecklers.

Mr. Deputy Speaker: Order, please. The hon. member for Mission-Port Moody (Mr. Rose) has the floor.

Mr. Rose: I do not know what the hon. member said about their budget, but I wish the Tories would begin forgetting about that budget. They are paranoid about that budget. It is not just we here who rejected it, the people of Canada rejected it.

Some hon. Members: Hear, hear!

Mr. Kilgour: On a point of order, Mr. Speaker, this is a new year. If we are going to have a relevancy rule in this House, if you do not rule the hon. member for Mission-Port Moody (Mr. Rose) out of order, you will rule nothing out of order.

Mr. Deputy Speaker: The Chair is attempting to administer the rules of the House in conformity with the wishes of hon. members. I invite the hon. member for Mission-Port Moody to direct himself to the bill before us.

Mr. Rose: We are talking about the price of energy facing Canadians this year. We know what it will cost to import energy. Prices are going up. We may not want to admit that, but we know it. Oil price hikes in terms of bringing on and making economically viable certain of the alternatives might in some sense be beneficial, with two provisos. What concerns us a great deal as New Democrats and nationalists is that if you are going to raise the price of oil and provide windfall profits, they should not go to the multinational oil companies but to the people of Canada.

• (1620)

The Clark budget was going to spend $90 billion over the next five years. We know that would provide huge windfall profits for the multinationals. We know also that for less than $50 billion Canadians could buy back every foreign-owned business and firm operating in Canada. That does not mean to confiscate or expropriate them, but to buy them back. We should be on that kind of path. I do not know whether that is called the hard path or the soft path, but it may be the right one. We know things will get worse. We are concerned about two, namely, who will get the money and how will we protect the lower and middle-income people from these massive energy price hikes. The Economic Council tells us that within ten years the price of oil could be as high as $155 a barrel, which will mean that a tank of gas will cost in excess of $50. It is over $20 now.

We have tried to present our criticisms of this bill. I suggested that far too much attention has been paid to increasing supply and not enough attention has been paid to decreasing demand. We have to protect people from hikes in energy prices, and we must try to get hold of the industry ourselves in Canada for Canadians.

The Prime Minister (Mr. Trudeau) is in Africa looking for ways to help the Third World. Aside from trying to bring decent order out of chaos in energy prices, he might suggest to his colleagues in the western industrialized countries that this lunacy of spending $500 billion a year on the arms race be stopped, which would help the Third World.

[*Translation*]

Mr. Henri Tousignant (Témiscamingue): Mr. Speaker, as one of the first members to take the floor after the Christmas recess, I am convinced you will allow me to extend to all hon. members on both sides of the House, as well as to you and all Canadians generally, my very best wishes, and to express the hope that the work of this House during the current year—there are still 353 days left—will be efficient and fruitful in bringing increasing justice to all our fellow citizens, while trusting that Canadians in general will understand that it is impossible for us to bring heaven on earth to each and every one of them. We are all human; when I say human, I mean of course that we are weak and imperfect, and perhaps it is better that it should be so.

Having said that, Mr. Speaker, I should like to come back to the matter before the House, namely, Bill C-48. This bill will enable both sides of the House to express their views on exploration rights, production licences, royalties, in short, on the over-all Canadian energy policy. Naturally, several legal aspects of this bill remain hazy and difficult to grasp for the layman. This bill will show once again that in as crucial a field as that of oil and energy, the Canadian government has no intention of shirking its responsibilities. As I said, Mr. Speak-

er, in as sensitive an area as that of oil, at a time when we are all at the mercy of what I could call the vulnerability of supplies, there are no easy solutions or compromises. Whoever would dare claim the contrary would merely prove unrealistic.

If money is the sinews of war, one may rightly say that more and more oil is the sinews of the economy. That is why a national economy cannot be cast adrift at the mercy of a few individuals' greedy and short-lived interests. Those who take a long-term view of this country will readily accept our government's policy. The abortive government which preceded us, in order to prove conciliatory, accommodating, was ready to give the very shirt off its back. Besides, that is what it had started to do in some areas. We have seen the results. The provinces soon became more greedy and demanding. Luckily, we came to the rescue of the government on a certain December 15, otherwise that government would have lost not only its shirt but also its pants. Yes, Mr. Speaker, while the population would have been led to believe that the government was a good sport, the powerful companies for their part would have simply run the show.

But that is not the way this government sees it. Yet, what have we been hearing since last February, since we have returned to power? We have been hearing that the oil companies and the producing provinces are ill-used. Yet, these companies all made fantastic profits after taxes last year, and projections for this year show a more than reasonable rate of return. And what about poor victimized Alberta? In the 1980-1990 decade, Alberta will make approximately $100 billion, the equivalent of some $50,000 per capita.

The economy of that province has grown by leaps and bounds in the last seven years. Last year, its gross internal product increased by 44 per cent, or almost 70 per cent more than the national average. There is now approximately $8 billion in the Alberta Heritage Fund. Those who accuse the Canadian government of wanting to take over everything that does not belong to it should be reminded of the terms of the constitution regarding natural resources. Indeed, Mr. Speaker, that is what the constitution says about natural resources. Let us make it clear. Some people think that the Canadian government has no more rights in this country, that everything that suddenly becomes profitable necessarily comes under provincial jurisdiction. Well, according to the constitution, resources do belong to the provinces which may set prices internally, but when it comes to selling to another province or another country, then the federal government may and must set prices, because the national interest is at stake. Why was such an arrangement acceptable when it was in Alberta's favour? It must be kept in mind, Mr. Speaker, that the federal government controls interprovincial and international trade.

In order to clear up matters, one should take a look back. Of course, it is quite human to forget favors received and to remember mostly those granted. The Alberta premier should remember what happened in the past when the Canadian people and their national government played a major role in promoting development of the oil and gas industry. Indeed, although it may seem paradoxical, oil sales had to be promoted in the past. Everyone remembers when oil furnaces were advertised on television. Oil marketing studies were conducted. The situation is now completely reversed. To support and develop the Alberta oil industry between 1961 and 1973, Canadian consumers west of the Ottawa Valley had to pay up to 35 per cent more for their oil than the international price or the price of imported oil. Strangely enough, the Alberta premier seems to have already forgotten this 35 per cent surcharge. As a matter of fact, he said the following to his fellow citizens on October 30 last:

> It is thanks to the entrepreneurship, the creativity and the leadership of Albertans who are working relentlessly to develop this resource which is very important for all of Canada.

I should like the Alberta premier to note that the people of Alberta worked jointly with other Canadians to develop the oil industry. Capital came from every area of Canada. It was a joint effort and the federal government played a major role by creating a favourable climate for investments through very generous tax incentives. At least 50 per cent of all investments made in new exploration and oil related expenditures are probably due to these policies. This is what all Canadians have contributed through their national government. These incentives were much more generous than those offered to other industries. In addition, as I said earlier, when there was an oil surplus in the sixties, there were TV commercials—

● (1630)

[*English*]

Mr. Shields: Mr. Speaker, I rise on a point of order. I understood that we were discussing Bill C-48, but my hon. friend across the way seems to be Alberta-bashing and discussing, basically, the development of the oil industry in Alberta, and I just wonder if that is in order.

[*Translation*]

Mr. Deputy Speaker: Order. I would like the hon. member who now has the floor to take note of the remarks made by the hon. member for Athabasca (Mr. Shields).

Mr. Tousignant: Thank you, Mr. Speaker. I thought that my remarks were quite relevant to the matter under discussion and the hon. member opposite is simply trying to evade the question and distort the facts. Of course the facts have to be stated as they stand in order to discuss the energy policy in Canada.

An hon. Member: Nothing ever pleases that fellow.

Mr. Tousignant: Yet, Mr. Speaker, that was the contribution made by all Canadians through their national government. These incentives were much more generous, as I mentioned earlier, than those offered to other industries. During the sixties attempts were made to find markets for oil and while

the oil industry as a whole at that time was experiencing lean years the Canadian government ensured a national market by levying a 35 per cent tariff on the imported oil at a time when Canadian oil companies would have been unable to meet competition from offshore oil.

Mr. Speaker, this is federalism; it is not a one-way street. Unfortunately there are people who are always here to receive but who seem to disappear into thin air when the time comes to give. Those things must be said. The people have the right to know. I shall refer once again to the remarks made on October 30 last by Mr. Lougheed to his fellow citizens, remarks inspired by passion rather than by reason when he said, and I quote:

> Although our province is not represented in the federal government, proposals unfair to the citizens of Alberta are being introduced in the House.

Well, I will reply to that that it is their responsibility and not ours to elect people who will represent them at the federal level. We certainly tried, but we have been rejected. We agree, those are the rules of the game. In a democratic system, once the rules are set, nobody is free to change them. If we could, we would all wait for the second turn around and support the government. Finally, the west is sulky with the Liberal party and it is its privilege to be so. If a Progressive Conservative government were elected, in less than four years, this feeling of unrest, of alienation would still be felt and the new government would be strongly challenged. Why? It is merely a phenomenon created by distance. Being far away, westerners have the feeling they are governed by strangers which is far from the truth. We are all Canadians and we can also deeply feel the distress experienced by a westerner. We would be ready to struggle bravely to death for our brothers in western, eastern or central Canada. The people of this country should know and understand that. However, that is creating dissension at present, not the fair policies of this government nor the unilateral patriation of the constitution. It is merely the fact that some individuals are protecting their immediate interests. Those people discovered suddenly that the most efficient, the easiest electoral platform, one that speaks most directly to the heart of the electorate, is the defence of provincial autonomy, which amounts to campaigning against the federal government.

To come back to our subject, I am pleased to see that the objective of the federal government is a Canadian participation of at least 50 per cent in oil and gas production by 1990. Therefore, I welcome with great satisfaction the initiative to lay claim to any property in offshore territories and regions which cover an area almost twice that of the ten provinces.

Is it a good thing to note that those concessions cover 300 million acres? Those territories belong to us. We should develop them since they contain, I think, the largest reserves known to date. The present legislation on development will be amended to modernize the management of oil and gas rights, not to mention some new measures concerning the supervision and control of those operations which will be introduced. A fairer return for all Canadians is foreseen. Therefore, maximum use of Canadian equipment for development purposes will be required, of course. Any responsible government ought to give itself the tools and the means which are necessary to meet the national objectives.

● (1640)

I remember listening sometime before Christmas to the hon. member for St. John's West (Mr. Crosbie), I think, the minister of finance in the former government, who is known for his oratorical fireworks. He is very amusing at times; indeed there is a time for comedy in our debates just as there is for serious talk. The credibility of the hon. member is shaken, if not uprooted, by the lyricism of his rhetoric. When, on the one hand, he assumes the role of the great defender of one or the other of the provinces while, on the other, being very timid as a representative of the national government, how does he explain his double standard?

As a responsible MP, Mr. Speaker, the hon. member knows full well that we cannot make decisions that please all the people all the time. We cannot always say yes, just as a caring father cannot acquiesce to every request his children make. This time of the year gives us a very good example of that when we have occasion to leaf through the Christmas catalogue with our children. We all know how children ask for countless things, and all they ask for in the letters addressed to the North Pole. Children have a lot to ask. Must their fathers accede to all those requests? If, moreover, the bad neighbour comes up at that point and tells the children, "Go ahead, your father can afford it; he can even give you more than that", he does not help matters. Indeed, how you would have appreciated his help. That is exactly what the hon. member for St. John's West keeps doing all the time. He does exactly that. Not only does he appeal to your emotions, but he also intentionally and irresponsibly spreads confusion and division.

As so aptly put by Jean Dandurand, a military pilot can drop hundreds of bombs while being spared the unpleasantness of a single one of his victims' suffering. Nationalist policies often spare him the sight of his victims, encourage him to dissociate himself from them, and teach him to see his massacres as so many victories. That is precisely what the party across the way is endeavouring to do in energy policy matters. The hon. member should refrain from speaking as he did before Christmas. He spoke of the alienation, the frustrations of the people out west, of the separatist tendencies, and so on. In so doing, in fact he becomes the very propagator of those tendencies. Yes, Mr. Speaker, the Liberal government is the great architect of the outstanding Canadian energy policy that enables all Canadians to benefit from the wealth that belongs to them and that they have developed together. We would have acted like cowards had we not faced up to our responsibilities. I was one of those who helped to draw up our political platform in the last election campaign, and I am proud to see

that the very essence of my suggestions found its way into that energy policy—first the Canadian citizens, then the multinationals.

Some so-called experts tell us that we are wrong in not exacting from Canadian consumers the world price for oil. Others claim that we are creating an artificial economy and that sooner or later we will have to face reality. But where do they come from those who speak so? Why should we not avoid certain fads or tendencies, why should we allow ourselves to be hypnotized? Who says we have to give in to publicity every time it recommends that we get a new car?

Why should we be influenced by what happens elsewhere? Canada produces this raw material. Why not take advantage of this to deal from strength with our competitors? If France were an oil producer like Canada, would it submit to having its domestic prices set elsewhere? No, it would take advantage of the situation to restructure its economy. One can truly say now that everything is governed by energy prices. Those who have travelled in Europe are well aware of it. I just came back from there and it is astonishing what one has to pay for food and accommodation. Breakfast consisting of a small piece of bread and coffee costs $12, rooms are $100 to $150, a glass of orange juice $3, a soft drink $3, and even bottled water is $3, all of course, in Canadian dollars. Why? Members opposite should know. Our self-styled experts who love to criticize our policies should know. Oil, that is all, oil, and it is easy to understand why.

Because of the price of oil, a delivery truck in Europe, what we call here a two-ton or a three-ton truck, costs $40,000 to $50,000 in gas a year, and that is before the driver's salary, the truck itself and maintenance costs are paid. No wonder a bottle of soda water costs $3. Most of the people in Europe, where I have just come from, are very simply trapped. The energy crisis has led them to dead end. They work from 6.30 in the morning till 6.30 at night, and for what? To eat and pay their rent. They must constantly do without things that for us are quite ordinary and normal. All this is related to oil prices. When I landed in Dorval and was able to have a breakfast with eggs, bacon, toast and coffee for $1.75, in other words, to eat my fill, I realized that I had just saved $10.25 which I could now use to purchase other consumer goods, and thus contribute to make other Canadians work and share this $10.25 with them instead of with the multinationals.

I heard earlier the Leader of the Official Opposition (Mr. Clark) complain that the oil companies who do research in Canada are now going to the United States and that these poor companies are always losing money in this country. On the other hand, I listened to the Leader of the New Democratic Party who said that the oil companies had made a lot of money, and I have to wonder if they are really serious. Strangely enough, I am not at all concerned about an area where there is such a great demand as the oil industry. I am certain that there will always be companies to develop these resources to meet the demand. If restaurant owners were in demand in my region, there would be many of them even if they were forced to lower their prices. This is what is happening in the oil industry, and I wonder why members opposite want us to get down on our knees before the multinationals since they are not even complaining. Who has been complaining? The members opposite. The oil companies are not even complaining. Of course, they must make some protest, but only for form's sake. Obviously, instead of making $50 million, they would rather make more. I am not at all worried about the welfare of the poor oil companies in Canada.

Mr. Speaker, the role of a responsible government is to see to it that prices remain low so that a greater number of Canadians can purchase as many goods as possible. If our prices remain low, we are more competitive on international markets, and if we sell more, we have to produce more and put more Canadians to work. It is crystal clear, Mr. Speaker. No one needs a university degree to understand that. The energy policy of our government, which is a responsible government, is based on principles of logic and common sense.

• (1650)

[*English*]

Mr. Jack Shields (Athabasca): Mr. Speaker, I look at the time with some dismay. As we are addressing Bill C-48, I cannot help but remark that had we not been interrupted by the nonsensical motion of the New Democratic Party and its leader, possibly I would have been able to finish my speech. But now it will be broken into two parts.

Some hon. Members: Oh, oh!

Mr. Shields: All members of the House know exactly how it feels when one starts out one's comments, must stop in the middle and then carry on later.

This bill is very important because of the energy crisis which Canada faces today. Yet the New Democratic Party would rather headline hunt, clown, and present a motion to adjourn the House when we have been out of the House for a full three weeks.

Some hon. Members: Hear, hear!

Mr. Shields: They would rather adjourn the House to go back and sit in their offices. I find it absolutely ridiculous and nonsensical but, believe me, some members of the press will pick this up. We should turn on our television sets tonight and watch the news. There will be a great motion by the clowning Leader of the New Democratic Party (Mr. Broadbent) which will go out across the waves. I find that shameful also. Some members of the news media, the champions of truth and the reporters of history in the making, will take truck with what happened today, disturbing and interrupting the House for headline hunting. I am sorry to say that some of them will.

Today we are prepared to debate energy, the lifeblood of the country. If we do not have it, we freeze in the dark. If we do not have oil self-sufficiency by 1990, we will find ourselves

faced with problems. We will see unemployment in the country like we never saw before. I can only say that the action of the NDP today was despicable.

This bill is long overdue. It has been three years since the introduction of Bill C-20, but all we have in Bill C-48 is a cut and paste job. There is the backing-in of Petro-Canada into known resources and exploration which has been conducted by other companies, and many other things. The companies which invested their own money under one arrangement are now being faced with another arrangement. Under the provisions of Bill C-20 Canadian or partially Canadian-owned companies were protected from being backed into by Petro-Canada or the government. The object of the back-in provision under Bill C-20 was not to nationalize the oil industry, but by contrast Bill C-47 is a direct assault on the Canadian oil industry. It is a direct assault to nationalize the oil industry, nothing more.

Mr. Knowles: We are on Bill C-48.

Mr. Shields: There is provision in Bill C-48 to allow Petro-Can to invest money, if it has a 25 per cent ownership, to develop a resource once it is found offshore or in the north. Will Canada have the money to invest? From where will this investment money come? Will PetroCan have to go to New York, to the money markets of the world, to borrow the money? Will it have to borrow the money on debentures? If so, by borrowing on debentures will it not lose its status as a Canadian-controlled company? The possibility exists.

Royalty holidays for a period of years were allowed under Bill C-20, but now by contrast the present bill allows royalties only on reserves discovered prior to 1981. By no stretch of the imagination can it be argued by the present government that this bill will encourage increased exploration.

The bill totally ignores the priority. It is long overdue but it is not the priority. The priority facing us today is an energy agreement with Alberta and with the other producing provinces so that we can develop a secure supply from the western deep basin, develop the heavy oils and develop the tar sands. All of these matters have much more significance before bringing forward Bill C-48. When I next stand, I would like an opportunity to elaborate on this.

May I call it five o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Burlington (Mr. Kempling)—Bankruptcies—Astra Trust—Re-Mor—Inquiry whether circumstances will be examined; the hon. member for Richmond-South Delta (Mr. Siddon)—Fisheries—Inquiry whether catch royalty or landing tax will be imposed; the hon. member for The Battlefords-Meadow Lake (Mr. Anguish)—National Defence—U.S. fighter aircraft crashing on Canadian soil.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): Notice of motion No. 14 in the name of the hon. member for Lévis (Mr. Guay). Shall the item stand?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

* * *

CAPITAL GAINS TAX

SUGGESTED ABOLITION RESPECTING FARM LAND

Mr. Blaine A. Thacker (Lethbridge-Foothills) moved:

That, in the opinion of this House, the government should consider the complete abolition of the capital gains tax on bona fide farm land.

He said: Mr. Speaker, I rise pursuant to the following notice of motion which I filed:

That, in the opinion of this House, the government should consider the complete abolition of the capital gains tax on bona fide farm land.

I am convinced that capital gains tax on bona fide farm land is not in the national interest. My purpose today is to outline the reasons and to call on members, citizens and groups who agree, to press the government vigorously for changes before it is too late and irreparable harm has been inflicted on the country.

• (1700)

By way of background, Mr. Speaker, you will know that on a world scale Canada has about .5 per cent of the world's population and about 3 per cent of the world's arable land. Canada is a massive country with an area of some 2.3 billion acres. However, only 13 per cent of this area is suitable for agriculture. Only 4 per cent of our land area is either class 1 or class 2—the best agricultural lands. Over one-half of Canada's class 1 lands, and nearly 30 per cent of our class 2 lands, are located within 50 miles of Canada's major metropolitan areas. In 1971, 44 per cent of Canada's agricultural production was harvested in this 50-mile radius. Also, during 1971, over

42,000 acres of Canadian farmland was lost to urban development. This year's census will tell us that even more agricultural land has been, and is being, taken out of production.

Mr. Speaker, you will also know that we have lost over 100,000 farmers over the course of the last several years. As well, only 45 per cent of our full-time farmers earn their entire living on the land. Some 55 per cent must work part time elsewhere. Furthermore, farmers, on average, earn less than the national average wage paid to industrial and urban workers.

Prior to 1972 no capital gains tax was imposed on agricultural land. It was under this system that we built an agricultural infrastructure which resulted in Canada, with its small population and small percentage of the world's agricultural land, developing into an enormous exporter of grains to feed the world.

The fundamental reason for this enormous production was, and still is, the family farm. Simply put, farm families care for the soil. They are efficient and they devote their entire lives to the production of food. They directly influence the quality of life in industrial Canada, too, because they purchase tractors, trucks, equipment and other manufactured goods.

In 1972 the government imposed capital gains tax on our 3 per cent of the world's land which produces so much to relieve world hunger. Because no provision is made for inflation, the current tax is a tax on capital rather than on capital gains as intended. In my opinion the capital gains tax is a time bomb which will destroy the family farm and, ultimately, the capacity of this nation to be not only an exporter of food but to be self-sufficient within our own borders.

We should not lose sight of the fact that other countries which used to be food exporters are now massive importers. Russia is a classic example, as is Poland. On our own continent there is Mexico. The reason they are massive importers is that they destroyed the family farms and took away the right of individual ownership. We should also note that no capital gains tax is levied on the values of individual homes in urban Canada, on the basis that home ownership is a "Canadian way of life".

We should not lose sight of the fact that Canada is already a massive importer of fruits and vegetables, and that the only major product which we export is western Canadian grain. The reason for this is that the present government *de facto* had, and still has, a cheap food policy. Capital gains tax on productive farmland is not in our national interest. I submit it is immoral, on a world scale. I believe it is equally immoral for Canadians to be competing in the world for oil when we could, and should, be self-sufficient. Indeed, we should be exporting energy to developing countries. It is also equally immoral for 23 million Canadians to be competing in the world's capital market to pay for our huge deficits when we could, and should, be exporting capital, human skills and technology to help the lesser developed countries. The capital gains tax, when added to the grotesque monetary and fiscal policies of the government and its cheap food import policy, is destroying Canada's clear opportunity to be self-sufficient with respect to food and, indeed, an exporter of food.

I would now like to be a little more specific with respect to what is happening and the particular problems which existing farmers face when it comes to selling their farms while alive, as well as in planning their estates so as to retain an economic farm unit to put into the hands of the next generation. As you know, Mr. Speaker, the valuation day was December 31, 1971. If a farmer sells land or dies, a tax is applied on 50 per cent of the increase in value since that date. For example, in my constituency a common value at December 31, 1971, for farmland was $100 per acre. Today, common values are about $600 per acre. The capital gain is $500 and the taxable portion is $250 per acre. On the sale of one section, or 640 acres, the farmer must add $160,000 to his taxable income. Depending on which province he lives in, and on his personal rate, he will pay at least $80,000 of that in income taxes.

The problem, though, is that the seller has been able to calculate the tax and add that to the selling price, thereby increasing the price of land. This has been badly exacerbated by the loose monetary and fiscal policies of the government, whereby too many dollars were created. Unfortunately, much of that inflation money has settled on land. The present prices are in no way related to the productivity of the land. This is especially true if the money must be borrowed to purchase the land in the first place. Therefore young farmers are blocked from ever being able to purchase a farm. Also, large farmers are forced to buy the extra, expensive land in order to utilize efficiently the ever larger and more expensive machines which are being manufactured, and to remain competitive.

Mr. Speaker, the 1971 value is simply too low. In fact in my area the values were depressed in 1971 as a result of economic difficulties. The 1974 values promised by the Liberals in the last election were much closer to the true value, based on agricultural productivity. Regretfully, the Liberal government has broken its campaign promise. In fact the recent paper on capital gains tax indicates that the government intends to increase the tax, not decrease or eliminate it. The government's policy stands in stark contrast to the Crosbie budget of December, 1979, which brought in a first step relief of up to $200,000 of rollover, over and above the current 50 per cent rate of tax and the present roll-over provisions. The Minister of Agriculture (Mr. Whelan) proudly proclaims that the present roll-over provisions are adequate. I completely disagree.

One rollover provides that a farmer can transfer a farm to his or her spouse, either while alive or upon death, at the 1971 value. No tax is levied until the spouse dies. If we must have a tax then we certainly cannot, and do not, object to this particular rollover.

However, another rollover permits a farmer to transfer the farm to one or more children at the 1971 value with no tax being levied. Either the farmer, or at least one of the children, must actually be farming at the time of the transfer. The theory is that this rollover could go on for ever, that is, ten, 50 or 100 generations. Of course this is absolutely untrue because of inflation. This roll-over provision is seriously defective. First,

the 1971 value is no longer enough for the selling farmer to purchase a city home and to have a small nest-egg to cover his or her pension years.

In the example I quoted above the farmer selling a section of land at 1971 value of $100 per acre would receive $64,000. Some retirement! We know that farmers have no indexed pensions to rely on like the rest of us have. They must rely on the sale value of their land. In order to retire to town, to purchase a home and to have a nest-egg, $64,000 is not enough. If the transfer is for a price greater than the 1971 value, the farmer must pay the tax or else the child gets a double penalty, that is, the child pays more than the 1971 value but ultimately must pay tax on that same increase between the 1971 value and the sale price.

● (1710)

Referring again to my first example, the farmer could sell to a child for $300 per acre and receive that money, but he could elect, for tax purposes, to transfer at the 1971 value, namely, $100 per acre. The farmer would have $300 times 640 acres or $192,000 with no tax. But the child would have paid $192,000, and if he or she had to sell the next day for health reasons or whatever, would receive that same amount of money but would have to pay capital gains tax. The child would have to add 640 times $200 per acre or $128,000 to his or her taxable income. Hon. members can see that this result is absurd.

Therefore, what happens in actual practice is that farmers and families choose to increase the selling price, sell to the highest bidder, pay the tax and be done with the government. However, this keeps out the new, young family farmer, as I mentioned earlier, with all the disastrous long-term consequences for efficient food production.

Third, if farmers have more than one child but only one child continues to farm, how does the farmer leave the farm to the farming child at the 1971 value and yet still leave an equal share of the present estate value to the other child? It is quite impossible from a practical and common sense point of view. It can be done with very complicated legal agreements with charges being attached to the land to be paid by the farming child, but these charges block the placing of mortgages, interfere with bank financing, usually have interest attached which is a substantial burden, cannot adequately protect the farming child from bad crop years, and also affect close family bonds and ties of love and affection. In fact the farmer again usually lists the land, sells to the highest bidder and is gone. Once more, the family farm has disappeared.

Therefore, Mr. Speaker, it is clear to me that (1), there should be no capital gains tax on bona fide agricultural producing land; (2) if the tax is to remain, then there must immediately be a change of the valuation date to at least 1974; (3) there must be indexing of value against inflation, and (4) the government must develop specific policies to retain the family farm and too, indeed, expand the family farm onto the approximately 25 million acres of presently marginal land that lies in a band across the northern limit of our current cultivation. This in itself would be an enormous project of national unity which would go a long way toward settling new Canadians and redirecting unemployed industrial workers into farms where they could own their own land and work for themselves. It would also promote the manufacture of small, efficient tractors, combines and other agricultural machinery, hopefully in Canada. Hon. members can see that this idea alone would retain the concept of the family farm which leads to family oriented communities and also results in thousands upon thousands of jobs in central Canadian manufacturing.

In conclusion, I again submit that a capital gains tax on bona fide farm land is not in the national interest, and I call on hon. members present to pass this motion so that the Department of Agriculture and the Department of Finance will have an instruction from Parliament to bring forth a strategy to rectify this serious and dangerous policy.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, this motion comes up for debate at an appropriate time because on November 21 the Minister of Finance (Mr. MacEachen) tabled a discussion paper reviewing capital gains taxation in Canada. It provides a most valuable background for our debate of this particular proposal which calls for, as the hon. member has indicated, the abolition of tax on capital gains arising from bona fide farm land. On the whole, that discussion paper makes a most useful contribution to public discussion on our tax system.

The paper reminds us, for example, of the importance of the decision which was taken in the early 1970s to apply the income tax system to capital gains, not only because of the revenues which were involved, although those are substantial and are an estimated $1 billion, for example, for this year for the federal and provincial treasuries, but the paper also demonstrates that capital gains taxation has done a great deal to improve the fairness and the progressivity of the tax system. If taxation is to be based on the ability to pay, then capital gains cannot be ignored. The discussion paper points out that taxpayers with annual earnings of more than $50,000, a group representing less than 1 per cent of all Canadian taxpayers, received in 1978 more than 40 per cent of all net taxable capital gains reported that year.

The paper also serves as a reminder of the problems that were created for our tax system when capital gains were generally excluded from taxation—the great outlays of time, money and efforts to avoid tax by converting business income or dividends into capital gains as was the case prior to the introduction of the capital gains tax. No other area of our tax system provoked more litigation in the courts or created more uncertainty for taxpayers about the tax consequences of their business decisions.

Furthermore, the difference in tax treatment between business income and capital gains created economic distortions in the market place so that, instead of resources being invested in the most efficient and productive way, they tended rather to be invested where they could get the best tax break.

The discussion paper also points out that because capital gains taxation is so closely interrelated with other provisions in the tax law, a selective exemption could not be introduced without complex changes to the existing rules. Because of this, the paper concludes that "if incentives are to be provided to certain sectors of the economy, it might be more efficient and simpler to do so through an expenditure program or a subsidized loan".

These considerations I have mentioned are not irrelevant to discussing the proposals by the hon. member for Lethbridge-Foothills (Mr. Thacker) to exempt bona fide farm land from capital gains taxation. The importance of taxation of capital gains on farm land should not be overestimated. First of all, capital gains on the farm home itself is exempt, just as it is for any taxpayers' principal residence. Second, as in all capital gains, only half of the gains is subject to tax. I would suggest that the first point with regard to the farm home is contrary to the implication which was left by the hon. member for Lethbridge-Foothills with regard to his previous discussion on the impact on farm residents versus urban residents with regard to the farm and to the home.

Third, if a farm property is passed down within the family, as the hon. member has pointed out, to a child or to a grandchild, there is a deferral of tax on any capital gain until such time as the property should be finally sold under taxable circumstances. This, of course, means an indefinite deferral so long as the farm remains in the family. The hon. member for Lethbridge-Foothills has pointed out a very interesting point with regard to the anomaly which might be created with reference to the manner in which this particular deferral has an effect on the taxable status of the child as opposed to the original farmer.

In the event that the farm is sold so as to generate taxable capital gains, the law provides methods for reducing the impact of the tax. It is important that these be looked at very carefully. The farmer can, for example, invest the proceeds in an income-averaging annuity contract. By this means the taxation of capital gain is spread over the term of the annuity and the taxpayer is not pushed into a significantly higher tax bracket, as would be the case if the entire gain were taxable in the one year alone. Alternatively, if the proceeds from the sale are received in instalments over one year, only a portion of the capital gain would be taxable in the year of the sale. Therefore, a farmer might be wise to sell the land on a contract whereby payment would be received over a period of time. In that case the remaining portion of the gain can be deferred until the proceeds are actually received. Because of these provisions the tax is levied only when funds are available to pay the tax.

These tax deferrals, whether due to transfer of the farm within the family or to spreading out the receipts from the sale, can be very valuable financially to the farmer. For example, assuming an interest rate of 10 per cent, a one-year deferral is equivalent to excluding 4 to 5 per cent of the gain from tax, and a 25-year deferral would be equivalent to virtually complete exemption of the gain from any tax whatsoever.

• (1720)

These facts should be borne in mind in considering the proposal before us for complete tax exemption of capital gains on farm land. I think all hon. members recognize the forcefulness of the argument that, for many farmers, their farm is their retirement pension. During their productive years, the farm family invest their money and muscle in building up the value of the property, with the idea that when they retire the capital value will support them through retirement and, with luck, even provide an estate for survivors. What is not widely recognized, however, is the extent to which this worth-while goal is helped and assisted by the existing tax rules.

We are familiar with Registered Retirement Savings Plans and registered pension plans, through which employees receive valuable tax concessions to help them save for their retirement. The fact is that the tax treatment for farmers, and other unincorporated businesses too, provides tax treatment that is at least equally advantageous. In both cases, what happens is that pools of funds for retirement are built up out of untaxed income during the working years of the employee or the farmer.

In the case of employees, their contributions to RRSPs and/or registered pension plans are deductible, subject to annual limits, and income earned in these plans is non-taxable until it is finally withdrawn. In the case of the farmer, the increase in the farm's capital value, as it accrues over the years, is not taxable.

Upon retirement, the employee's pension receipts are taxable at full rates. For the farmer, when his property is sold at retirement, only half of the realized capital gains is subject to income tax. And as I described earlier, the tax impact on the lump sum receipt of capital gain can be spread out over a number of years by means of an income-averaging annuity contract.

I suggest that it is clear from these facts that the tax system does not discriminate against the farmer, in comparison with employed workers, when it comes to tax treatment of their two distinctive methods of planning their retirement incomes.

The same non-discrimination does not apply, however, to the proposal we are debating today. Farmers and unincorporated small businesses currently receive the same tax treatment in most respects. Many small businessmen, like farmers, must look forward to retiring on what they can realize from the sale of their business. Yet this proposal would discriminate in favour of farmers, and at the expense of the small businessman in another walk of life.

One answer to this objection would be to shrug and say, "Well, small business could be extended the same exemption from tax on capital gain as we propose here for the farmer." I submit that this situation simply underlines the difficulties we get into when we start creating exemptions and exceptions in the tax law. It is the difficulty of where to draw the line. And

though you start out trying to help one group, you end up being arbitrary and unfair to other groups.

The proposal before the House tries to draw a line. It specifies that only bona fide farm land should receive this benefit. But if we want to apply this idea in a taxing law, we have to spell it out very precisely. Exactly what criteria distinguish a bona fide farmer as opposed to others who may own farm land, hobby farmers, for example, or developers holding undeveloped farm land? What about farmers who work part time off the farm to supplement their income? One could draw an arbitrary line as to the proportion of income that a bona fide farmer should receive from farming. But that can vary from year to year depending on markets, crops and other conditions. A bona fide farmer may have to rent out his land to someone else for a period of time because of illness or retirement. These examples illustrate that, when we come to defining who would benefit from this tax exemption, we would have to be quite arbitrary and likely would end up excluding some genuine farmers.

Some hon. Members: Hear, hear!

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I appreciate the opportunity to speak on this motion today. I will not take a great deal of the time but I just want to draw to the attention of the House a number of factors which are part of this particular motion. As was mentioned by the hon. member for Lethbridge-Foothills (Mr. Thacker), capital gains taxation began in 1972 and is presently based on the 1971 evaluation level. Most hon. members will be familiar with what is involved here and, if they have been involved with it personally, will find it particularly annoying.

The basis of the capital gains tax established in 1972 was probably the Carter commission of 1962, which established that regardless of where income came from, it was income. The term popular at the time was "a buck is a buck". Regardless of how one received it, it should be regarded as income. The Carter commission also stated that taxation must be based on the ability to pay by the person who had received that income, again regardless of how he got it. The recommendations of the royal commission would have evened out taxation. Had they been accepted holus-bolus they would have plugged most of the loopholes which many large corporations had used for years. Some are still using them. Many financial institutions have also used these loopholes as a means of manipulating the amount of tax they pay. We have all heard of many large companies with huge incomes which pay no tax at all.

Unfortunately, Mr. Speaker, the recommendations of the Carter commission were not accepted across the board, and consequently there are situations where the present method of taxation is unfair. It is particularly unfair to those businesses which are very visible because they are part of our everyday life. To westerners one of those parts is the farming community. This particular motion, Mr. Speaker, deals only with the farming community.

Some hon. members will remember learning about an economist, or so-called economist, called Henry George, during their schooldays. Before 1929 he advocated a single tax concept. After considering the increase in the cost of property over a long period of time, he suggested that governments could be run on taxing not what a person earned, but the unearned part of the economy, part of that being the money one would receive because of the increase in the value of property. That might have been acceptable in the 1920s but it was not acceptable by 1929 and thereafter.

I bring this up, Mr. Speaker, because both the Carter commission and Henry George, and many other supporters of fair taxation, made a couple of points.

● (1730)

First, income is income regardless of where it comes from. Second, income gained without any input on the part of the receiver should be recognized as such, not as was done before 1962 when it was not considered income and therefore not taxable. However, recognition of these points has not been entirely followed through in our tax system. Although philosophically I cannot disagree with capital gains, the suggestion by the hon. member for Lethbridge-Foothills (Mr. Thacker) should be looked at thoroughly.

We should explore what is happening to the farm economy as a result of taxation inequities and what this is doing to the farmer. We should explore the farm situation with regard to capital gains. There are a number of factors which have been raised. I want to mention them again, but I will not go into them as deeply as the hon. member for Lethbridge-Foothills.

First, the basic level established in 1971 was a depressed level in much of Canada, particularly western Canada. Prices were low that year. They have gone up continuously since then. Regardless of what the hon. member for Ottawa Centre (Mr. Evans) suggests, valuation of farm homes as part of a farm in 1971 was either entirely ignored or a low value was put on the home. Possibly this is because in 1971 in western Canada you could buy two quarters of land next to each other, one with a home and one without, and pay approximately the same price within a couple of thousand dollars. That situation has disappeared to a great extent, although not entirely. Consequently, that area should be looked at.

When someone in the city sells his home, it is recognized as his home and capital gains do not apply. However, if the land on which your home was on in 1971 sold for $10,000 and is now worth $100,000 for the land and $40,000 for the home, capital gains must be paid on half the difference between $10,000 and $140,000.

Third, and I mentioned this earlier, farmers and small businesses are very visible. Increases in their real property is easily established. They have no place to hide. They have no protection compared to the large corporations. That is the situation in which the farm economy and community has developed.

They are unprotected in more ways than one. I mentioned their visibility in the community. They have not developed a

superstructure which allows them to hide their capital gains or anything else with regard to their economy.

There are other problems with this motion. The hon. member for Ottawa Centre mentioned some of these. What is bona fide farm land and what is a bona fide farmer? There are a number of definitions. I do not raise this to downgrade the presentation by the hon. member for Lethbridge-Foothills, but to suggest this is one reason we should refer the motion to a committee to see whether some alterations can be made.

One definition suggests that a farm with $1,200 per year gross sales can be recognized as a farm. No one in my province of Saskatchewan who is attempting to farm has less than $1,200 yearly gross sales.

There is the Income Tax Act definition. If a person earns more than one half of his net income from his farm, he is a bona fide farmer. The definition of bona fide farm land varies greatly from province to province. In some provinces, this may be five acres. The Saskatchewan government has a residency requirement whereby you must be a resident to own more than 160 acres. It is these kinds of definitions which must be looked at.

Before a person can get a quota book, the Canadian Wheat Board requires that he have the equipment to farm. That is very broad. What kind and how much equipment? A pick and shovel, as my colleague said. That is another problem which should be looked at.

I do not entirely agree with the hon. member for Lethbridge-Foothills that this is increasing the cost of farm land and affecting the turnover to the young farmer. However, I recognize his argument and, again, this should be looked at as part of the whole problem.

Even under our present system there is a considerable amount of speculation regarding farm land. Sometimes it is because of the proximity to a city and sometimes it is because people have money to invest. This speculation is often blamed for increased farm land prices. This speculation has increased over the last two years. Looking back makes one wish one had speculated and bought some of the land that was then selling for $100 an acre. I paid $1,200 for my first quarter. That was the time to speculate.

An hon. Member: You are a capitalist.

Mr. Hovdebo: That is the kind of speculation that has been going on for the past two years. What would be the effect of taking off capital gains entirely as far as speculation is concerned? How many more people would share in that? In the last few years people have jumped in because the land is there. We are not making anymore of it, and very little more is coming into production. What would be the effect of that speculation in allowing a young farmer to get started? If we could refer this motion to committee, there are probably some alternatives which should be looked at. The Saskatchewan government has allowed a basic $100,000 exemption for a farmer if the land is turned over or sold. The thinking behind this is to protect the farm home or to allow the turnover of land from an older farmer to a younger one.

• (1740)

The problem of farm size must also be looked at. The hon. member for Lethbridge-Foothills has said on several occasions that in his area of the country three sections of land is probably enough for a farmer to get by on. What we should look at is some extension of the $100,000 exemption. Right now the only person who can afford to buy more land in many communities is the person already well established. Many communities are trying to do something about it. We might consider a certain size of farm as adequate in a particular community and it is sold or turned over that no capital gains tax will be charged. But anything above that restriction should be taxed as though it were regular income.

Indexing was mentioned by both previous speakers. Our party policy has always been to suggest that indexing can be used to alleviate some of the problems of increased cost and to alleviate some hardship for pensioners. Maybe we should take a look at the way the value of farm land is established. The 1971 dollar is now worth something like 40 cents. If we had established indexing in 1971 or in 1974, as was suggested, the price of land would not be that far out. The farmer would not be faced with paying capital gains on such huge amounts. Inflation has been a factor and should be recognized as such. If that factor has been recognized in the cost of living, it should also be recognized in capital gains.

If we can send this bill to committee, we should look at the valuation day levels. The valuation of a farm home should be examined. Indexing should be looked at and so should land values which were established in 1971. Legislation concerning turnovers should be examined, but I will not go into that.

I recommend this motion be passed. I suggest it be sent to committee to study the needs of the capital gains legislation regarding the turnover of land.

Mr. Gordon Taylor (Bow River): Mr. Speaker, we have heard two approaches today concerning this legislation. We heard the positive approach outlined by the hon. member for Lethbridge-Foothills (Mr. Thacker). He outlined ways and means of how this tax should be avoided and why. On behalf of the Liberal party, the hon. member for Ottawa Centre (Mr. Evans) stated why it could not be done demonstrating clearly what we in the House are up against most of the time. Surely in a democracy, we should be listening to the people and reflecting the thinking of the majority in our legislation and in our administration of it.

We have been given an outline of capital gains tax which was not written by those paying the tax, but written by bureaucrats. The speech read, and I emphasize the word "read", by the hon. member for Ottawa Centre was that of bureaucrats. If the hon. member wrote the speech himself, I would be most surprised. If he did write the speech, he should be in the civil service, not representing people in this House.

In the splendid and learned address given by my colleague from Lethbridge-Foothills his major point was that agricultural land is different from every other type of land. Today other countries are finding themselves in difficulty because they do not have enough agricultural land. The world is facing increased population as well as a decrease in the amount of food production. Underlying the remarks in his address of the hon. member for Lethbridge-Foothills was the importance of preserving our agricultural land for the production of food to feed Canadians and the people of the world. That point seems to have been missed by the member who spoke on behalf of the government.

I personally oppose capital gains taxes on all businesses. I think it is an unfair tax and it kills initiative. I believe it cuts down production and advancement. First, let me outline how it kills initiative. I know many farmers and their wives who have worked not as speculators but who have put their strength, backbone, blood and sweat into building up their farms. They have worked long hours and many years. At the end of the tunnel they saw the hope of selling their asset and being able to retire with dignity. They did not charge wages or work on an eight-hour a day shift. They built up their asset only to find that the government comes along and says it will take half of that increased value of their farm, capital gains as it is called. I do not think that is fair. I challenge any member in his capacity here to say that it is fair.

Take, for example, a couple sitting at their table hoping to retire, and on figuring out their finances they find they do not have enough on which to retire. Their only alternative is to stay on and work, even with failing health and advancing years. These people deserve some years of leisure. Instead of that, they have to stay on to work, but farm only to a minimum. They do just enough to keep themselves alive and to keep the farm going. They cannot run their farm as a young son would run it, or as a young man would run it, or as they ran it for many years. Production is reduced. They do not produce as much as the land can produce because there is no incentive for them to do so.

• (1750)

I think we are overlooking a major point when we tell long-time bona fide farmers that they either have to give the government half of the capital gain they have built up with the strength of their backs, the work of their hands and the work of their wives and children or they cannot sell their land. Farmers have paid taxes all through the years. They have paid taxes on all their production. Exemptions for farm machinery were simply for the period of years that machinery lasted. As has already been pointed out, the farm home is not a factor in the sale of land today, whether it be with respect to our people or other people. There might be some very small effect, but when we buy land, it is bought for its production capacity and for the living it provides. It is land which is bought, and that is what the government is saying we must pay capital gains tax on.

We should examine the situation in some other countries. In another debate this afternoon a Liberal member mentioned the high cost of food in some other parts of the world. The cost of food has risen here because farmers have been forced to ask and receive more and more for their farms.

In many cases they have been driven off their farms, and corporations have taken over. Family farms are disappearing, and as this happens we pay more for our food. We will pay through the nose if family farms disappear. Family farms are operated by husbands, wives, children, grandfathers, grandmothers, aunts and uncles, and this keeps the cost of production down. They do not work eight-hour days. They do not get wages. They do this work because they love the land, and they are building up assets. When we kill that initiative, we do something which is not good for this country. The more family farms we can have in this country the cheaper food will be.

I once spoke to a city group near Edmonton. This group was complaining because there was an increase in the cost of a certain food item. I pointed out to this group that if farmers, their wives and their children were not working on their farms—and they do not receive wages—and if those farms were sold to large corporations which hire people to work eight-hour days and five-day weeks, the price of the product about which this group was complaining would be doubled. That is what we are building up to in this country.

Farmers today have a difficult time remaining on their land. They are faced with frustrations. They are faced with taxes. They have to fight the weather. The whole operation is a gamble, and then the government has to get its hand in and take a chunk out of what farmers earn. There are some very sad farmers in this country. I had occasion to speak to 26 of them during the Christmas vacation. My heart bleeds when I see what farmers have to go through. They are given a quota for their grain, and then the elevators jam up because there are no cars. They have no cash flow and no money for Christmas. There is no money for their children to go to high school. Life on the family farm is not easy. This capital gains tax is one of the worst we have. It is a block of dynamite over farmers' heads. If we are to preserve the family farm, I plead with the government and Liberal members to show some consideration for the man on the land and exempt farm land which produces food from the capital gains tax. We would see the tremendous benefits that would bring to this country. That would be a good start. I plead with members of the Liberal party not simply to vote this down.

Let us send this matter to a committee and debate it there. Let us arrive at the very best solution possible so that production will continue, so that bona fide farmers will be able to continue to produce and so that we in this country will have enough food. Then we would be able to help the hungry in other lands as well.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. René Cousineau (Gatineau): Mr. Speaker, the speeches of the Progressive Conservative members prove the extreme fairness of hon. members on this side of the House in allowing them much more time to discuss a motion presented by a member of their party, despite the fact that they usually say to anyone who cares to listen that the government is unfair to the opposition.

Mr. Speaker, the hon. member is recommending that the Income Tax Act be amended to allow a special exemption in the case of the sale of real estate, and more specifically in the case of farm lands under cultivation, for income purposes. The hon. member who presented the motion, the hon. member for Lethbridge-Foothills (Mr. Thacker) described, in his own way, the problem he would like to solve through his motion. It is therefore important, Mr. Speaker, that we examine very closely whether a special exemption, an amendment to the Income Tax Act, would indeed solve the problem as described by the hon. member.

Mr. Speaker, we must look at the wording of the act that applies to the sale of a farm. First of all, the house, plus so many acres surrounding it, are tax exempt. Then, only half of the sale price applying to the balance of the farm land is taxable. Let me give you an example. A farm is sold for $100,000. The value of the house and that of the land on which it sits is then deducted: let us assume the house is worth $20,000 and the land $80,000. The market value was established on January 1, 1972; in addition, the municipal and school taxes over the ensuing period are deducted, as well as the notary's or lawyer's fees, depending on the province where the sale is made.

Back home, notaries take care of those formalities. I must add, however, that in Quebec, because of farm zoning, the question of the capital gains tax does not affect us to any extent. Let us take my riding as an illustration. Since 1976, when the act on farm zoning was passed, the value of farm lands has not gone up. The value having been set in 1972, the farmer who sells his land today has no cause for worry: the value having been established in 1972, the product of the sale once deducted from it, the resulting gains are non-existent for taxation purposes.

[*English*]

In addition, however, there are three very important tax provisions which serve to lessen the impact of the tax. First, the farmer, having sold his farm, can invest the proceeds in an income averaging annuity. The result is that the entire taxable gain is no longer taxable in one year pushing the farmer into a higher tax bracket. May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CANADA OIL AND GAS ACT

MEASURE RESPECTING OIL AND GAS INTERESTS

The House resumed consideration of the motion of Mr. Lalonde that Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Deputy Speaker: Order, please. When the debate was interrupted at five o'clock, the hon. member for Athabasca (Mr. Shields) had the floor.

Mr. Jack Shields (Athabasca): Mr. Speaker, as I mentioned before the interruption in the debate, we are not really facing in this bill the priorities which face this country with regard to natural gas and oil. We should be dealing with the devastating effect of the national energy policy and the devastating effect this is having on all of Canada, but more particularly as it is aimed at western Canada and the producing provinces.

Have the members opposite really sat down and analysed the energy policy presented by their energy minister on October 28? I would like to suggest that they have not. What does the energy policy do? First, it reduces very significantly the cash flow of the companies exploring for oil and gas. Imagine, at this point when we are striving for energy self-sufficiency, we reduce the cash flow of the exploring companies which are going out and finding new supplies.

Where is this cash flow going now? The risk dollars of the energy exploration companies are moving south, are moving to the United States and are being welcomed there. The United States bankers and financial institutions are now advertising in western Canadian newspapers urging the drilling companies and explorers going down to the United States to deal with them and to bank with them. They recognize what is happening and they are welcoming them with open arms because the United States is serious about reaching oil self-sufficiency by 1990.

Whom is this misdirected policy hurting? First, it is hurting the security of this country. I maintain that the very nature of Canada is being threatened by this misguided national energy policy.

Today it is hurting directly the small independent drilling and service companies which are 90 per cent owned by Canadians. The Canadian Association of Oilwell Drilling Con-

tractors said last week in a report which they released that eight more rigs left Canada and 44 were shut down in the 17-day period since the association compiled its last report on December 19. This is at a time when drilling activity in western Canada, in northern Alberta and in northern Saskatchewan should be at an all-time high. We should not shut down drilling rigs in the wintertime in those areas where they are exploring for oil. This is the time when the muskeg is frozen and the oil well trucks can drive the equipment over the muskeg, set up the drilling rigs and explore for oil. This is the peak time in drilling activity.

● (2010)

An additional 174 rigs are out of service. This is during what is normally the peak time in the drilling season. We are talking about 147 small factories. That is what they are, they are self-contained small factories employing upward of 30 men. If 147 small factories were shut down in Ontario or Quebec, there would be a hue and cry out of central Canada that would drown everything across Canada. But, what did we hear from the Minister of Energy, Mines and Resources (Mr. Lalonde) during question period today? He pooh-poohed the idea. He said the figures were wrong and that this is normally a time when there is no activity out there in the frontier, out there in northern Alberta, northern Saskatchewan, northern Manitoba or northern British Columbia.

The combination of rigs moving out of Canada and those which have shut down have eliminated 11,360 jobs in the Canadian drilling industry which is 90 per cent owned by Canadians. We are not talking about multinational companies now; we are talking about Canadian ones. Decisions of individual Canadian companies that have moved equipment to the United States have eliminated 2,660 jobs in Canada. Not only are jobs being eliminated; the entire industry is being eliminated.

Drillers, derrick men and all these people take years to learn their professions and trades, yet we are expected to come in here and debate a bill which is aimed directly at frontier exploration and ignores completely the conventional oil industry. There is no doubt Canadian explorers are shipping funds to the United States. One just has to pick up the *Sun*, the Toronto *Globe and Mail* or any newspaper. They are telling what is happening; we all know what is happening. I find it unbelievable that we have to sit here, listen to the answers of the Minister of Energy, Mines and Resources today, and be complacent.

Why are they going south? There are better geological formations in Canada, there are better prospects for oil. Why are they moving? We have higher drilling costs in Canada, but we have a much lower net return on production. A Canadian well drilled in Canada finding oil, similar to a well drilled in the United States finding oil, will take 20 times as long to pay out. In other words, it will take an investor 20 times as long to get the return on his money which he deserves for the risk. If one did a *pro forma* on opening a hamburger store in Ottawa and compared it to opening one in Toronto and found that one's return would be 20 times quicker in Ottawa, then the store would be opened in Ottawa. That is what we are talking about. We are talking about nothing else. There is nothing complicated in it.

The national energy policy has written off the conventional oil fields in western Canada. That is why we are debating Bill C-48 rather than addressing the problems facing the country, that is, the lack of a secure energy supply, an energy agreement with the producing provinces and a realistic national energy policy. The entire program favours development in the frontier regions; it ignores the conventional oil potential of British Columbia, Alberta, Saskatchewan and Manitoba. It is there in the deep basin. Do members not realize that the conventional oil industry now in place in the deep basin is absolutely essential to our survival as a nation in the 1980s. We will not get the very expensive offshore Hibernia oil or the oil finds of the far northern regions in the Beaufort Sea to market immediately. It will take eight or ten years. We must rely on the conventional oil industry, and we are not. We are killing it with the national energy policy. We are absolutely devastating the industry. At the same time as we are devastating that industry, we are supporting and propping up nonviable industries in central Canada.

I should like to refer to the remarks of the chairman of Petro-Canada, the white-haired boy of the industry. He runs the company which gives Canada a window on the oil industry. Now he is suggesting there is no substitute for oil and that this country, like every other one, is inextricably involved in the world and in the geopolitics engendered by the supply and demand for petroleum. Also he is forecasting that we will face sporadic or chronic shortfalls in the supply of oil. Mr. Hopper said:

—the wellhead price of Canada's oil may have to increase by more than Marc Lalonde's $2 a barrel annually through 1983—

This is necessary if we are to finance new supplies. That is something which members from the western producing provinces have been saying for the past two years. But, Mr. Speaker, it has been falling on deaf ears. Mr. Hopper also says that the wellhead price for oil should be based on the replacement cost of the oil and not on today's production cost. Does that not sound familiar? The producing provinces have been saying that repeatedly for the last 18 months. It is precisely the opposite of what the Minister of Energy, Mines and Resources has been saying.

● (2020)

Lo and behold, Mr. Hopper also says that the goal of oil self-sufficiency is not attainable by 1990. He says it is an unreachable goal which the government has set itself, even if Edmonton and Ottawa immediately agreed on an energy package, for example, by permitting the oil sands in northeastern Alberta to be developed. In short, Mr. Wilbert Hopper, Chairman of Petro-Canada, disputes the fundamentals of the energy minister's pricing policy. But he draws our attention to the urgent nature of energy and oil and its effect upon the future.

Mr. Speaker, we are importing this vital commodity of oil from Venezuela, Saudi Arabia and Mexico at approximately $42 a barrel. We are subsidizing everyone who uses energy to the tune of at least $2 billion a year. More important, this $42 a barrel is going out of the country. It allows Venezuela and Mexico to improve their methods of production and their search for oil at the expense of the Canadian taxpayer. I find that absolutely incredible. What do we pay our own producers in western Canada? Some $17.75 a barrel—41 per cent of the price paid to other suppliers. Last July Alberta proposed a rapid increase in oil prices—but not that rapid, not $42 a barrel. Today, under Alberta's plan, rather than $17.75 a barrel they would be receiving $19.25 a barrel. That is $1.50 more per barrel. But this government would rather pay Venezuela, Saudi Arabia and Mexico $42 a barrel than pay Alberta another $1.50 per barrel. I wonder about those who are being called greedy and those who are. Who is ripping off whom? I wonder why there is a freeze in the relationship between Alberta and Ottawa? Why is there a threat to the new oil sands plants?

I would like to address the subject of these oil sands plants. Some $9 billion is to be invested in the plant at Cold Lake. There is another $9 billion waiting to be invested in the Alsands project in Fort McMurray. There is no one from either project coming to the government asking for help. The capital investment is there ready to be invested. Our oil supply will increase by 300,000 barrels a day when it comes on-stream, which reduces our dependence on offshore oil. It immediately creates approximately 14,000 jobs in the construction industry. More important, it stimulates the economies of Ontario and Quebec—central Canada. Where do you think the steel comes from? Where do you think the pumps and motors come from? I invite hon. members from Ontario and Quebec to look around in their ridings at the economic stagnation which is taking place. I ask hon. members to envisage how it could be revitalized by the kind of investment I am talking about—$20 billion.

Mr. Deputy Speaker: Order, please. The Chair has listened to the debate with considerable interest, but I would like to call to the attention of the hon. member that the bill before us is C-48, which deals with the specific subject of policy. It seems to be a general problem with this debate that some speakers are not directing themselves to the bill before the House. I invite the hon. member to do so.

Mr. Shields: Thank you, Mr. Speaker. The point I am trying to make is that the focus of Bill C-48 completely ignores the conventional oil industry in western Canada. This bill, as it relates to the National Energy Program, focuses all incentives on frontier areas and the offshore. In so doing it ignores the question of the very necessary supply which is needed for the 1980s. That is why my remarks moved in the direction of the conventional oil industry in Alberta. It is why I was trying to impress upon the members of this House, Mr. Speaker, and yourself, that it is a very shortsighted view the government is taking in this respect. Certainly we want to Canadianize the oil industry. Certainly we want to explore the offshore, the Beaufort Sea and in the north on Canada lands. Certainly we want to do this, but not at the expense of jeopardizing the conventional oil industry in western Canada.

Mr. Speaker, we are coming to a point where the western basin is being ignored. What we are doing is putting more dependence on offshore and foreign oil. Everyone knowledgeable in this area has said time and time again that there will be an interruption in that offshore oil supply.

• (2030)

An hon. member opposite earlier mentioned the Heritage Trust Fund. I would like to reply to his comments by suggesting that every province in this country has a heritage trust fund. Both Ontario and Quebec have heritage trust funds. For example, let us look at Ontario Hydro and Quebec Hydro. The trust fund which they have takes the form of a renewable resource which will go on and on and supply employment for the children of today and their children's children and will be vital to the economy. Conventional crude in Alberta will not be there in ten years or 15 years. The oil is being taken out of the ground in exchange for dollars which will be held in the fund for my children and my children's children. Why is that so hard to understand?

Of the two tar sands plants, it is estimated for each plant that $3 billion will have to be borne by the taxpayers of Alberta to pay for the costs of the infrastructure such as the expansion of highways, railroads, the building of new hospitals, schools and new towns out of nowhere and from nothing. That expense will shoot the hell out of the Heritage Trust Fund. I suggest that hon. members opposite get off that subject and quit harping on it.

Another hon. member mentioned the very generous contribution made by central Canada and particularly Ontario to the oil industry through subsidization in the early years. From 1962 to 1972 that total subsidy was $639,321. I will break it down into years. In 1962 Ontario consumers paid $3.06 for a barrel of oil. The price for a barrel of imported oil was $2.84. The difference in the price or the subsidy was 22 cents per barrel. The crude run in Ontario in 1962 was 85.2 million barrels at a total subsidy of $18,744. Jumping to 1970, in that year the Ontario consumer paid $3.13 per barrel. The imported oil price was $2.45. The subsidy, which was at its highest, was 68 cents per barrel. The total crude run into Ontario that year was 130.8 million barrels for a total of $88,944.

In 1975 the Ontario consumer paid $7.44 for a barrel of oil as compared to the imported price of $12.50. Hon. members will notice that the subsidy has now turned around. The subsidy borne by Alberta that year was $4.81 per barrel. From the year 1962 to 1972, the total subsidy paid by Ontario to the western oil industry and the Alberta industry was $639,321. During the period 1973 to 1980 the subsidy paid by Alberta was $9,911,850. Let's hear no more about subsidy.

Bill C-48 focuses on the offshore, the frontier and anything that is Canada lands at the direct expense of the heavy oil industry, the tar sands industry and the conventional industry

in the western producing provinces. I would like to refer for a moment to the increase in oil prices which were announced on December 31 by the Minister of Energy, Mines and Resources. This increase did nothing to encourage the further production of heavy oil or get people to go out and search for oil to carry us through. The government introduced a $6.01 tax on a barrel of sour crude. Sour crude has a high content of sulphur. Canada does not have the refining capabilities to break this sour crude down into light crude and consequently we have been shipping it to the United States. Once again we priced ourselves right out of the sour crude market to the point now where Koch Industries of Rosemount, Minnesota has reduced their purchases by 25,000 barrels per day at the direct expense of $500,000 per day to the Saskatchewan government.

The priorities of the government are not being addressed, and we are facing critical times. There are separatist sentiments developing in western Canada. Hon. members can believe me when we say they exist and they are there. Over the Christmas holidays I heard these sentiments expressed time and time again. There is a feeling of alienation, and it is no wonder when one sees self-contained factories being shut down as the result of policies of the federal government, which is insensitive to the needs and aspirations of western Canada. It is no wonder that a feeling of alienation is developing in western Canada when an insensitive document like the National Energy Program attacks the only healthy industry in Canada to the exclusion of all the other industries in Canada.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but the time allotted to him has expired. However, he may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: There is not unanimous consent.

Mr. Shields: I will close immediately, but I would like to express my thanks for your indulgence, Mr. Speaker.

Mr. Deputy Speaker: The hon. member's time has expired.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I wish to make some comments on Bill C-48, which is before us at the present time. I would like to make my comments in the context that this bill is part of the government's over-all energy program which daily forces Canadians to become more and more dependent on increasingly expensive offshore oil. That is the context in which we see this bill. It is an integral part of an over-all national energy program.

This bill will help to force Canadians into a position of greater and greater dependency on increasingly expensive offshore oil. There is ample demonstration of this fact in the newspapers and in the comments made on our radios and our televisions. Everybody knows that the offshore oil on which we are so dependent is going up, rising, increasing in cost steadily. In December the price of offshore oil to Canada went up by some 10 per cent, or anywhere from $2 to $4.50 per barrel. We are now paying this additional amount for this imported crude.

The OPEC countries and Mexico on which we are dependent for some 420,000 barrels of oil per day, raised their selling price last month by 10 per cent.

• (2040)

In so doing they added $585 million to Canada's international balance of payments deficit. There is no guarantee that the price for this offshore oil—which must be imported to eastern Canada if people who reside in that part of the country are to have the fuel which is necessary to heat their homes and to drive their automobiles—there is no guarantee that the price will not go up again in 1981, and there is no guarantee from the OPEC countries and Mexico that the price will not be jacked up further than the 10 per cent we have already seen this year.

Neither is there a sure and certain guarantee that these offshore supplies upon which we are unfortunately dependent, will not be cut back and reduced. That, too, is of great concern to us as is the fact that at any time the importation of crude oil from other countries could as well be cut back. In other words, Canada is vulnerable and increasingly vulnerable, to the vagaries of world oil supply and world oil price and will continue to be in that unhappy and unnecessary position as long as there is not enough domestic production to supply our oil needs.

Day after day we are reminded of the lack of security in offshore oil; of the lack of stability in offshore prices. Day after day we are reminded of the critical need for oil self-sufficiency in Canada.

The federal government's every effort should be directed to reducing our dependence on offshore oil in the face of the dangerous and costly struggles in the international oil scene. Every effort of the Canadian government should be directed toward achieving oil self-sufficiency, yet what have we seen in recent months? We have seen the introduction of a national energy policy, of which this bill is an integral part, which has done more to impede Canadian oil self-sufficiency than promote it.

Canadianization and self-sufficiency are supposedly the two main objectives that this bill sets out to attain. They are both worth-while objectives. No one can have disagreement with them. They are what Canadians want and what Canadians need. But those worthy objectives have been offset and jeopardized by the methods the federal government has used, by the divisiveness the federal government has caused and by the confrontational attitude the federal government has taken in its energy policy.

Bill C-48 is part of an energy package which has taken a toll on Canadian unity. I cannot recall a time in this country when regions were more bitterly divided, when people felt more powerless to stand the dictatorial actions of an insensitive majority government, when federal-provincial relations were at a lower ebb. I have to ask myself what has caused ordinary, decent Canadians whose belief in Canada has always been

unquestioned, to begin now to question that belief. What is it that pushed ill-conceived ideas of domestic boycotts and threats of retaliation to the surface? These are ideas that would have been considered ludicrous a few short months ago.

Sir, what has caused this, in large measure, is an energy policy put forward by a government that is insensitive to the mood and needs of Canadians just as it is insensitive to the international oil situation.

About a year ago both consuming and producing provinces had an energy package to which they could agree, an agreement which would have accelerated tar sands development and which would have brought resources to the east coast.

An hon. Member: Oh, oh!

Miss MacDonald: The hon. member from New Brunswick laughed, but this agreement would have helped out his part of the province.

This development would have brought resources to the east coast and would have protected those least able to afford it against price increases that even this government recognizes are inevitable. Those are the things that that energy agreement would have done. Instead of that, today we have dissention, we have dismay, we have distrust. We have no agreement and we have no protection for our consumers on fixed and limited incomes. From the reaction to this energy program and to this bill, we have no chance of reaching oil self-sufficiency before the end of this century.

The greater participation of Canadians in the oil and gas industry is something we all desire. It was very much a part of the former government's energy proposals. That participation would have been achieved by methods markedly different from the proposal set out in this bill but the goal would have been the same. The major difference is that this bill, rather than being part of an energy program which reflected a consensus, is a component of an over-all program which threatens both Canadian unity and Canadian self-sufficiency. That is the difference between the program that would have been in place under the former government and the one which this government is trying to force on the country.

The government's energy proposals have already stalled critical oil sands development and Bill C-48 will not restart them. The government's energy proposals have already driven drilling rigs and oil companies to cut back on their operations; indeed, to leave the country. Bill C-48 will not bring them back. They have already caused a serious setback to our exploration and our development potential. Bill C-48 will not make up for that loss.

If anyone has doubts about whether the statements I have made are correct, they need only look at the headlines in the newspapers day after day. On January 6, the headline in the Ottawa *Citizen* was, "Energy Policy Job Toll 40,000 say Oil Drillers". In *The Globe and Mail* on January 7, the headline was "New Federal Tax May Shut Oil Field in Saskatchewan". These are the things that the energy proposals are doing.

The tragedy is, Mr. Speaker, that none of this need have happened if the Liberal government had been willing to make a greater effort to produce an energy policy that did not deliberately set out to alienate the provinces and the industry, which are two necessary partners for a national energy program.

Today we could be debating a bill that really would offer Canada a larger stake in its oil industry as well as a secure energy future. But instead, we are debating a bill the goals of which have been undermined by the Liberal government.

We are debating a bill, the potential of which is sadly diminished by the context in which it is placed. We are debating a bill, of which the chances of success in achieving Canadianization and self-sufficiency are next to impossible, given the damage that the Liberal government has already inflicted on Canada's energy industry. And this damage is done at a time when both these goals of Canadianization and self-sufficiency are of critical importance. Canadianization, because we must be assured that the Canadian people, not the government corporations, not the multinational companies, but the Canadian people, have a say in how their resources are developed.

Self-sufficiency, because of the very precarious state of oil supplies internationally which could make any dependent country—even a country like Canada—hostage to external pressures.

We certainly do not want Canada to become any greater a hostage to international oil suppliers than it already is, but that is what we are well on the road to becoming, unfortunately. The proof, all too sadly, is readily apparent.

With tar sands developments stalled, with oil rigs drifting away, with money available for energy investment leaving the country, Canada's production of oil and natural gas is declining, not increasing.

● (2050)

With that decline in domestic production, we become increasingly dependent on unstable, expensive, unreliable supplies of foreign oil with all of the international pressures which that entails. When I spoke in this House on this subject last July, and again in December, I accused the Liberal government of allowing us to drift into greater dependency on offshore oil.

An hon. Member: You were wrong.

Miss MacDonald: Yes, I was wrong. Indeed I was wrong. Then I thought they were allowing us to drift into greater dependency on offshore oil. Now I know they are directing us into greater dependency on offshore oil through this so-called National Energy Program.

The motion which we were debating in the House last July warned against the Liberal government's indifference to the consequence of the global oil crisis and it condemned the government's failure to provide an energy program that would

make us energy self-sufficient. That was the motion before us last July.

At that point I and others were condemning the government's failure to produce any kind of an energy program. Little did I think their failure to produce an energy program at that time would bring on the present monstrosity. In its total preoccupation with one-upmanship in the energy field, the government appears even more indifferent than it was last July to the critical nature of the international energy crisis, what is going on in the world around us, even though that international crisis has assumed more threatening dimensions in the last six months.

At that time the minister responded to my remarks about international tensions by rehashing the February 1980 election campaign, even though I pleaded with him to consider Canada's situation in the face of increasing volatility in the oil rich Middle East. That was last July when we debated that subject. I urged him to look at what was going on in the rest of the world and the way in which international tensions were mounting in the rest of the world.

Since then we have seen the outbreak of hostilities between Iran and Iraq, a conflict which dramatizes the instability of that region. It, of course, accentuates the vulnerability of those countries which are dependent on that part of the world for their precious oil supplies. Canada, unfortunately, is in part one of them.

Since the Iran-Iraqi conflict began, we have seen a reduction of some four million barrels per day in the supply of oil to industrialized contries. That is the amount to date. However, there is nothing to say that reduction will not be stepped up. Neither can we be sure the conflict will not spread to neighbouring oil producing countries. We were fearful just a couple of months ago that that could happen with regard to Syria and other countries in that region.

Furthermore, we have to look at some of the other strategic points in that area, such as the Strait of Hormuz. Through the Strait of Hormuz pass two-thirds of the world's oil supply and they became of even greater strategic importance than they were heretofore. They lie not far from the eye of the Iran-Iraq storm. It is assumed that the vital lifeline of tankers through the Strait of Hormuz will continue and there will be no interruption of operation of supplies through that part of the world, but such assumptions should be regarded warily. We cannot take anything in that part of the world for granted.

Even if the Iran-Iraqi conflict were not to spread, even if there were no further reductions to western oil supplies, is the government sensitive to the impact on the western world that the current conflict would have if it were to continue for any length of time with the cutbacks that have already been put into effect? Is it sensitive to the fact that the lengthening of this war is having an increasing impact on industrialized nations which have to get their oil supplies from the Middle East? As it is, the war has already continued for much longer than was originally forecast. There is no sign of any cessation of hostilities. We only know that this cutback in production is going on day after day.

I can almost hear government members say, "Well, it won't affect Canada much because our supplies from Iran are nil, from Iraq minimal". However, what the government must realize is that Canada, because of its dependency on offshore oil, cannot isolate itself from the impact the loss of Iran-Iraq oil supplies is having on other countries and, of course, on price.

Let me quote from an analyst who has been following the critical global situation much more closely than the Liberal government appears to be doing. Melvin Conant, a Washington-based international oil consultant, states in the November 15 edition of *The Financial Post*:

> Whatever so-called over-supply existed before the Iran-Iraq war has evaporated. There is no evidence that OPEC will make up the production losses from Iran and Iraq. We can look forward to a major price increase in the future.

That was the analysis given at that time by Mr. Conant, who is known as an international oil consultant. His prediction in mid-November has certainly come true. When the OPEC oil ministers met in Bali last month, December, foremost on their minds was the conflict between Iran and Iraq.

Robert S. Pindyck of the Massachusetts Institute of Technology, writing in *The New York Times* the very day that this bill was given first reading, December 9, estimated that should the Iran-Iraqi war continue for any length of time, world oil prices could rise from 20 per cent to 35 per cent. Even though the OPEC increase is as of December only 10 per cent, we have no guarantee how long it will last or when the next increase will take place. OPEC prices went up in December and January of this year anywhere from $2 to $4 a barrel U.S.

Saudi Arabia, from which we buy 45 per cent of our offshore oil supplies, jumped its price to $38.50 a barrel Canadian, but that is not the end of those increases by any means. Sheik Yamani of Saudi Arabia made the prediction that the price of oil could hit $50 U.S. a barrel, which is $59 Canadian, by next spring, in the next two or three months, if the Iran-Iraqi war continues, and it certainly shows no sign of ending.

Sheik Yamani went on, and I quote from *The Globe and Mail* of Wednesday, December 17, where he said:

> If the Gulf war carries on for much longer a mood of panic will develop on the markets, and if there are no reasonable reactions from western governments, then you'll get this price soon enough.

He was predicting that by this spring prices would go up to perhaps $50 a barrel U.S., $59 Canadian. We have to remember that Canada brings in 45 per cent of its offshore production from Saudi Arabia. The irony of all of this is that the government is willing to pay Saudi Arabia $2 more a barrel this month for its oil. It is willing to pay Mexico $4 more a barrel this month for the oil we receive from there. It is willing to pay Venezuela $4.50 more a barrel this month for the oil it has been selling to us, but the government has not been willing to even listen to the proposals put forward by the producing provinces in Canada. It is not willing to discuss their pricing proposals, proposals which would cost Canadians far less than the world prices we must now pay and continue to pay for offshore oil.

• (2100)

We pay Saudi Arabia $38.50 Canadian for a barrel of their oil. We pay Mexico $42 Canadian a barrel for the oil they send us. We pay Venezuela $45 Canadian a barrel for the oil which that country ships to us. The Prime Minister (Mr. Trudeau) is presently shopping in Nigeria and Senegal for additional supplies of offshore oil at OPEC prices yet the government is not willing to go beyond $17.75 for the oil it gets from the producing provinces in Canada.

I have talked to many people during this recent recess and they cannot comprehend how a government is prepared at any time to countenance prices of $45 a barrel from Venezuela or $42 from Mexico and at the same time is unwilling to discuss anything beyond paying $17.75 a barrel to producing provinces in this country. The situation is getting worse. It is not getting better. Not only will the prices rise sharply, but so, unfortunately, will the quantity, the supply of offshore oil that we have to import. That, too, will take a dramatic leap upward, mainly because of the way in which energy proposals are being foisted on this country. Every responsible forecast that I have seen projects this unpleasant truth.

If there is an uncertainty over price in the international agreement, there is absolutely no certainty whatsoever that the quantities, the supplies which oil importing countries will have to obtain—countries such as Canada—will be there just for the asking. Surety of supply cannot be guaranteed to us, especially as the amount which is required increases.

It will be remembered that the Canadian government had a severe jolt to its complacency last month over our offshore oil supplies. Surely the government needed no sharper reminder that our increasing dependency on an unstable and increasingly expensive supply of oil is courting disaster. Surely the government needed no greater reminder than the recent news from Mexico. You remember what happened in December with regard to supplies from Mexico, a supposedly reliable supplier, Mr. Speaker. Half the December shipment to Petro-Canada from Mexico has been lost because of Mexican port disruptions. It was in December we learned that our imports from Mexico had been cut from 50,000 barrels to 25,000 barrels. In January, just the other day, we learned, as reported in the Ottawa *Citizen* for January 7 that "Bad weather cuts Mexican shipments of oil to Canada", and that that 25,000 barrels a day was reduced to 20,000 barrels a day this month. So there is absolutely nothing guaranteed with regard to security of supply from offshore suppliers.

Petro-Canada, we are told, is attempting to make up the annual 750,000 barrels shortfall from Mexico, but it has to do so in a situation where supplies are becoming increasingly strained. In trying to make up that shortfall, Petro-Canada has encountered the reality of the world oil situation, a very clear hard reality. Petro-Canada has found, as this government has found, that the Iran-Iraqi conflict and other factors of supply and demand have caused world oil surpluses, which were of a temporary nature only, to evaporate. Shortages in the global oil supply are now predicted in the next few months. *The Financial Post* for November 15 estimated the global oil shortage as possibly reaching 2.2 million barrels a day, slightly more than Canada's total consumption. That was their estimate of the shortfall by early 1981. That is an astounding figure to have presented to us, sir. It is a figure which everyone should consider as most alarming.

Last July when we were debating there might be a shortfall in the future in the global oil supply, I referred to earlier predictions by the International Energy Agency. Last July the International Energy Agency anticipated a global shortfall between supply and demand of some three million barrels per day by 1985. It was in 1985 they thought we might arrive at a global shortfall of three million barrels per day. But instead, we find, at the beginning of 1981 that the predicted shortages of 1985 are almost upon us. The global oil shortage will soon be acute. What a time for Petro-Canada to have to go shopping to make up an unexpected cutback from so-called guaranteed deliveries. But that is the situation in which we now find ourselves.

This drastic turn of events must have preoccupied the energy ministers when they got together at the International Energy Agency meeting in Paris last month. The official press release stated at the end of their meeting the following:

> Ministers noted with concern the events in the Middle East which have cast new uncertainties on future oil supplies and pose a potential severe threat to the world economy.

Those remarks were in their statement at the conclusion of their meetings. The ministers noted this with concern. I bet they noted the Middle East events with concern. I bet they talked of new uncertainties in future oil supplies, and I hope our minister of energy paid heed to what was going on because these uncertainties have far-reaching implications for Canada. In a world where global oil demand will soon outstrip supply, we cannot expect to be handed a privileged place. We cannot expect to be handed a privileged position as long as we are dependent on offshore oil. We cannot presume to be able to buy priority. Increasingly Canada will have to compete with all other oil importing nations of the world. That is the situation in which we will find ourselves. We will have to compete with the rich nations, with the poor nations and with the influential nations. The demand from the Third World will not diminish nor can we afford to deny to those countries the energy they need to rise above the subsistence of abject poverty. Their demand is greater than ours, a fact increasingly apparent throughout the world's capitals.

• (2110)

Whether it be because of recognition of the Third World's moral right to non-renewable energy resources after decades of western extravagance and waste or because some nations find it pragmatically expedient to assist them, these Third World countries will certainly require and receive a greater share of the world's oil supplies than they have in the past. They will increasingly be dipping into the limited amount of supply which will be available on the world's oil markets.

However, the Third World is by no means the only bloc of countries which will be seeking a larger share of increasingly

limited global oil resources. Other major international events could well drive the Soviet bloc onto the world market. The unrest in Poland poses a tremendous dilemma to the Soviet Union, which has already informed its satellites that they cannot count on petroleum supplies from the U.S.S.R. to meet their increasing demands. Despite recent reports of huge oil reserves in the U.S.S.R., most analysts feel that even if those reports are correct—and they have their doubts on that score—they believe Soviet technology is such that no significant production could take place from those reserves in less than ten years.

But the need for the Soviet Union to help provide economic stability in the Soviet bloc countries exists right now. It cannot be put off for ten years. Even though the U.S.S.R. has served notice of cut-offs of oil to the satellite countries, given the unrest in Poland and given the economic problems in that and other countries, does Russia dare to proceed with its cutoffs? If it finds that it cannot, will the U.S.S.R. then seek to purchase this oil on an already tight open market, or will it act in such a manner as to destabilize further the Middle East? Some of these may be considered imponderables, but they are matters which must be considered when we are devising our own national energy program. The reality of the global oil scene is that there is conflict, there is increasing instability in the Middle East, there is a growing need for oil in Third World countries and there is uncertainty about the source of supply for Soviet satellite countries. All these things have a bearing on supplies of oil which are available through world oil markets.

All of this has a bearing on what Canada should be doing to make itself oil self-sufficient at the first and quickest opportunity. This should be done just as quickly as possible. However, the national oil and energy policy which this government has put forward in no way aspires to meet the conditions I have described. In so way does it take them into account.

That brings us to this very bill, which is part of the government's national energy policy, a policy which is prolonging the day when this country will achieve oil self-sufficiency.

I wish I could be more charitable toward the government's energy policy and its actions, but that simply is not possible for any Canadian who is concerned about the future security of this country. The government has arbitrarily said about its energy policy, "We will do it our way", even though that way is wrong. The government does not seek consensus; it does not consider; it does not consult; it resorts to unilateral action, which is the only thing it seems to know how to do. In doing so this government damages our ability to become oil self-sufficient.

If the government had set out deliberately to decrease our production and to make us more vulnerable to Middle East instabilities and international oil pressures, it could not have been more successful.

In the past few weeks, as a result of the national energy policy the whole of the tar sands development has been stalled indefinitely. The provinces have suffered declines in the hundreds of thousands of dollars from the drop in lease sales. Canadian companies are complaining bitterly about this program, which the minister tries to argue is meant to aid their growth. If I were to take someone who would be considered unbiased from a Conservative point of view, I could quote Premier Blakeney of Saskatchewan, who said when he spoke last month that the first companies to go under as a result of this National Energy Program will be the small independent Canadian companies. That is what Premier Blakeney of Saskatchewan said. It is a pity some of his colleagues in the New Democratic Party did not listen to him more.

Mr. Wilson: They never listen.

Miss MacDonald: Exploration in the north has been cut by 40 per cent or more for the coming year. That is research and development for which there is no replacement on the horizon, and this bill is no panacea for the ills I have listed.

This bill will not make up for the jobs Canadians have lost and are continuing to lose. It will not make up for the decline in productivity or for the extra costs each and every Canadian will have to shoulder as a result of our increasing dependency on expensive offshore oil. If we are to avoid squandering our grandchildren's future as we have begun to squander that of our children, we must reach oil self-sufficiency, and we must do it as quickly as we can. To do that we must use a carrot and not a stick. We must use co-operation and not coercion. We must employ Canadians, not drag them away. The industry needs stimulation, not a cold shoulder. Oh, I know the government will tend to dismiss such objections with a wave of the hand and will say that Canadians will reap such and such a reward if they accept this policy. It is unfortunate that members of the government did not consider the need for a far-sighted Canadian national energy policy when they were allowing so much of our precious oil supplies to be shipped out of this country at bargain basement prices over the last ten years.

I seriously urge the government to re-examine the priorities behind the national policy of which this bill is a part. I ask members of the government to do so in the light of the realities which exist in the world today and which will continue to exist. I ask them to do so in the light of the shortages in oil supplies which will be facing us globally. I suggest to them as well that we cannot afford to continue adding year in and year out to our mountainous national debt. I ask them to act in unison with the oil producers and the provinces in getting on with the National Energy Program. If the government will do that, Canada will attain oil self-sufficiency and control of its resources much more quickly than anything the National Energy Program and this bill now propose.

• (2120)

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, Bill C-48 constitutes a fundamental and important element of our national energy policy. However, it should be pointed out that this is not the only bill which will result from our national energy policy. This evening, the previous speaker

stated at the very beginning of her comments that, indeed, she considered this bill as an element, but only an element, of a comprehensive energy policy, on which point she elaborated, and I have nothing to say against this.

Following presentation of the budget, our national energy policy became public, and this has opened the door to a lengthy debate in the House on the important matter of energy. Members on both sides of the House spoke on energy matters during the six days of the budget debate. We then heard speeches on energy and the national energy policy during the six additional days of debate on the proclamation of various sections of the Petroleum Administration Act which were granted at the request of the official opposition. Hon. members have therefore had a total of 12 days to express their opinions concerning our national energy policy. This single element of our over-all policy has already been the focus of debate. We are now in the fourth day of debate at the second reading stage, and if we add these four days to the 12 days I have already mentioned, we get a total of 16 days of debate on energy.

I would like to point out that this is only the second reading stage, that other legislation concerning energy will be debated in the House, and that I am happy to see that hon. members have so much time to discuss this fundamental question. However, everyone will understand that if we want the business of the House to proceed in an orderly manner, we cannot allow unlimited debate on every bill concerning this issue. We had expected this bill to be referred to the appropriate committee for further consideration before the Christmas recess.

I must say that we were disappointed because even though there had not been any specific agreement on this matter, it was still possible and logical to expect this bill to be referred to a committee while the House could then have gone on to some other legislation concerning either the economy or energy. It seems to me that it would have been logical to allow the House, through its various committees and its particular structure, to examine at the same time in committee the matter of energy, the constitution and the economy, so that Parliament could also deal with the other bills on the order paper which deserve our consideration.

Mr. Speaker, a modern Parliament should be able to react and respond to the pressing needs of daily reality in a modern state. As we now have about 40 items on the order paper and although we are compelled to deal with the economy, energy matters and the constitution, everyone will understand that it is impossible in the present circumstances to allow a single stage of a bill to take up so many days of debate at the expense of the other bills and legislation which it is our duty as a government to have the House consider in the best interests of the Canadian people.

It is therefore without hesitation—and I am not in the least embarrassed to say so—that I give this evening the notice required by Standing Order 75C. As this bill is now in its fourth day of debate and will take up the time of the House again tomorrow and probably Thursday, which will make a total of nearly six days of debate at the second reading stage, I have no hesitation in stating that, under the provisions of Standing Order 75C, I shall move a motion tomorrow asking that one additional day of debate be granted at this stage.

I have not been able to come to an agreement with my colleagues, the other House leaders, under the provisions of Standing Orders 75A and 75B concerning a reasonable time limit to conclude second reading of this bill. As required by our rules, I have offered to meet with them and discuss what additional time would be required to dispose of the second reading stage of this bill, and they clearly stated that it was impossible to reach such an agreement. This is why I feel quite justified—

[*English*]

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I rise on a point of order. In the last five minutes I have been listening to a breach of rules of the House. We are discussing here Bill C-48. In no way are we discussing the procedure of the House with regard to this bill. I should like to suggest to the government House leader that if he will be found guilty of such a breach of the rules of this House, he should not be in the position he now occupies. When we want to discuss the order of procedure in the House, we do it on motions, we do not do it on the pretence of debating a bill.

The Acting Speaker (Mr. Blaker): Order, please.

Mr. Hamilton (Qu'Appelle-Moose Mountain): You do not follow any such procedure—

The Acting Speaker (Mr. Blaker): Order, please.

An hon. Member: You are disrespectful of the Chair.

The Acting Speaker (Mr. Blaker): I am not sure I follow the argument of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). On a point of order he seems to object to a procedure which has been followed by the minister under Standing Order 75C. If that is the point of order which the hon. member is raising, I will listen to it, but my understanding of his words is that he is objecting to the use of the particular procedure.

Some hon. Members: No.

Mr. Hamilton (Qu'Appelle-Moose Mountain): That is the very point, Mr. Speaker. We are debating here Bill C-48 which is a bill on part of the national energy policy, and yet a minister of the Crown has stood up and discussed procedures leading up to the announcement of a motion under Standing Order 75C. I am simply saying that he is out of order in doing it during the discussion of the bill. He can do it on motions, which is the proper time when a government announcement should be made on this sort of thing, but he should not take up the time of members for the debate of this important bill.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The minister is probably rising to defend his right under the procedures of the House to give notice of a motion under Standing Order 75C. He is perfectly in order because a notice of motion under Standing Order 75C has been given by a minister rising in his place at various stages of the proceedings. There is nothing wrong with the minister doing so at a time he chooses during his speech. This is in order and has been done previously.

[*Translation*]

Mr. Pinard: Mr. Speaker, I certainly have no intention of discussing or criticizing in any way the ruling you have just given, nor even of congratulating you on it which, I think, would be contrary to our rules. So, in accordance with the Standing Orders of the House, and having been given the floor, I gave you the notice required by Standing Order 75C and, more officially, you know that one additional sitting day will be allotted to study this bill when I present a motion to that effect at the next sitting of the House, tomorrow.

Mr. Speaker, I now end my remarks in order to give my hon. colleague the opportunity to speak this evening, since he seems to have something to say. In any event, he will have this opportunity tomorrow and Thursday. He can also do so in committee, at the report stage, and on third reading of the bill; moreover, he will get a chance to discuss the energy policy when all the other bills come up for study; as far as I am aware, at least three other bills are to be introduced in the House in the coming weeks or months. He will then have every opportunity to express his point of view and discuss our national energy policy.

I am not sure, but I believe he rose a while ago on a point of order on which the Chair ruled. I hope he does not take offence because we are asking that consideration of this bill take place in committee. During the oral question period today, his own leader, unless I am mistaken, or someone from his party, with the approval of his leader, asked specifically that witnesses be heard on our energy policy, to which the Minister of Finance (Mr. MacEachen) said something to that effect: of course, refer the bill to committee and hear such witnesses as may be needed to enlighten the hon. members both on the spirit and the letter of Bill C-48.

So in short the government is giving the House the opportunity to refer to committee a bill dealing with energy. Others will be studied here in the House. The House is being given the opportunity to refer this bill to a committee for consideration while the House tackles other urgent and important problems relating to the budget, our energy policy or our renewed federalism. That, Mr. Speaker, is the reason why I rose to speak at this time this evening. I do not blame any hon. member in particular but there comes a time when someone must assume the responsibilities to govern and conduct the business of the House as provided for under Standing Order 18(2). Since I know that some bills on the order paper deal with our energy policy, that others deal with the budget and the constitution and being aware of the limited time at our disposal, it is my duty as government House leader to see to it that this institution will remain worthy of respect. After a reasonable period of time, and in 1981 it seems to me that ultimately five or six days of debate on the second reading of a bill which is a single item of a comprehensive energy policy are a proper period of time.

We have only to consider what goes on in Parliaments which are facing like us urgent problems and want to be realistic. One only has to see what goes on at Westminster in London, for example, where a time limit is set more often than here. You will understand, Mr. Speaker, that we are justified under the circumstances, if we want to assume our responsibilities properly, in giving you notice that tomorrow I shall move the said motion. With respect to the formula, I wish to advise the House that in spite of consultations with party representatives, it was impossible to agree on the application of sections 75A and 75B on second reading of Bill C-48. I therefore have the honour to advise the House that at a later sitting I shall move a motion under section 75C to allot another sitting day to the second reading of Bill C-48.

• (2130)

[*English*]

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I thank the hon. member for Assiniboia (Mr. Gustafson) for sitting down and letting me make my remarks. I was shocked when I saw a minister recognized by the Chair tonight to speak on Bill C-48 and then proceed into a discussion of what the debate was about, the energy policy, and the oil and gas regulations. He did not make any announcement of his intention to move a motion under Standing Order 75C. There is no course for an hon. member on this side of the House but to object to it as a breach of what should be the subject of this debate. If he had moved his motion at the very beginning, because that is what he spoke on, it would have been in order. But, the announcement has been made, and I have no more to say about it.

In plain terms all I want to say is that Bill C-48 is bad legislation in principle. It is bad legislation in economics. It is bad legislation for the preserving of the national interest. This debate has been carried on for only a few days. I have heard only three or four speakers who have dealt with the principles of this bill in the debate. Several members on both sides of the House have risen on points of order to point this out. I do not fault the Chair because this bill is part of a national energy policy, but 90 per cent of the debate has dealt with an energy policy, not with this very important bill which deals with the administration of that energy policy in so far as the Canada lands are concerned.

The Canada lands are not a petty little subject to be passed away with three or four days of debate. We are talking about one of the trump cards of the resource wealth of Canada. Throughout history we in Canada have waited patiently to achieve the desired future, when the world would come to

realize that we in the country had what they needed. We in northern Ontario and Quebec, in northern parts of the prairies and in the north generally—and I define the north as 50 miles out of Toronto—have waited patiently for our hour to strike, and it has struck now.

I recall my speeches in the House when I was on the government side in 1957 and 1958. The Paley report in the United States pointed out in 1952 to the American government and the American people that they would be in great danger on strategic items of energy and resources by the year 1980. On behalf of the government I stated that in our view it was Canada's opportunity. That is why we had to strike north in the northern development program; that is why the road to resources are directed toward the north; that is why the oceanography institute was put in at Bedford basin; that is why the hydrographic surveys were conducted of the north; that is why the polar continental shelf exploration program was set up and still continues; that is why we drove the Americans out of the north. It was to take every opportunity to protect the great wealth, the high trump card of the wealth of the north. These Canada lands do not concern the lands of the provinces. There are a few Canada lands in the provinces, but in the main they are located in geographic areas outside the provinces, in fact 99 per cent of them. Approximately 42 per cent of the area of this country is Canada lands in the north, that is, above sea level. But in addition under international law we have the sovereign right to develop the bottom of the sea off our coasts half way across the oceans, until we meet the other nations developing the bottom of the sea off their coasts. It includes the Atlantic, the Arctic and the Pacific oceans. It is international law, not the 200 miles mentioned in this document. It indicates that the law officers of the Crown do not even know international law.

We are debating not only oil and gas, but a philosophy of regulations which deals with all hydrocarbons in this legislation and ultimately will extend and deal with all our minerals. The wealth of the minerals will be much greater than the wealth of hydrocarbons; they are immense. I speak with feeling because this is a subject which some of us have followed for a lifetime. The oil and gas regulations of this country have been dismal.

Going back recently in history, we accepted the American-style regulations in the 1920s and 1930s in the four western provinces. Those regulations were not only lousy; they were uneconomic and unsound in every way. They led to the high grading of our oil, and when we high grade oil and leave the balance in the ground, it is waste. No matter how good or extensive our recovery systems are, the oil is left in the ground forever. In all the proven fields in Alberta, 75 per cent of the oil still lies in the ground, and they want to repeat that mistake in these regulations in an area which is many, many times greater than the western oil basin.

We can look at those regulations and see that every mistake made in the American regulations is back in there. In 1961 we got away from that in Canada when we put through the regulations on Canada oil and gas lands and mining regulations. It was a compromise type of regulation, but it accepted part of the concession principle and part of the flexible grid system. We tried to have our philosophy clear in mind. It was a big improvement.

The last time the House debated Bill C-48, the hon. member for Calgary Centre (Mr. Andre) told us that the history of regulations since 1963 has been sad indeed. The government which was elected following our government in 1963 in due course put those regulations into abeyance to study them. We did not really get new regulations until 1976 when they were announced by the then minister, Mr. Alastair Gillespie. The Conservative party supported those regulations brought in by the then minister because they were an improvement over what we had before 1961. I spent four years of my life battling with oil companies in the United States, in Britain and in Canada. The record tells the story. In the September 1959 edition of the American *Oil and Gas Journal*, my terms for outside companies coming into Canada were set out in bold face print. They were not perfect regulations, and I knew they were not perfect. It was an effort to carry out the philosophy which all parties should and do hold. These oil resources—and I don't just limit them to oil, it applies to minerals and gas as well—belong to the people of the country. They can be in the provincial right, or in the federal right. It is our duty to see that we, the people, get the most out of those regulations, most of the value out of that oil, if one may use oil as the example. The regulations of 1976 were not perfect; they were really just a new version of the 1961 regulations, and we supported them. I do not think it is possible to ever achieve perfect regulations, but we should know what we are trying to do. We are trying to protect the interests of this and future generations so that we may get most of the value back into the hands of the owners of the resource. To achieve that purpose you must realize you are working with a partner, a partner who takes the risk of failure. You must provide in a fixed pledge how those resources will be shared so that the partner is sure that if he goes ahead and takes this risk that on the average he will receive enough return to make a profit. Years ago that figure was lower than it is today, but today you almost have to guarantee to your partner at least a 25 per cent return on a risk venture in our Canada lands.

• (2140)

I have proposed in this House, when the Hon. John Turner was finance minister and the Hon. Donald Macdonald was energy minister, that there was a way we could achieve this. As my record demonstrates, I have tried to be constructive with the government even though it was a different political party. The words of the former minister of finance, John Turner, bear me out. He thanked me for my proposals and the work I had done. The same goes for Mr. Buchanan. They recognized what I was trying to do with what little knowledge I possessed. But in helping the government get regulations, we not only gave the biggest share we could to the people but we also made it liveable for the partner. You cannot operate a partnership if the deal is not mutually advantageous to both sides.

In terms of percentage we are talking about a 60-40 split in the Canada lands—60 per cent for the people and 40 per cent for the guy who is taking the risk. That gives a net return, after the debt is paid back, of about 25 per cent. That is what they are doing in the British and Norwegian oil lands by copying our 1961 regulations. So when I speak on this subject I do so with feeling because I have seen the high grading that went on in western Canada for 50 years. I have seen millions and billions of dollars worth of value left in the ground because of poor regulations since the provinces accepted willy-nilly the regulations we inherited from the United States. This is not a matter of debate just in Canada, it is the subject of debate in Venezuela, the Arab states and all over the world. The best book on this subject was just published by Americans two years ago about the resources of the future. It was entitled "Economic Aspects of Oil Conservation Regulation". I find nothing in these regulations which deal with the most economic recovery rate or which deals with the difficulty of getting all the oil out of the marginal areas of the field.

These are not political, partisan remarks, Mr. Speaker. I am speaking as one Canadian, as is everyone in this House. I think of all the mistakes we have made in Canada over the last 50 years with regard to oil and gas regulations and the fact that we tried to get out of those mistakes from 1957 to 1961 and again in 1976 and 1977. This party in the opposition supported the government in 1976 and 1977 on their regulations. So when I speak it is with very deep feelings since this is the end reward of the dream which many of us had, that one day Canada would become a great nation of resources, well-managed, and where you take out the most barrels you can economically and not repeat the horrible mistakes of the United States where their oil and gas regulations encouraged people to put wells side by side, creaming off the top grade oil. If your porosity and pressure is such that you lose it, you do not get the oil out.

There are tremendous numbers of people all over the world, and in Canada too, who know the principles of reservoir engineering. There is no recognition of that in the regulations which are before us. This is a vital part of the energy policy, how to get the maximum number of barrels of oil out with all the best technology we have got. That can only be done in the regulations which guide the people who run the industry. In the government we do not have very many experts on oil and gas regulations. As a matter of fact, we do not have them on oil and gas policy, as the blunders of the last two or three years illustrate. We do lack skilled people at the federal and provincial levels to deal with these oil and gas regulations. In my case, as minister in charge of all resources in the north, I could not find a single soul in my department who knew anything about oil and gas regulations, so I had the Civil Service Commission provide me with one. The man they chose was a top-level civil servant from Saskatchewan who had some idea of philosophy. He was the one who helped me draft the 1961 regulations. This government was aware of the crisis developing in 1973. I went to the minister of energy, mines and resources and pointed out to him that his department did not have qualified people in it to deal with the oil and gas industry. I suggested that he should get some. He got them all right, three or four of them. But one of them went out of there like a scared rabbit, and he ended up in charge of a Crown corporation called Petro-Canada. He did this because the pay was better and because there were no responsibilities to government. Others had to sneak back to the Department of Finance where they belonged—nitwits to nitwits.

I am warning the government, as a Canadian to Canadians, that this bill should be withdrawn, not by closure, but withdrawn entirely. It should be redrafted. They should try to find somebody in the legal department in the Department of Justice who understands international law. They should try to get someone who understands the philosophy and the principle of oil and gas regulations. The Americans are well aware of the tremendous amount of work which has gone into examining their mistakes. The book I referred to earlier gives a good account of this. Let us learn from their mistakes and our mistakes. After 1961 Venezuela, the Arab countries, Norway and Great Britain looked at Canadian regulations and accepted the principle of sharing. They moved away into the concession principle and brought in the principle of no charges to the oil and gas company until they had paid off the debt. Then the PIR came in—progressive increments for royalty. They moved ahead and the oil companies in the United Kingdom know that they will receive after all the money is back, 25 per cent as long as that oilfield lasts. That was in the 1976 regulations. Let us go back to what was concluded in 1976. The words were "Conservation is the key." Conservation means to get the most barrels at the most economic price and not be guilty, as the Americans are and the provincial governments in western Canada are, of leaving 75 per cent of the oil in the ground. In most cases it is gone for ever. I know about secondary and tertiary recovery—which is another subject. I appeal to the hon. members on the government side who are left to believe that I am not just making a partisan attack on the government.

• (2150)

The ministers of the government do not have the personnel who know the first thing about this matter behind them. There is one civil servant who I brought to Ottawa and who is still here who knows something about the matter, but he is now dealing with a cultural subject. The government always gets rid of these people who know something about the matter by putting them in a position where they are never seen again. I suggest that the government drag him back to the living world and put him to use, and bring in some other people. I could recommend some names myself. These are men who put their country high on their list and who hate to see us going ahead in this matter when there is all this experience on the continent and in the whole world which would enable us to go out and recover 25 per cent or 30 per cent of that oil through primary techniques, secondary techniques and tertiary techniques. We can do it under the knowledge that Parliament is directing those people.

During the ten minutes I have left, I would like to speak about the current proposal. This proposal has turned back the

clock of history with regard to oil and gas regulations in Canada by 50 years. We have gone back to the same blunders which the Americans experienced years before us and what we have experienced in western Canada over the past 50 years. There is a way out of this squabble with the producing provinces whereby the federal tax collector, who is so greedy for money he will even steal, can get more money and the provinces with their civil servants, who are so greedy for money that they will even steal, can get more money, if they use the basic economic facts before them. If one looks at the history of oil costs in Alberta from 1920 to, say, 1950—and I know those figures—one will find that 75 per cent of the cost of producing a barrel of oil takes the form of interest costs. Many of the oil companies had to spend most of their money which they made from oil to pay off these interests costs. Because they were selling reasonable volumes after 1960, the companies were able to get along and grow.

If one goes back and reads the record, one will see that I put those proposals before the minister of finance, the Hon. John Turner, in 1973 or 1974. I showed him something which his officials or the officials of the big oil corporations could not deny, that with regard to these oil sands projects, if they would recognize where the costs lay, and deal with those costs it would reduce the costs from approximately $11 per barrel down to about $3 per barrel. I am using 1974 figures which are based on 10 per cent money.

The then minister of finance and his officials looked over that proposal and it was accepted. The record will show though that the minister said that, unfortunately, the companies do not work that way. I had in my hands letters from the largest corporations of the world offering to come in and develop those oil sands, not at 10 per cent, but at 7 per cent, if I could get the governments of Alberta and the other producing provinces to sit down and look upon each other as partners, instead of trying to destroy each other, determine their needs and then the companies could make more money, the provincial government would have been a big winner and the federal government would receive as much money as it is trying to get out of a small pie through these government regulations and taxes.

I put this situation to the Hon. Donald Macdonald in his capacity of minister of energy, mines and resources in 1973 and asked him in view of this arithmetic what he thought would be a fair share knowing that the oil belonged to the people of the provinces. He suggested a ratio of 50 per cent for the provinces, 30 per cent for the oil companies—we would give them all they needed—and 20 per cent for the federal government. But that was 50 per cent, 30 per cent, out of which the oil companies had to pay all their costs, and 20 per cent of a huge pie because the cost of producing that barrel of oil was reduced from $11 to $3. So instead of having a cost of $11 per barrel of oil and selling it at $12 or $15 with hardly any profit at all, there would be this huge profit.

By doing it this way, the economic way, the provinces would not be unhappy. They would be making 50 per cent of this huge profit. The oil companies would get enough to pay off their debts and receive 25 per cent on all the money invested, and the Government of Canada would be receiving 25 per cent of a huge pie, instead of 24 per cent of this small pie which we have now. When we see the willingness on the part of responsible ministers to accept the validity of your figures and then say, "Unfortunately, the provinces do not go for this", or "Unfortunately, the companies do not go for this", to me it is hardly credible. It is the duty of a minister to go out and get agreement from the provinces, and they never disagree if it can be shown that they will make more money.

I have in my file letters from the premiers of every province, except one, in Canada accepting this principle. With that knowledge, seeing the provinces and the federal government at war because of complete ignorance of solutions that are so simple it then becomes just basic economics that you must get rid of your early costs. The name for this theory in the industry is "front end loading". These regulations are full of front end loading charges. The government will load on the royalties and the projects will go into production, with debt going up and up and the interest rate going up and up and only five years to write off what is left. The companies know they will never pay off the debt in five years and that is why they are walking away.

I am simply suggesting that if we do not attack the cost of high interest rates, then there is no way in which we will save investments in these capital intensive enterprises. I refer not only to oil, gas, oil sands and heavy oil, but also to our farms, our small businesses and our big businesses which, caught with a debt equity ratio in which the debt is too large, are going down like nine pins. This is happening not only in our country but all over the world. The mighty General Motors is losing money because of interest rates. Chrysler and Ford are on their knees and Massey-Ferguson is flat on its stomach because of interest rates. The way out is the old-fashioned way and that is shift over into more equity. Nobody would agree with Argus, but Argus is out of Massey-Ferguson.

I am simply making the appeal that there are reasonable, practical, sensible solutions to this great quarrel, and we should not be dismayed over these difficulties when there are reasonable solutions. They are not perfect, but reasonable. I would like to close with one appeal. Oil and gas regulations will be there as a contract for years to come, so do not sell our resources away for nothing. Do not leave them in the ground because of a stupid political quarrel between civil servants, not politicians. Let us face up to the situation and go back to the 1976 regulations or the 1961 regulations, which are much the same, and then we will have in part an energy policy which is at least economically sound, and which, I am sure, will lead the way in this quarrel over revenues between the federal government and the provincial governments, and that will lead ultimately to the constitution, and these problems will disappear with good will on both sides.

Everything I say I think is right and I think my advice should be heeded. The first step in listening to my advice is not to grind it down with rules such as 75C, sending us into a committee where we are helpless unless we get that willingness to co-operate. But let us not destroy this great opportunity for

this and future generations of Canada through a silly fight where we are trying to ram everything through in the name of efficiency when all it is is the opposite.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under S.O. 40 deemed to have been moved.

BANKRUPTCIES—ASTRA TRUST—RE-MOR—INQUIRY WHETHER CIRCUMSTANCES WILL BE EXAMINED

Mr. Bill Kempling (Burlington): Mr. Speaker, on October 10 last, I asked some questions concerning the bankruptcy of Re-Mor Investment Management and Astra Trust. I called for a judicial inquiry. I want to add a few more details now, as much as the time allotted to me will allow.

The liquidation of Astra Trust, the bankruptcy of Re-Mor Investment Management and the receivership of C & M Financial Consultants are three events that are interconnected through common ownership of share stock, common directors, and twisted, crooked business dealings designed at the outset to bilk innocent victims of their life savings.

Not only are the depositors of Astra Trust victims, but some of the shareholders have been gutted by a group of financial sharks who have left behind a trail of shattered lives, broken dreams, threats of suicide out of despair, and a cynicism so deep that it could lead to violence.

The victims of the Re-Mor scam were baited by the smooth talking trust officers who took their money, gave Astra Trust receipts to the victims, and then switched the money to worthless Re-Mor mortgages. When the victims complained they were told they were holders of good solid first mortgages, when, in reality, they own a piece of a fourth or fifth mortgage that is next to worthless.

The purists in business practice cannot invoke caveat emptor—"Let the buyer beware"—because most of the innocent victims entered the door of a trust company that, on its walls, windows and counters, displayed the advice that Astra Trust was a member of the Canada Deposit Insurance Corporation. You see, they had that feeling—a warm comfortable feeling, that the government was there to protect them. Add into this mixture of deception, that the words "guarantee" and "guaranteed" were prominently displayed in the office, in advertising wall charts and brochures, and so on; add as well that Astra was paying a slightly higher rate of interest than other trust companies and you then begin to see the dimension of the scam. A trust company—protection by a government corporation and guaranteed; that is the perceived picture of the innocent victims who walked into this place.

But, as in most deceptive dealings, there was another side that was not up front or displayed. This was the fact that the trust officers were also commission agents for Re-Mor. They were paid a salary by Astra and a commission by Re-Mor. They took the money from their "mark" in a trust-government-protected-guaranteed atmosphere and switched the money to Remor worthless mortgages.

Mr. Speaker, the Minister of State for Finance (Mr. Bussières) has tried to weasel out of a dirty, smelly, disgusting mess by saying that Re-Mor is a provincial responsibility. Mr. Speaker, bankruptcy is a federal responsibility and Re-Mor Investment Management Corporation is bankrupt.

There are dozens of unanswered questions that must be investigated. Let me list a few. Is the Department of Insurance adequately staffed and does it have the mandate to perform an adequate inspection of the trust industry? After all, it was only a short time ago that Argosy Trust left behind a trail of shattered certificate holders. How close were the affairs of Astra Trust monitored by the Department of Insurance? What liaison is there between the federal and provincial governments? I am sure we could write volumes about that. What leverage does the Department of Insurance have that it can get the Ontario Securities Commission to hold back on a "stop trading" order on a trust company that has violated the regulations under which it operates? Did the inspectors from the Department of Insurance put the advertising of Astra Trust to the Department of Consumer and Corporate Affairs when it is obvious that the advertising is misleading? Why did the Department of Insurance not intervene when it was apparent that the trust officers in Astra Trust were acting as commission agents for Re-Mor? Surely they saw the conflict. Surely they knew the amount of money that was passing through Astra Trust and where it came from.

• (2205)

If, when the trust licence was given to Astra Trust, the government instructed Astra Trust to close down C & M Financial Services, why did it act blind to the activities of Re-Mor when it knew C & M really never closed down?

Did the Department of Insurance inspector's report to the Department of Consumer and Corporate Affairs indicate that bait and switch tactics were being used by Astra Trust officers? Why did they not do it then? Certainly they were there and had enough evidence to work on.

What liaison was there between the Department of Insurance and CMHC when that agency listed Re-Mor as an approved lender? How much money was diverted from Astra Trust to a condominium development in Spain? How many million, and do we really know if it went to that development or is it in a numbered bank account in Switzerland or Liechenstein? RCMP officials traced the money as far as they could, but were the directors of Astra Trust that inept that they would invest trust funds in a venture that was so questionable? Or was it chosen as a front to divert money to a hidden account that could be retrieved at a later date?

With a mass of regulatory violations outstanding against Astra Trust after 12 months of operation, why was no firm action taken at that time before the whole mess festered and grew into the tangled fraud we see today?

I could go on, but in the final analysis the bankruptcy of Re-Mor and the liquidation of Astra Trust is a scar on the whole trust industry, and that industry, while some expressed their view verbally regarding the licensing of Astra Trust, not one of them put it in writing. Nor did their trade association put in writing their concerns of the licensing of Astra to the Department of Insurance or the Canada Deposit Insurance Corporation.

So, we must ask, whom do you trust? To whom do unsophisticated investors turn when they wish to invest the proceeds of the sale of their home or a bequest or other funds they have available?

We must have a wide open judicial inquiry, if necessary a joint federal and provincial inquiry. The personal assets of the officers and directors of Astra, Re-Mor and C & M should be frozen. The assets of their wives should be frozen so that the inquiry can determine if loans and other funds have been diverted or transferred to second or third persons to shield them from seizure as the result of the liquidation, bankruptcy and receivership of the tangled companies involved.

If you fail to do this, then you are confirming that you condone and are part of this mammoth conspiracy and the word trust, as we understand it today, will cease to have any meaning in financial dealings.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I would like to try to answer some of the charges or points raised by the hon. member with regard to Astra Trust. I would first like to put a little background on the record.

The Astra Trust Company was authorized to commence business in early 1977. The deposit activities of the company were generally carried out in a satisfactory way, but a problem arose through the course of 1978 in connection with a pooled trust fund operated by the company, known as the Agency Trust Fund. The documentation was inadequate and the investments were not of acceptable quality.

The Department of Insurance communicated with the Registrar of Trust Companies in Ontario and with the Ontario Securities Commission to try to solve the problem with company management. Further intake of funds through the Agency Trust Fund was prohibited.

The difficulty was apparently solved in the fall of 1978 by an agreement whereby the three principal shareholders would purchase certain assets out of the Agency Trust Fund, paying in instalments.

In the spring of 1979, it appeared that Mr. Montemurro, the president of Astra Trust, secured the incorporation of a company called Re-Mor Investment Management Corporation under the Ontario law and had it licensed as a mortgage broker. We received no information concerning this incorporation but would not normally by informed of the issuance of a mortgage broker's licence. No one supervised this company.

In the spring of 1980, the Ontario Securities Commission took action to investigate the activities of Re-Mor. It then appeared that the assets of Re-Mor were of poor quality and the company was put in bankruptcy. The Department of Insurance then learned of the existence of this company and that the company's obligations had been sold out of the branches of Astra, often being presented as insured obligations.

In Astra, problems relating to the Agency Trust Fund re-emerged at the end of 1979. In early 1980, no solution was in sight and the company's licence was severely restricted. These problems, together with potential claims arising from the Re-Mor bankruptcy, uncertainty of management and allegations of fraudulent activity by the principal shareholders of Astra led the Department of Insurance to seize control of the company's assets in April and later to seek a winding up order.

• (2210)

Astra Trust is now in the process of being liquidated. Practically all of the insured deposits have been paid off by funds advanced by the Canada Deposit Insurance Corporation.

Uncertainty continues respecting creditors of Re-Mor. Re-Mor is an Ontario company and is not a trust company. It is not a member of the CDIC. The matter is very complex and studies are under way to disclose the complete details of any involvements between Re-Mor and Astra. Solicitors representing the CDIC, the liquidator of Astra and the trustee in bankruptcy of Re-Mor, are working together in this investigation.

The Department of Insurance and the CDIC have requested the RCMP to press forward adequate investigations to reveal fraudulent or other criminal activities that may have been involved. The Ontario Provincial Police are also active in this regard.

Everyone may be assured that all lines of investigation are being pursued with a view to doing everything possible to minimize losses to creditors and to see that justice is done.

If I could, on two points, the hon. member opposite has indicated that the federal government—

The Acting Speaker (Mr. Blaker): Order, please. I am sorry to interrupt the parliamentary secretary but if I allow him to continue I will be depriving other hon. members of their opportunity to speak. I see well-known and knowledgeable leaders of parties in the House at this hour. The tradition is an allocation of seven minutes for the question and three minutes for the reply. I cannot go beyond that time allocation otherwise I will be depriving other hon. members of their opportunity to speak.

FISHERIES—INQUIRY WHETHER CATCH ROYALTY OR LANDING TAX WILL BE IMPOSED

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, at the beginning of this Thirty-second Parliament, the government promised as recorded in the Speech from the Throne at page 6 of *Hansard* that—legislation will be introduced to guarantee adequate investment in the fishing sector through partial cost recovery and reinvestment of enhanced earnings.

On May 8, 1980, arising out of that reference in the Speech from the Throne, I addressed questions to the hon. Minister of Fisheries and Oceans (Mr. LeBlanc) seeking further clarification of this reference in the throne speech which implied that another form of supplementary tax would be imposed upon the west coast fishermen of Canada in particular. This tax, sometimes referred to as a resource rent or a landing charge, would be used perhaps—although the minister has not made it clear—to finance the cost of the salmon enhancement program, primarily focusing on the Fraser River and other coastal waters. But as far as my understanding of the attitude within the fisheries department is concerned, this tax might also be used to finance the general management expenses of the federal Department of Fisheries and Oceans.

The west coast fishing industry is worth some $300 million annually, at least it was up until last year, which was a very poor year, and the administration of that fishery by the officials in British Columbia is costing some $35 million a year or one-tenth of the landed value of the catch.

It is common knowledge that the officials within the Department of Fisheries and Oceans have been contemplating the imposition of this form of income tax surcharge for several years. They have been thinking about a tax in the magnitude of 10 per cent of the value of the fish caught. If the value of the landed fish is in the order of $300 million, it would suggest a windfall tax to the government of some $30 million, which almost equals the total operating budget of the federal Department of Fisheries and Oceans on the Pacific coast.

It is a common attitude within the Department of Fisheries to consider that fishermen are making windfall profits—that is the language used by some officials of that department—and that we need to generate more revenue to manage the resource by skimming off some of these windfall profits which would presumably result from the Salmonid Enhancement Program and rising fish prices. The minister ought to try telling that to a west coast fisherman these days. I have information that in the recent weeks, as a consequence of ineffective management policies of the federal department and collapsing price structures worldwide, there have been 62 bankruptcies or near bankruptcies of vessel owners on the Pacific coast registered with the Royal Bank alone.

● (2215)

The whole notion of a landings tax is predicated on the concept that there is some cushion or some windfall profit which is just ripe to be skimmed off by government bureaucrats. They like any program which will enable them to do that, even if it means the average little guy out there in his gill net boat or troller will be faced with virtual bankruptcy when he comes to shore because of the impact of that tax.

The notion of a resource rent or landing tax was first proposed by a gentleman named Sol Sinclair, who was retained by the federal government almost four years ago to come up with certains options for improving the management of the west coast fishery. From three options, the option of controlling and regulating the resource through licensing, controlling it through quotas or controlling it by establishing a tax charged against the value of the resource, Mr. Sinclair proposed that the landings tax or royalty approach be developed.

That has been the guiding light and the guiding star for the Department of Fisheries and Oceans ever since in holding the idea of this tax over the heads of the fishermen but not really coming down to talking about how big this tax would be, how the revenues would be used and to what extent the fishermen themselves would have some say in the spending of those revenues and the investing of those revenues in their own best interests through some board of trustees and through the deposit of these funds in some clearly identified trust account. It is common knowledge that government departments fear and are very reluctant to contemplate the establishment of special trust accounts for special purposes. They would prefer to throw money, taxes and surtaxes into general revenues and then spend them as they see best fit. In this case such an approach to the administration of such a landings tax would be very improper and unacceptable to the fishermen.

Those who have taken the time to read his report will know that Mr. Sinclair did a survey of fishermen, and this is recorded in the appendix to the Sol Sinclair report. He found that a majority of fishermen oppose the notion of implementing a landings tax to finance even the Salmonid Enhancement Program.

In a random sample of some 33 fishermen only 11 favoured a royalty and some 19 opposed the imposition of a catch royalty. In addition, many fishermen argued as follows, and I am quoting from a statement by a spokesman for the Prince Rupert Fish Exchange:

> It can also be argued that salmon enhancement will benefit all Canadians by increased general taxation, creating more employment and in general improving the economic situation in Canada. Many government subsidized plans have been put into effect in the prairies for the farmers and the east coast for the fisheries. We do not know of any pay back or cost sharing and would think that expecting a cost recovery from the enhancement plan is a bit unfair.

It is the general view of fishermen on the west coast that this tax is very unfair.

The Acting Speaker (Mr. Blaker): Order, please. Seven minutes and three minutes, not more. The Parliamentary Secretary to the Minister of National Defence (Mrs. Appolloni) for not more than three minutes.

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I will try to speak quickly.

A condition of the federal government's approval for the Pacific Salmonid Enhancement Program was the government's investment in this program could be subject to cost recovery.

In March, 1979, an agreement on the SEP was signed with the province of British Columbia in which both parties agreed on the principle of cost recovery by the federal government through licence fees from marine fisheries and landings charges on commercial fish landings.

Following the signing of this agreement the Department of Fisheries and Oceans began an analysis of how and when such a program could be implemented. The subject of landings charges has been discussed with all interested groups participating in Pacific coast fisheries as well as with the government of British Columbia.

On October 28, 1980, the Minister of Fisheries and Oceans (Mr. LeBlanc) announced in Vancouver, B.C. that, and I quote:

> Due to the poor fishing year in 1980, and the absence of necessary legislation, a plan to introduce landings charges on commercially-caught salmon will be delayed. A scheme will be reached for implementation in 1982 in the hope that 1981 will bring higher salmon catches and better prices than this year.

● (2220)

The rate of landings charges has not yet been determined.

The legislative authority for such a program is being examined; however, currently there are no plans as to when such legislation will be introduced.

NATIONAL DEFENCE—U.S. FIGHTER AIRCRAFT CRASHING ON CANADIAN SOIL

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I should like to address myself to a question which I put quite some time ago. In fact I raised this question in the House in the summer during the heavy fire season in western Canada and in Ontario. Until the end of the year Saskatchewan had sustained losses in excess of 3.3 million acres of forestry land, a good portion of which is what is called the commercial zone where the province lost 815,892 acres, and the balance in the secondary zone where it lost 2,497,128 acres of forestry land in the fires. The province of Saskatchewan spent a total of $15 million to maintain a crew to fight the forest fires throughout the year.

In my question in the House I addressed myself in particular to the problem which arose close to my constituency. During the early part of the year and in the summer manoeuvres had taken place at the Canadian forces base Cold Lake. They were utilizing areas such as the Primrose Lake bombing range, part of which lies within the The Battlefords-Meadow Lake constituency. During the manoeuvres in this part of Canada, two U.S. fighter aircraft crashed. One crashed within the bounds of the Primrose Lake bombing range and it has been positively identified as the cause of an extensive forest fire which burned much of the Primrose Lake bombing range and spread into the Battlefords-Meadow Lake constituency.

Since the U.S. fighter aircraft has been identified as the cause of the forest fire in Saskatchewan, either the Department of National Defence or else the U.S. government have the responsibility to pay damages. I think that someone should reimburse those who have had losses as a result of the forest fire, thus setting a precedent following forest fires which are caused in this manner in years to come. I think there should be a cost recovery for extinguishing the fire to the provincial government and I think that lost revenues should be reimbursed to those who have sustained losses, such as the loggers, people involved in mining activities, in commercial fishing and in trapping, people who have lost much revenue in the inhabited areas which were burned. Thirdly, the province should be reimbursed for the revenue which it lost from taxing the beneficiaries in the areas which have been burned out.

I admit there is an agreement in existence between the province of Saskatchewan and the federal government with regard to the range. I am not particularly happy with that agreement but I have heard it stated that if there are losses within the range, the provincial government recovers some money for extinguishing the fire and it also receives some money for lost revenue, but nothing is provided either by the provincial government or the federal government to reimburse those people who have lost some benefits from logging, fishing or trapping. Outside the range nothing is provided by the federal government to benefit people who have suffered lost revenue from which the province of Saskatchewan would also benefit.

This evening I am asking the minister, through you, Mr. Speaker, to consider the provision of some money to those people who have suffered losses as a result of the forest fire.

I think that payments to these people and to the provincial government for damages sustained outside the area to which I referred should be made either by the Department of National Defence or the U.S. government which should be held responsible for a fire which was caused by one of their fighter aircraft while on manoeuvres over Canada.

● (2225)

Before closing let me indicate that I would like to see the federal government—and I would like to hear its comments on this issue—develop a user plan for the Primrose Lake bombing range in the Saskatchewan sector whereby people can go into that area to conduct logging operations for part of the year or to harvest some of the fish or furs within the bombing range, so that the federal government, the provincial government and the people who actually wish to use the range can begin to co-operate. I am referring to places such as Canoe Narrows, Dillon, Buffalo Narrows, Pierceland, Goodsoil and many other communities. It would utilize some of the resources within the Primrose Lake bombing range which are of no benefit to anyone right now other than those involved in the military manoeuvres which take place there.

With those comments I would like to leave this matter. Although the parliamentary secretary might not be prepared to answer some of the points I have raised, I would like her to

write or contact me with information arising out of my comments this evening.

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, the hon. member referred to the forest fires in Ontario. At this time I should like to pay sincere, albeit belated, congratulations to the members of our defence staff who did fantastic work in airlifting people out of the area most affected, particularly the Kenora-Rainy River area.

The two American aircraft which crashed in the area of the hon. member were participating in exercise Maple Flag, an operational exercise conducted semi-annually at Canadian Forces base in Cold Lake. The purpose of the exercise is to improve the operational capability of our fighter crews by providing realistic training in a simulated high threat environment.

Following each crash a comprehensive investigation was carried out. In each case, it was quickly determined by flight safety specialist officers that there was no requirement to ground other participating aircraft. Therefore, flying was continued with the restriction that because of the risk of forest fire no live ammunition would be expended.

The issue of fire protection and fire fighting is thoroughly covered in the agreement between the Government of Canada and the province of Saskatchewan which covers Canadian forces' use of the Saskatchewan portion of the Primrose Lake weapons range. A similar agreement exists with the government of Alberta for the Alberta portion of the range. These agreements have been in force since 1954.

Under the terms of the agreement, the Government of Canada contributes six cents per acre, or approximately $85,000 annually, to the province of Saskatchewan to provide fire protection and fire fighting services. Additionally the Government of Canada agrees to pay one-half of costs in excess of $10,000 per year incurred by the government of Saskatchewan for fighting fires in the range area. The fires caused by the two accidents in question are covered under this agreement.

I should like to add that the minister formally replied to the hon. member's letter of November 28 on this subject and on other aspects of the utilization of the Primrose air weapons range. That letter was sent to the hon. member's office this morning.

We in Canada are fortunate to be able to offer to our NATO partners and friends some unique training facilities in terms of both topography and climate. It is very much a part of our contributions to the alliance and one that is very welcome by our allies.

Also I should like to remind the hon. member opposite that our own Canadian forces enjoy the hospitality of those friends and allies wherever and whenever they train, be it in Europe or in the United States, under similar reciprocal agreements.

The Acting Speaker (Mr. Blaker): Order. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.31 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, January 13, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

ADVISORY COUNCIL ON THE STATUS OF WOMEN

NATIONAL CONFERENCE ON WOMEN AND THE CONSTITUTION—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Yesterday I raised a question in the House concerning statements made by Doris Anderson, president of the Canadian Advisory Council on the Status of Women, which accused the minister responsible for the status of women of interfering unduly in the workings of the council by exerting pressure on the executive of the council to cancel its national conference on the constitution because it might be embarrassing to the government.

In light of the unsatisfactory answer I received, the necessity to maintain the independent nature of this council and the need for a national conference of women on the constitution, I move, seconded by the hon. member for Oxford (Mr. Halliday):

That this House demands that the minister refrain from exerting any further pressure or taking punitive action against this independent advisory council, and that we as responsible parliamentarians endorse the plans of the Advisory Council on the Status of Women, originally undertaken last summer, to hold a national conference of women on the constitution now scheduled for February 13 and 14.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

BUDGETARY MEASURES TO ENCOURAGE JOB CREATION—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, I too rise under the provisions of Standing Order 43. In view of the fact that the December labour force survey indicates clearly that since the election of this government we have lost 43,000 jobs in the goods-producing sector of our economy and that an alarming number of Canadians, 77,000, are so discouraged that they are not even looking for work, I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

That this House instruct the Minister of Finance to consult the Minister of Employment and Immigration with a view to changing budgetary policy to encourage the creation of jobs in the goods-producing sector of the Canadian economy, real jobs for Canadians who need them.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

RAILWAYS

DELAYS AND DERAILMENTS IN EASTERN QUEBEC—MOTION UNDER S.O. 43

Mr. Alexandre Cyr (Gaspé): Madam Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to move a motion concerning an increasingly urgent matter in several areas of Canada.

In view of the fact that VIA Rail trains have experienced undue delays during the Christmas holidays; that there was a shortage of locomotive fuel; that the CN gave priority to freight trains, thus delaying passenger trains in eastern Canada which were already more than 30 hours late; that emergency teams were not on duty to clear the tracks in eastern Quebec, I move, seconded by the hon. member for Manicouagan (Mr. Maltais):

That the House direct the Canadian Transport Commission to launch an investigation into the numerous delays and derailments that occurred between December 15, 1980, and January 12, 1981; that the commissioners recommend remedial measures to be taken during the rush period; and that the report be submitted to the House before June 1, 1981.

Madam Speaker: The House has heard the motion of the hon. member. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

ADVISORY COUNCIL ON THE STATUS OF WOMEN

CONFERENCE OF WOMEN ON THE CONSTITUTION—ALLEGED POLITICAL INTERFERENCE—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Because of the continual criticism of the Canadian Advisory Council on the Status of Women by the minister responsible for the status of women and his continual criticism of the council's constitutional proposals, proposals praised by the Minister of Justice (Mr. Chrétien), and because of the minister's recent attempt to prevent the council from holding its planned conference of women on the constitution in mid-February, an interference aided and abetted by executive members of the council, in particular Ms. Hellie Wilson, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the minister responsible for the status of women be stripped—

● (1410)

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Miss Jewett:

—of that responsibility—

Perhaps I should add that he be tarred and feathered!

—that the executive members of the advisory council who aided and abetted the minister's attempted political interference be asked to resign from the council; and that this House support the efforts of the council and its president to hold the conference planned for Ottawa in mid-February of women on the constitution.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

CALL FOR ASSURANCE TO McDONNELL DOUGLAS OF CANADA WORKERS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, under the provisions of Standing Order 43, I rise to move a motion of urgent and pressing necessity. Whereas the federal government has signed a contract with McDonnell Douglas of the United States for over $4 billion to build the F-18A fighter aircraft, and whereas McDonnell Douglas of Canada is laying off over 700 workers, with more lay-offs expected in the not too distant future, I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the Government of Canada assure the workers of McDonnell Douglas of Canada that a portion of the Canadian work on the F-18A will come to the McDonnell Douglas plant so that existing jobs will be preserved and hopefully new jobs will be created.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, under Standing Order 43 I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the Prime Minister be recalled from his north-south disaster tour and be given an east-west Canadian orientation tour, for:

There was a traveller named Pierre
Who flies on left-wing and prayer;
An "innocent abroad",
He blew quite a wad—

Madam Speaker: Order, please. We do enjoy the hon. member's verses, but they should be kept for another time.

An hon. Member: I am sure it is urgent and pressing.

An hon. Member: They can't take the heat over there.

* * *

HEALTH CARE

PROCESSING AND SALE OF HUMAN BLOOD—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the fact that the Minister of National Health and Welfare by her silence has recently allowed steps to be taken which would commercialize the buying, selling and processing of human blood for profit by a federal Crown corporation, and whereas this action contravenes the voluntary spirit of the Red Cross blood donor program and can only serve to escalate the costs of health care even further, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House hereby instructs the CDC owned Connaught Laboratories Limited that the gift of life, that is to say human blood, is not a commodity of commercial traffic, nor is it to be processed into plasma for financial gain; and further, that this House pledges its unreserved support to the Canadian Red Cross in its desire to establish an in-house facility for the processing of human blood into plasma.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADIAN BROADCASTING CORPORATION

PROGRAM "AGAINST THE GRAIN"—MOTION UNDER S.O. 43

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing urgency. Given that the recent CBC television program "Against the Grain" amounted to little more than the CPR version of how the railway and grain handling system in the west should be restructured; and given that the CBC should be placed on a full cost recovery basis whenever it provides free advertising, whether such advertising is paid or unpaid, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That the CBC calculate immediately all program costs and overheads for the program "Against the Grain", and that a bill for advertising costs be directed to the CPR president, Ian Sinclair, for the full amount of services rendered by the corporation.

● (1415)

Madam Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: Before proceeding to oral question period, I should like to put everyone under notice that I think the questions should be much shorter and the answer should equally be kept as short as possible.

Some hon. Members: Hear, hear!

Madam Speaker: Before members applaud, they should know that the questions yesterday were longer than the answers. Therefore, I think it is in everyone's interest to keep them short.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

UNEMPLOYMENT—PRIORITY GIVEN TO INDUSTRIAL POLICY AND JOB CREATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance, who will know that the labour force statistics indicate that there has been a drop of 25,000 jobs in the manufacturing sector since the Liberal government came to office in March. In light of that, could the minister either confirm or deny the testimony of his colleague, the Minister of Industry, Trade and Commerce, that the so-called industrial policy has been dropped in priority by this government to a priority below the constitution and the energy doctrine?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member referred to the labour market statistics which show a slight change. That is not surprising, in view of the fact that we are experiencing a normal winter month change in unemployment.

With respect to the direct question of the Right Hon. Leader of the Opposition, I have not seen the statement allegedly made by my colleague. I should like to look at it before I either confirm it or deny it.

Mr. Clark: Madam Speaker, briefly the Minister of Industry, Trade and Commerce said:

I think it's made considerable progress in terms of cabinet discussion—

He was referring to the industrial policy. He continued:

—but we've decided, I think quite rightly, to give some immediate priority to putting in place our national energy policy and the new Canadian constitution.

Is that in fact the priority of the Government of Canada? Do jobs come behind energy and constitution policies?

Mr. MacEachen: No, Madam Speaker. I believe the minister was stating what is known to the House, that at present the resolution on the constitution is before committee, that it will come back, and that we are proceeding with the energy bills and the budget bills which make up what I consider to be an important part of the over-all industrial program of the government.

Mr. Clark: Madam Speaker, what remains unanswered is what has happened to any measures to create jobs in the goods-producing sector of the Canadian economy. Will the minister tell us why the creation of jobs ranks well behind the constitution and energy policies in the priorities of this government, and when the Parliament and the people of Canada might expect new measures to create jobs in the goods-producing sector of the Canadian economy?

Mr. MacEachen: Madam Speaker, the Right Hon. Leader of the Opposition asks about job creation. I share the importance which he attaches to that objective. I would remind him that over the past year, that is, in 1980, more than 240,000 new jobs have been created in Canada.

An hon. Member: Temporary jobs.

Mr. MacEachen: At present in the country we have the highest ever number of adult Canadians at work. All this has happened despite what we know today to be a recession throughout the world. In those circumstances I believe the Canadian economy has performed reasonably well in providing jobs for all groups in the community.

Some hon. Members: Hear, hear!

INQUIRY RESPECTING PLANS TO CREATE JOBS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is also directed to the Deputy Prime Minister and Minister of Finance. In referring to the existing unemployment

situation in Canada, he called it "a normal winter month". Is the minister aware that in December of this year, compared to December of last year, there were 9,000 fewer people working in manufacturing, 33,000 fewer working in the construction industry of Canada, and 16,000 fewer working in the transportation industry?

● (1420)

If he is aware of that, would he indicate if he is content to see that type of fall in employment. If not, what can he specifically tell us today about what the government plans to do about it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, obviously there are changes in the over-all composition of the work force in Canada from time to time, depending upon changes in the over-all economy. I acknowledge that fact. I presume the hon. member would agree that there is bound to be change of that kind and that it is healthy in a growing economy. What the hon. member ought to focus on is that despite the difficulties we are facing, not only in Canada but throughout the world, we have at the present time the highest proportion of the Canadian adult labour force working in the country. That is the overall test of employment strength in Canada.

Mr. Stevens: Madam Spaker, stripped of its gibberish what the Minister of Finance is indicating is that the shift in the work force in Canada is away from the producing sector to the government sector; that is where his employment is taking place.

* * *

AUTOMOTIVE INDUSTRY

STATUS OF FINANCING AGREEMENT WITH CHRYSLER CANADA

Hon. Sinclair Stevens (York-Peel): I would like to ask the minister more specifically concerning the present status of the Chrysler arrangements. Seven months ago today the government entered into an agreement with Chrysler Canada and the Chrysler Corporation which anticipated that a billion dollars would be invested in the Canadian company to try to keep the company alive, and presumably keep a work force numbering directly and indirectly some 35,000 employed in Canada. Would the minister indicate whether there has been any change in that plan and, if so, what will the government do to relieve whatever the coming situation may develop into?

[*Translation*]

Hon. Charles Lapointe (Minister of State, Small Businesses): Madam Speaker, there has been no change in the Canadian proposal for refinancing the Chrysler Corporation. The Minister of Industry, Trade and Commerce is monitoring the situation on a daily basis together with his American counterparts, but for the time being, no change in the original plan is being considered.

[*English*]

LABOUR CONDITIONS

SUGGESTED CONFERENCE OF LABOUR LEADERS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, since we have what I regard as unsatisfactory answers concerning the government's position on the unemployment situation in Canada, would the Minister of Finance, as the Deputy Prime Minister, indicate whether any thought has been given to the holding of a conference to involve labour leaders, small business leaders, industrialists, the government and provincial authorities to see if some solutions can be found for the economic plight this country is drifting into, or are we to see in the coming months total inaction on the part of the government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I again wish to draw to the attention of the hon. member that even though the employment rate we have is serious, the average unemployment rate for 1980 is precisely the average rate that Canada experienced in 1979.

Mr. Stevens: Which was bad.

Mr. MacEachen: It is a full percentage point below what the figure was in the middle of the preceding year. I draw to the hon. member's attention that, despite the fact that the world and Canada has been going through a very soft period, the economy has performed reasonably well in the creation of jobs. Just before the Christmas break I had a meeting with the provincial finance ministers in which the state of the economy was discussed. I have an open mind with respect to the desirability of holding further consultations with respect to the future of the Canadian economy. I will give consideration to the representations made by the hon. member.

* * *

INDUSTRY

ALLEGED SHELVING OF DEVELOPMENT STRATEGY

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is also addressed to the Minister of Finance. The figures announced today show that there are really 1.4 million people who are unemployed, if you include those who have been laid off and who have lost their jobs. This means that there is a misery rate, which combines the rate of real unemployment, plus inflation, plus interest rates, of 39 per cent, which is the highest ever in Canadian history. I would like to ask the Minister of Finance just how bad must matters become before the government recognizes that we are in an economic crisis and that it is time for it to change course?

● (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am relying upon the statistics issued today by Statistics Canada which show an

unadjusted unemployment rate of 810,000. That rate in itself is serious enough, and I do not see why the hon. member must add to the situation through his own statistical emanations or creations.

Mr. Rae: Madam Speaker, the minister has done more for complacency in his short term in office than Bo Derek has done for the number 10.

Some hon. Members: Oh, oh!

Mr. Rae: The Liberal party announced during the election campaign that it would introduce an industrial policy at once. In the Speech from the Throne they said that vigorous industrial policy would be a paramount objective of the government. In the budget the minister said that details would be announced soon. In January the minister said that the program would be—

Madam Speaker: Order, please. If the hon. member has a question, I think we would all be happy to hear it.

Mr. Rae: Madam Speaker, I do have a question, and it is quite straightforward and simple. Why is it that just at a moment when the economic crisis is worsening the Minister of Industry, Trade and Commerce has announced that the government's entire industrial strategy and its industrial policy was being shelved for an indefinite period of time?

Mr. MacEachen: Madam Speaker, I disagree entirely with the suggestion made by the hon. member, that the government's industrial strategy has been shelved. I reminded his colleague yesterday during question period of the large sums of money which have been included in the budget planning for the next several years for investment and economic development in Canada within a framework of expenditure restraint. I would also advise the hon. member that in the budget statement I made provision for a special fund to be applied to manpower development and industrial restructuring, and I hope that announcements on that subject will be made very soon.

* * *

[*Translation*]

SOCIAL SECURITY

SUGGESTED ESTABLISHMENT OF GUARANTEED INCOME

Mr. Bob Rae (Broadview-Greenwood): The minister says he hopes the announcements on that subject will be made very soon. He made exactly the same statement in his budget speech three months ago. We always have to wait with this government.

Madam Speaker, my supplementary question is directed to the Minister of Employment and Immigration. The minister said that thousands of Canadian workers have been laid off in several Canadian communities generally and on the North Shore in Quebec in particular. I have in mind especially the lay-offs in Schefferville and Sept-Îles. I should like, therefore, to ask the minister whether, jointly with the unions, he intends to set up reclassification committees and implement special programs to help the workers of these isolated communities and thus assure them of a basic income security.

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I had the opportunity to meet last week with Mr. Brian Mulroney, who is the president of the company.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Axworthy: Would you like me to repeat that, Madam Speaker?

Some hon. Members: Yes.

Mr. Axworthy: I met with Brian Mulroney last week, Madam Speaker, to—

Mr. Andre: And today you are a lot smarter.

Mr. McDermid: Your party does not want you and neither do we.

Mr. Axworthy: —to discuss the decision by his company to close the plant at Sept-Îles. He very cordially agreed that we should establish a committee composed of officials of my department to work with company officials and union officials to provide for alternative means of retraining, employment and relocation. I believe that committee is now in place. It will provide any assistance possible to the workers of that area.

In addition, I repeat what the Minister of Finance indicated, that the government is preparing a program to deal with the particular problems of industrial dislocation. We hope to be able to make an announcement on that program within the next few weeks.

* * *

● (1430)

SMALL BUSINESS

EFFECT OF HIGH INTEREST RATES—GOVERNMENT POSITION ON DEVELOPMENT BOND

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Finance. It concerns the continually sustained high interest rates that producers across this country are facing as well as small businessmen and farmers. Judging from the minister's actions lately, I do not know whether he understands the impact that these high interest rates are having on producers in this country. I should like him to let us know if he does.

Secondly, is he serious about the small business development bond which was introduced approximately 13 months ago in

this House and supported by himself nine months ago through a ways and means motion?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am indeed serious about the small business development bond. It was originally introduced a year ago last December and subsequently reintroduced in April. It will be before the House for approval shortly when the income tax bill is debated. In the meantime the benefits are open to small businessmen in Canada.

An hon. Member: They are not.

Mr. MacEachen: They have been taking advantage of them.

An hon. Member: They are not.

Mr. Baker (Nepean-Carleton): The banks will not take them.

Mr. Gurbin: Madam Speaker, a supplementary question for the Minister of Finance. I am sorry that he is not aware of the tremendous confusion there is in the country surrounding this measure. The fact is that many people who might have had an opportunity to take advantage of this bond have not been able to because of many of the confusions that surround it. I ask the minister very seriously if he will undertake to enact this legislation immediately so that people can understand what it is all about, and the banks in particular, because they do not know what it is all about. The branch banks in local areas do not know what it is all about. Will the minister make sure that they understand it and will he encourage them to use it?

Finally, Madam Speaker, will the minister extend the use of the small business development bond to unincorporated businesses and farmers who have not been able to take advantage of it? Will he also extend the period beyond March 31? People do not know what this program is all about and have not had an opportunity to take advantage of it.

Mr. MacEachen: Madam Speaker, I must say that I do not share all the concerns expressed by the hon. member. There is no reason why the banks should not understand what it is all about, because in the very early stages, officials of my department and bankers had discussions. In fact, as a result of these discussions we were able to make certain adjustments to the program. Likewise, it is quite well known to the small business community in Canada through the organization that is headed by Mr. Bulloch, with whom I have had discussions about this particular bond.

I will consider the hon. member's views and see whether any of the difficulties he alleges exist, because it is my purpose, as it is his, to make this program available as widely as possible during the period in which it will be in effect.

BANK OF CANADA

POLICY RESPECTING INTEREST RATES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is also directed to the Minister of Finance. This past week the Bank of Canada sold about $1 billion worth of securities to keep interest rates at the current record high level. With the Canadian dollar up about 1.5 cents from its low point, with U.S. interest rates down, with bankruptcies and unemployment up, can the minister explain why the Bank of Canada has followed this deliberate attempt to keep interest rates high when they had the clear option to let the interest rates go down?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe the hon. gentleman knows it is not customary to comment on particular transactions made by the Bank of Canada in the market. I would draw to his attention, however, that it seems to me it has been the objective of the Governor of the Bank of Canada, in pursuit of his policy, to attempt to moderate fluctuations in the bank rate. It does not seem to me to be very profitable to have the kind of wide swings that have been experienced in the past year. I am sure that if what the hon. member alleges is the case, it is undoubtedly not done deliberately to prevent rates from going down but to moderate these fluctuations; or, in a sense, to ensure that when real drops occur, they last and are not temporary and followed by an upswing. That is really what the purpose of the action would be.

Miss MacDonald: That is quite an explanation.

Mr. MacEachen: It is too subtle for you.

Mr. Wilson: Madam Speaker, I am sorry I did not understand that gobbledygook that we got back from the Minister of Finance. Interest rates in this country are too high. We want to see them down to somewhat lower levels than these very high levels we have today.

My supplementary question is to ask the minister whether the Governor of the Bank of Canada discussed or sought his approval for this transaction—not a particular transaction, but a very important indication of policy on the part of the bank to hold rates up at these very high record levels?

Mr. MacEachen: First of all, Madam Speaker, the hon. member asked for interest rates to be lowered. He will be pleased, as I was, to have observed that the bank rate has decreased on the last three Thursdays on which the auctions have taken place. He can take some small satisfaction from that development.

An hon. Member: How much?

Mr. MacEachen: In reply to the other part of his question, I regularly meet with the Governor of the Bank of Canada on a weekly basis and at that meeting we discuss the current situation.

[*Translation*]

INDUSTRY

ASSISTANCE TO LAID-OFF WORKERS AT SEPT-ÎLES AND SCHEFFERVILLE

Mr. André Maltais (Manicouagan): Madam Speaker, I am sorry the motion I presented yesterday under Standing Order 43 was not agreed to by both sides of the House. My question is directed to the Minister of Employment and Immigration and deals with the problem now affecting the Iron Ore Company at Sept-Îles and Schefferville. Can the minister tell the House, first, what discussions he has had with the president of the company, Mr. Brian Mulroney, and to what extent the company is willing to become involved financially in helping the workers affected directly by those lay-offs; second, what concrete and direct steps his department can take to rescue as many of the people laid off as possible; third, whether or not he has met his colleague from DREE to see what else their two departments can do to help; and, fourth, whether he intends to deal with the Iron Ore problem the way he is handling the Chrysler situation, that is, whether he intends to help the North Shore workers officially and substantially as he is doing for the Ontario workers?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as I indicated in an earlier answer, I did meet with the president of the Iron Ore Company. We discussed measures that could be taken jointly to provide for the relocation of those workers affected by lay-off. There is a committee that has been established to survey what can be done to meet the representatives of the unions and the company and to undertake those measures that we can apply, such as mobility, retraining and other forms of job opportunities.

I can also report to the House that I have met with my colleague, the minister responsible for DREE. We discussed the situation on the North Shore and once we receive a report from officials we are prepared to respond with any special measures at our disposal, similar to those that were applied in the Windsor area. I hope we will shortly have in place the new industrial relocation program, so that there will be a large variety of federal measures that could be applied directly to that area as soon as possible. We hope that an announcement of that program will be made within ten days to two weeks.

McDONNELL DOUGLAS—CREATION OF JOBS FOR CANADIANS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Minister of Finance. What action does the government propose to take to require that McDonnell Douglas in Toronto create jobs in Canada for Canadians commensurate with the billions of dollars that we are spending with them in order to acquire the F-18?

[*Translation*]

Hon. Charles Lapointe (Minister of State, Small Businesses): Madam Speaker, we are now reviewing the tenders submitted to McDonnell Douglas concerning the structural parts of the F-18. The government, jointly with this company, will be in a position to announce the decisions made in this matter within a few weeks.

● (1440)

[*English*]

Mr. Deans: Madam Speaker, I am not sure whether I received an answer to that question. Might I ask a supplementary question of the Minister of Finance directly related to the problem of jobs. The auto industry is not responding in the way anticipated. Nor is the number of jobs being created in Canada as it was indicated there would be over the last few months. Therefore, can the minister tell us whether he has considered setting up a parliamentary task force to review within a short period of time the state of the industry, the effect of the decisions being made in the United States on the Canadian marketplace, and specifically, the creation in Canada both of research and development and job opportunities?

[*Translation*]

Mr. Lapointe (Charlevoix): Madam Speaker, like everyone else in this House and in Canada, the hon. member should be aware of the major problems now facing automobile manufacturers both in the United States and in Canada as well as in other countries. He should also be aware of the negotiations now going on, such as the take-over of AMC by the Renault group in the United States and the present discussions between the Renault group and Canadian officials concerning the two AMC plants in Canada. He should also be aware that when the Japanese minister of industry and international trade was in Canada yesterday, the Canadian Minister of Industry, Trade and Commerce raised the matter of possible investments by Japan in the Canadian automobile industry. This industry is now experiencing extremely difficult times, Madam Speaker, and we do not have any magical answers under our pillow, as the hon. member seems to think.

[*English*]

McDONNELL DOUGLAS—ABSENCE OF GOVERNMENT REPRESENTATIVE AT WORKERS' MEETING—GUARANTEE OF F-18A WORK CONTRACTS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, in the absence of the Minister of Industry, Trade and Commerce, I would like to follow up on what my colleague just asked concerning the McDonnell Douglas situation. I shall direct my question to the parliamentary secretary.

Workers who were laid off by McDonnell Douglas held a meeting recently in Mississauga. Not one representative of the government saw fit to attend, although an invitation was issued. Why did no one attend to show interest in their

concerns? Why did the Minister of Industry, Trade and Commerce send a telegram but did not send a representative from the government? Surely a Toronto member of Parliament or the member for the area might have shown some concern for the workers' plight.

[*Translation*]

Hon. Charles Lapointe (Minister of State, Small Businesses): Madam Speaker, concerning this meeting of the McDonnell Douglas workers during the Christmas recess of Parliament, the hon. member knows that the Minister of Industry, Trade and Commerce was not able to attend because of his accident. As for other government representatives, I cannot reply to this question since I was not myself invited to attend.

[*English*]

Mr. McDermid: Madam Speaker, that is sweet comfort for those 700 workers who have been laid off.

My supplementary is again for the parliamentary secretary. Who has the final say in awarding contracts in Canada for the construction of the F-18A? Does the Canadian government have any input? If so, will the government guarantee that McDonnell Douglas Canada Ltd., which has the trained work force, the facilities and the know-how, will obtain the work which was promised by the company before it was awarded the contract?

[*Translation*]

Mr. Lapointe (Charlevoix): Madam Speaker, obviously, the government has a role to play as concerns the economic fall-out from the F-18 program, since the Canadian government is a contracting party to the purchase of the F-18 from McDonnell Douglas. The decisions concerning the awarding of contracts for the structural parts have not yet been made. Discussions are now going on between McDonnell Douglas and representatives of the Department of Industry, Trade and Commerce and other departments involved.

* * *

[*English*]

OFFSHORE RESOURCES

OIL AND GAS DRILLING PROSPECTS FOR 1981

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Minister of Energy, Mines and Resources concerning offshore resource exploration. Yesterday the minister assured the House that there are as many oil drilling rigs active in Canada this very month as there were in January one year ago, notwithstanding reports that many are leaving Canada. I would like the minister's assurance that oil and gas drilling activity off the Atlantic coast will be maintained in 1981. Can the minister comment on a report that Mobil Oil has delayed plans to move a semi-submersible rig from the North Sea to the Sable Island area off Nova Scotia because of the government's energy policies?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to repeat the statement made yesterday emanating from *Oilweek* magazine, that as of January 6 there were exactly the same number of rigs operating in Canada as there were last year and slightly more were operating than in 1979. I hope not only that the activity will be maintained on the east coast, but that it will be increased this year.

As far as the specific problem raised by the hon. member is concerned, I had the opportunity of discussing this issue with the president of Mobil Oil I believe a few weeks ago, in December. He indicated to me that the problem had nothing to do with the National Energy Program, but that there were some problems in terms of the mobility and adjustments of their rigs involved in offshore activities around the world. He indicated there would be a slight delay but he expected the rig in question to be in action some time in the spring.

Mr. Crosby: Madam Speaker, I appreciate the minister's comments but they are in conflict with the report aired on CTV in Halifax. However, I will ask the minister again with respect to Mobil Oil's operations offshore. The company has said, and there have been published reports, that it is concerned with the dispute between the provinces and the federal government over ownership of resources. What is the minister doing to resolve this dispute? In particular, has the minister any intention of referring this matter to the Supreme Court of Canada as indicated in "The National Energy Program", where it is stated that the government is anxious to have this dispute referred to the courts or to the Supreme Court of Canada?

Mr. Lalonde: Madam Speaker, I am very happy to know that the hon. member is supporting such a possible reference to the Supreme Court of Canada. The government has offered the opportunity to agree on the terms of reference to governments of the maritime provinces and the government of Newfoundland. Unfortunately, the government of Newfoundland has not yet responded positively to any of our approaches in this respect.

As far as the first part of the hon. member's question is concerned, I would rather believe the president of Mobil Oil than a CTV report.

An hon. Member: That is a change of heart.

Mr. Lalonde: I am telling him what the president of Mobil Oil told me during the course of our conversations some time in November or December.

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REGIONAL ECONOMIC EXPANSION

NATIONAL SEA PRODUCTS PLANT, LOCKEPORT, N.S.—INQUIRY RESPECTING AVAILABILITY OF GRANT

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I have a question for the Minister of Regional Economic Expan-

sion, but in his absence I will direct it to the Deputy Prime Minister.

On July 23, 1980, a disastrous fire destroyed the National Sea Products plant in Lockeport, Nova Scotia, causing a direct loss of 305 jobs. The plant represented more than 50 per cent of the economic base of the Lockeport area and the payroll for 1979 was approximately $2.5 million. I am sure the minister is well aware of the facts of this case. They were made known to the government on August 27, 1980. In the interim officials of National Sea Products have provided government officials with detailed plans for a new plant at Lockeport. Is the minister in a position to indicate when a DREE grant will be made available to assist the company in re-establishing this much needed facility?

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): Madam Speaker, the minister is well aware of the hardship this loss has imposed on the community of Lockeport and the Nova Scotia office of the department has looked into this matter quite carefully. A proposal will be made to the advisory board of the department within the next few weeks, and shortly after that the minister will be able to give a decision to the hon. member.

Some hon. Members: Hear, hear!

Mr. Crouse: Madam Speaker, I thank the hon. parliamentary secretary for that response. My supplementary question is for the Minister of Fisheries and Oceans, since I believe he is also involved in a matter of this type.

Prior to the fire, the National Sea Products plant purchased some groundfish and sold bait to some 30 other companies from as far away as Liverpool, Queens county to Chebogue, Yarmouth county, representing most of the Nova Scotia south shore. Is the minister aware that the 30 companies directly affected are served by some 522 boats, which are mostly inshore boats, employing 1,257 fishermen? Will the minister encourage officials to speed up the application for this construction grant as expeditiously as possible and give it top priority, since the impact on Nova Scotia's economy is more far-reaching than appears on the surface?

• (1450)

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Obviously, Madam Speaker, any loss of sales encountered by fishermen is seen as serious by my department. However, in relation to this type of application, our job is to indicate if the resource can justify a plant expansion or if just a replacement of the existing capacity can be justified. We did indicate to DREE that we felt there was no room for expansion in this area. There is already a fair demand for the fishermen's product. However, we did indicate that we are ready to recommend a replacement of the capacity which existed before the fire. That was our job. We have done it. I hope this problem is resolved very soon.

Oral Questions

EMPLOYMENT

SKILL-TRAINING PROGRAMS FOR YOUNG PEOPLE

Mr. David Orlikow (Winnipeg North): Madam Speaker, I wish to direct a question to the Minister of Employment and Immigration. Figures released today show there are 368,000 young people out of work, 45 per cent of all the unemployed. The rate of unemployment among young people is more than twice the rate for those over 25. The economy is not expanding. In view of these facts, will the minister consider an early aggressive program to train many of these young people in the skilled jobs in short supply of labour in this country and for which there is a great need?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the proposal put forward by the hon. member is a very valuable one. It is being carefully examined by the parliamentary committee of which he is a member. I look forward to the recommendations to be made by that committee, which I understand will be meeting very soon to bring forward an interim report. As well, we are looking within our department at additional training measures which could be introduced during the next calendar year and which would provide the very incentives the hon. member talks about.

I would point out to him that our economy, like other economies, is going through a very tough period. There is a general recession throughout the industrialized world. However, job creation within Canada is still the strongest of any of the industrialized countries, and we created well over 280,000 jobs last year. In particular, the growth rate of employment for women was at 6 per cent, the highest record of any country in the industrialized world.

Mr. Orlikow: Madam Speaker, a program to train people will take some considerable time to start. Despite the minister's claims regarding job creation, there is more unemployment at the present time than in any period since the dirty thirties. It is not much consolation to the 368,000 unemployed young people to be told that 200,000 others have found jobs. Will the government give serious consideration to an expanded job-creation program so that young people who want to work will be able to, rather than being unemployed and possibly drawing unemployment insurance?

Mr. Axworthy: Madam Speaker, I would like to correct some of the statements of the hon. member. We have about the same unemployment rate that we had this time last year. In fact, the unemployment rate in this country has been stable over the past three or four years. Furthermore, the employment ratio of workers to number of jobs available has been rising substantially. That does not give us any satisfaction because we would like to create even more work. That is why this government reintroduced a number of job-creation programs and why the Minister of Finance in his budget indicated that additional moneys will be set aside for new industrial programs, including major incentives for training and job

creation. As I said earlier, we hope to be able to announce those measures within a very short period of time.

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HEALTH AND SAFETY

BAN ON USE OF UREA FORMALDEHYDE INSULATION—ADVICE TO HOME OWNERS

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to direct a question to the Minister of National Health and Welfare. In a statement on December 17, the minister announced a ban on the use of urea formaldehyde as a means of insulation because of the serious danger it posed to health. I might say this came about five years after the same concerns were expressed by authorities in the United States at the federal and state level. What advice does she as minister of health have with regard to the 60,000 Canadian homes which already have this material installed, many of which had it installed under the government's CHIP program?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): For the moment, Madam Speaker, in view of the serious allegations contained in the preliminary report submitted by the experts to the government regarding this insulation material, it has been decided to advise Canadians that a moratorium on the use of the aforementioned chemical will be in force until the presentation of a final report by the committee of experts, at which time we will obviously review our decision one way or the other. For the time being Canadians who have used this product for home insulation purposes and who have developed the symptoms mentioned in the press release should check with their physician if their condition seems to warrant it. As stated in the press release they can also contact the officials at any office of the federal Department of Energy or the National Research Council or even of my own department all across Canada who will let them know what steps should be taken to stop possible leaks of this insulation material in their homes.

[*English*]

Mr. McGrath: Madam Speaker, I wish to direct my supplementary question to the minister responsible for Canada Mortgage and Housing Corporation. According to reports, in 33 per cent of the 60,000 Canadian homes which have urea formaldehyde installed as insulation, it was installed under the government approved CHIP program. In other words, up until the time of the ban it was approved as an acceptable material under CMHC standards. Is the minister prepared to offer any advice, consolation or compensation, either under the CHIP program, through CMHC or under a special program, for those 60,000 Canadian homes which have this insulation material, especially those which had it installed under a government program approved by the minister, and, indeed, subsidized by the government?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I would prefer to await the final results referred to by my colleague who answered the hon. member's last question. When we have the final report as to what are the implications as a result of the use of UF, I expect to be in a better position to answer directly the question of the hon. member.

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FISHERIES

ECONOMIC ASSISTANCE TO FISHERMEN OVER WINTER MONTHS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is addressed to the Minister of Fisheries and Oceans. It would have been addressed to his understudy, the Minister of Indian Affairs and Northern Development, who seems to be still recovering from the Christmas break. A few weeks before Christmas the Minister of Indian Affairs and Northern Development announced a $4.2 million emergency assistance program to assist the native fishermen of British Columbia in light of the very poor fishing year experienced on the west coast during 1980. Indications are that there were over 62 bankruptcies registered by fishermen with Royal Bank branches in recent weeks. What program does the minister have to offer by way of economic assistance to fishermen, hard pressed by poor fishing conditions and low prices in the past fishing year, to help them through these bleak winter months?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I am sure the hon. member would not want to mislead the House by linking two problems which are really quite different. As the hon. member knows, it is rather difficult for many Indian fishermen to get the normal commercial loans because the houses in which many of them reside are community property and, as such, cannot be put up as collateral. For this reason my colleague, the Minister of Indian Affairs and Northern Development, in continuation of the long-standing policy of helping native people get involved in the commercial fishery, particularly on the west coast, announced this program.

• (1500)

As to the other question with respect to the difficulties experienced by fishermen in light of the poor season they have had both in salmon and in herring roe, we are monitoring the situation. We have indicated that where loans are guaranteed under the Fisheries Improvement Loans Act time should be made available for fishermen to reimburse and that reimbursement of the capital part of the loans should be delayed. In fact, we have asked commercial enterprises to show understanding for fishermen who traditionally have been very good credit risks, as the records of the Fisheries Improvement Loans Act show.

Mr. Siddon: Madam Speaker, it is interesting that the minister would suggest that non-native fishermen should mortgage their homes, as many have had to do, in order to tide themselves through these difficult periods.

I want to ask the minister if he in any way consulted the Minister of Indian Affairs and Northern Development before the other minister announced his program, and, in particular, is the Minister of Fisheries and Oceans aware of the fact that members of the Indian Fisheries Assistance Board, a board which still sits in consideration of programs in support of native fishermen, were not even consulted by the Minister of Indian Affairs and Northern Development before he announced this $4.2 million emergency relief program?

Mr. LeBlanc: Madam Speaker, I know there were conversations between officials of my department and my colleague, the Minister of Indian Affairs and Northern Development, but I certainly would have supported and do support assistance to native fishermen who, in fact, have seen their participation in the west coast fishery somewhat eroded in the last couple of years. It is to prevent this erosion of the licences held by Indian fishermen that I have changed the policy and that I do not allow back payment by non-Indian fishermen in order that they may assume holding of licences.

* * *

[*Translation*]

ENVIRONMENTAL AFFAIRS

ACID RAIN—DATE OF MINISTER'S MEETING WITH UNITED STATES COUNTERPART

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, my question is for the Minister of State for Science and Technology and Minister of the Environment.

In view of that statement made yesterday by the American Secretary of State designate, General Alexander Haig, during the Senate confirmation hearings, can the minister confirm whether he will arrange to meet with his American counterpart as soon as he is in office in order to inform him of Canada's concerns with regard to the action which should be taken in order to eradicate, as soon as possible, acid rain pollution from the United States?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, I want to assure the hon. member that I do intend to arrange a meeting as soon as possible with my American counterpart in order to discuss joint problems such as acid rain. However, Mr. Reagan has not yet indicated who will head the Environmental Protection Agency and I do not think I can meet with my counterpart, the Minister of the Interior, until Congress has approved that choice. It is therefore somewhat difficult for me, at this stage, to indicate precisely when such meetings would be held, but I want to assure the hon. member that, in view of the situation in the United States, I do intend to make arrangements as soon as possible.

[*English*]

PRIVILEGE

MISS MACDONALD—STATEMENTS MADE BY MR. AXWORTHY

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, it is seldom that I rise on a question of privilege. This is only the second time I have done so in the eight years I have been a member of Parliament, so you will understand the seriousness I attach to the question of privilege I address to you today.

Yesterday the minister responsible for the status of women was charged by the president of the Advisory Council on the Status of Women with manipulation of the council's plans when he used his ministerial office to exert pressure on the council's executive to cancel an upcoming conference on the constitution.

The Advisory Council on the Status of Women was established in 1973 to provide independent, objective advice "to the government and to the public on matters of interest and concern to women and to advise the government on actions that the council deems necessary to improve the position of women in society". The council was carrying out that mandate when it made plans last summer to hold a national conference on the constitution to deal with a broad range of women's issues in various constitutional jurisdictions.

That conference, which was originally slated for last September, had to be rescheduled for February of this year. The conference plans were already well advanced and have only been called into question following a meeting last Friday between members of the executive committee of the council and the minister. It was at that meeting, the president now charges, that the minister exerted pressure to have the council change its plans to hold a constitutional conference for fear of possible embarrassment to the government.

The council's terms of reference, as spelled out by the then minister responsible for the status of women, the present Minister of Indian Affairs and Northern Development (Mr. Munro), on May 31, 1973, as reported at page 4282 of *Hansard*, ensured that the council would report to Parliament as well as to the minister responsible by making its recommendations and its reports public. In this way it was assumed that the advice and recommendations proffered would be both independent and objective.

In this respect the council is comparable to other councils which offer independent advice to government. I refer to councils such as the Economic Council of Canada and the International Joint Commission. I know of no occasion when a member of Parliament has felt it necessary to raise a question of privilege based on government interference with the work of these two bodies or, indeed, of any other council, commission or consultative body which offers independent advice to government and Parliament.

It is my contention that in interfering with the plans presented to the government "on actions that the council deems necessary to improve the position of women", in this case the

holding of a constitutional conference on women's issues, the minister interferes not only with the council but also with the privilege of members of Parliament to receive and to question the government concerning that advice, as promised in the statement by the then minister responsible for the status of women on May 31, 1973.

I mentioned that the Advisory Council on the Status of Women is comparable to the Economic Council of Canada or the International Joint Commission in the way it proffers advice to government, but it is clear that it is not comparable in that it is the only such body whose recommendations are interfered with by the minister responsible, and whose members are manipulated. The Advisory Council on the Status of Women is subjected to different and, I would say, discriminatory treatment, which is a further affront to members of Parliament and to the privilege of members of Parliament, particularly women members of Parliament.

In reply to questions put by me yesterday concerning the accusation made by the president of the Advisory Council on the Status of Women that the minister and the government were attempting to influence the council into cancelling its proposed constitutional conference, something which I am sure the minister knows the executive committee on its own cannot do, the minister replied that the president's statements were "not accurate or proper". In other words, he refuted her charge. Since then the president has reiterated her stand with charges of manipulation and with the statement that, and I quote:

> Mr. Axworthy's attempt at influencing the council marks the first time the government has interfered with the independent government-appointed organization.

We have two entirely contradictory views of what happened in that meeting of last Friday when members of the executive of the Advisory Council on the Status of Women met with the minister. We have the statements of the president of the council and those of the minister. Parliamentary rules dictate that I must accept the word of the minister with respect to his non-interference in this matter, except for his suggestion of regional conferences, but I feel that he is being less than honest with the House in detailing the role he played in this matter, that he has misled the House, and that indeed there is a possibility he may have deliberately misled the House, given the initial and subsequent statements by the president of the council.

● (1510)

This is no mere tempest in a teapot. It is a very serious matter when the president of an extremely prestigious council feels it may be necessary to tender her resignation because of recent manipulation of their organization by a federal cabinet minister. I feel it is a serious question of privilege and of my rights as a member of Parliament that there should be two such contradictory positions on this matter and that we, as parliamentarians, do not have sufficient information on what transpired at the meeting held last Friday with the minister to determine what type of influence the minister exerted. Those of us who are interested in maintaining the integrity and independence of the Advisory Council on the Status of Women should have the right to be more adequately informed on the nature of the pressure which the minister has been charged with exerting on the council.

If you find, Madam Speaker, that I have a question of privilege in this matter, I would move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

> That the matter of the statements made in the House on January 12, 1981, by the minister responsible for the status of women respecting directions given by him to the executive of the Canadian Advisory Council on the Status of Women, and the significant discrepancy between the minister's assertions and those of the president of the council, be referred to the Standing Committee on Privileges and Elections.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I too treat the statement made by the hon. member with a great deal of seriousness. I only wish that she would follow her own advice, that is, to make some effort to obtain the proper facts and information before she makes the kinds of charges she has just been guilty of suggesting. She has asked for third party confirmation as to who is right.

If I might, I should like to read into the record of the House a statement which was issued by the executive committee of the Canadian Advisory Council on the Status of Women just today. It states:

> The executive committee of the CACSW is appalled by the action of its president, Doris Anderson.
>
> The executive committee in December expressed concern about the timing of the constitutional conference.
>
> Because of the successful presentation before the joint committee and the distribution of research papers on the constitution to the women of Canada, the issue of the entrenchment of rights had been properly and thoroughly dealt with by the advisory council.
>
> Sensing that the timing of the planned February conference was no longer opportune, and feeling strongly that the conference ought to be rescheduled, the executive committee of the advisory council sought a meeting with Mr. Axworthy—

I underline "sought a meeting".

> —to discuss the matter with them.
>
> Mr. Axworthy agreed that the issues might get a better airing at a later date but stated that the decision was the council's to make and added "we can live with it either way".
>
> "It was clear, after speaking with the minister" said Win Gardner, senior vice-president, "that the issues we wanted to discuss at the conference, such as jurisdiction over divorce and social services, would not be on the government's plate at that time and that therefore attention would be greatly diverted from these important issues".
>
> "At no time was cancellation of the conference even considered", said Win Gardner. "The matter of rescheduling is to be brought before the full council meeting next week, and the executive committee will of course abide by its decision".

An hon. Member: Author?

Mr. Axworthy: That was a statement which was issued by members of the executive committee. The hon. member asked for confirmation. I suggest that unless she is prepared to say that the other members of the executive committee are not telling the truth, she will simply have to say that her statement and her allegations are wrong. I would ask her to withdraw the

statement from the records of the House because it really is unfounded.

I should like to state further that so far as I am concerned, this is primarily a matter between Mrs. Anderson and the members of the council and the executive committee. Mrs. Anderson had her own desires or ambitions overturned by the executive committee. She obviously felt compelled to take some fairly extreme action to deal with them. It is a matter which should be resolved by that council and by the executive committee.

I should point out to members of the House that on the matter of the constitutional conference, if I am guilty of interference, it was I who suggested originally to the advisory council that the conference be held. It was my suggestion and recommendation that the conference be established. The conference was cancelled by that council on the decision of its president and executive committee last fall. They decided to reschedule it. I believe they had a meeting amongst themselves earlier on to discuss the timing. They came to me as the minister to ask for my opinion and advice, and I gave it to them. I said to them that whatever choice they made, it was up to them. At no time was pressure applied, or manipulation. Those are words used by Mrs. Anderson for her own reasons. I would not attempt to manipulate that council which is an independent body. I respect its opinions, and we as the government respected them when the council made its representation on the constitution and the charter of rights, and we have responded to it.

I would simply say to you, Madam Speaker, and to members of the House, that for the hon. member for Kingston and the Islands (Miss MacDonald) to take the one-sided opinion of one person and to make the kinds of charges she has made without any further investigation, without making any effort to see if there was another side to the case, is really an abrogation of my privileges. I would go to the extent of saying that she resorted to grandstanding—

Some hon. Members: Oh, oh!

Mr. Axworthy: I would not say this is a laughing matter. I do not think it is a matter which should be used for partisan reasons. What is really at stake is the integrity of that council, and that is a question which should be decided by that council and should not be brought into the forum of partisan politics as the hon. member has done.

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, it comes right down to this: do we accept what the minister said yesterday that the statement of Mrs. Anderson, the president of the council, is inaccurate, or do we accept the minister's assurance to us that he does not make any attempt to interfere with or manipulate the council, particularly the executive committee of that council? If I am asked which I accept, there is no doubt in my mind that I accept what Mrs. Anderson has said because she is the person who has credibility in this country. She is the person, despite being a Liberal appointment, who has had the guts to stand up to the government and to stand up to the minister over the past several months.

On three occasions the minister publicly stated, once in Montreal, once in Saskatoon, and the third time elsewhere, that he was not happy or satisfied with what the council was doing in its work on the constitutional proposals. He said it was getting "bad legal advice". He did everything possible to undermine the work of that council in preparing its work for the constitutional committee of the House and Senate on the constitutional proposals of his own government. His whole record in the last several months is one of undermining the Canadian Advisory Council on the Status of Women, and particularly its president. He would dearly love her to resign. He wants to get someone in there as he has some of the vice-presidents there now who are total patsies—

Some hon. Members: Oh, oh!

Miss Jewett: That is what he wants. I shall name one in particular because I named her when she was appointed to the council. She was moved out of the Prime Minister's (Mr. Trudeau) office, put into the council as a mole—

Some hon. Members: Oh, oh!

Miss Jewett: —to keep an eye on the president of the council. She was there to make sure—

Some hon. Members: Hear, hear!

Miss Jewett: Everyone knows this, if the minister does not. No one wanted her on the council, not a single member. She was put on it because the Liberals wanted to have a mole there whom they could trust to do their bidding—

Some hon. Members: Oh, oh!

Miss Jewett: The minister knows who I am talking about, as does everyone in the House.

An hon. Member: Who?

Miss Jewett: An otherwise very agreeable person, except in this connection, and her name is Hellie Wilson, and we all know that.

Some hon. Members: Shame!

Miss Jewett: The minister is apparently denying the statement made by Mrs. Anderson and repeated in *The Globe and Mail* today. He says she is inaccurate. That is why this matter should go before a committee of the House to get to the truth of it.

I have also other evidence which I will be glad to bring before the committee to investigate its accuracy, namely, that when she was away for a day last week, as I think she said—this was after the minister had agreed to the conference being held and had booked a room for it; do not forget, Madam Speaker, the minister had already arranged for a room to be booked for this mid-February conference and he did that back

in December, he agreed to be their luncheon speaker—all this was done.

● (1520)

One day last week when the president of the council was away, the mole took it upon herself as acting president, as reported in *The Globe and Mail* today, to meet:

—Mr. Axworthy and later reported to Mrs. Anderson that the minister preferred that the conference be cancelled.

Miss Wilson also called back press releases sent out earlier in the day to announce the conference dates.

Those press releases were all prepared before Mrs. Anderson left town, and they were to have been sent out. It continues:

All releases were intercepted except those that arrived at the offices of *The Globe and Mail* and a television network. These were picked up later in the day by a messenger.

That was done at the minister's bidding; that was done by an acting president for a day of that council. The other members of the executive committee were talked into supporting it because they too are loyal Liberal supporters of the minister, and one from his own city who is particularly loyal—

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. I am having some difficulty here because I am afraid the hon. member is stating things which should be followed by real charges.

Some hon. Members: Oh, oh!

Madam Speaker: The minister has made a statement, and the hon. member should not doubt the statement of the minister.

Some hon. Members: Oh, oh!

Madam Speaker: She could disagree with it, but she could not put it in doubt. I am just asking the hon. member if she could choose her words more carefully because I am wanting to get up nearly every minute to tell her that she is going beyond what is parliamentary. I will now ask her to proceed.

Miss Jewett: Madam Speaker, I do not want to be unparliamentary. I am, as is the hon. member for Kingston and the Islands (Miss MacDonald), really very upset by this interference with an independent council. If this were to happen with the Economic Council of Canada, every member of this House would be up proclaiming and protesting about it. But I shall do my very best to wind up by keeping within the guidelines Your Honour suggested to me.

I shall wind up by saying that the advisory council must be an independent advisory body. That is what it is designed to be and to do. What has given most of the women of this country joy in the last year and a half has been the fact that the president of that council was independent; it has given every woman in this country joy. As the Minister of Justice and Minister of State for Social Development (Mr. Chrétien) said, it has made possible a first-rate presentation to the constitutional committee, probably one of the best given to that committee. It has made possible all kinds of research that the previous chairman or president of that council never undertook. It has had all kinds of influence for the good of the women of Canada.

Since this must never be repeated, this political interference, I would ask that the motion of the hon. member for Kingston and the Islands, which I would have gladly seconded, should be accepted by Madam Speaker so that the matter can be thoroughly cleared up and never repeated.

Some hon. Members: Hear, hear!

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I will be brief in my intervention on this matter. I must say that I find it quite remarkable that a minister of the Crown should stand and conduct himself in such a way as we have just witnessed in relation to a public servant who reports to that minister and, to the best of our knowledge, still apparently holds his trust, not having been dismissed from her position by the minister. I cannot recall a situation in which there has been similar treatment of a public servant by a minister of the Crown here on the floor of the House of Commons.

Miss MacDonald: Hear, hear!

Mr. Clark: But what I want to pick up on is the suggestion of the minister that what is at issue here is simply a question—if I am quoting him correctly, and I believe I am—between Mrs. Anderson and the council. That is not at all what is at issue here. The issue is the relation and the conflict between an agency which was established to bring issues to the attention of the public of Canada and of the Parliament of Canada, and whether or not that agency has been allowed the unfettered ability to carry out its mandate, to carry out its responsibilities, to speak and act as it is authorized to speak and act, without intrusions by a minister of the Crown, without the kind of manipulation which has been alleged by the president of the council.

Today the minister brought in a statement allegedly prepared by the executive committee of the council. Apparently he has not discussed the matter with the president. I presume, had he discussed the matter with the president, it would have been courteous for him to have so indicated—he now indicates that he has done that. I am surprised that he did not indicate it at that time and did not indicate to us what action would flow from the discussion between himself and the president. As the hon. member for Kingston and the Islands (Miss MacDonald) has indicated, the point is that when this matter arose we had two conflicting versions as to what had occurred in relation to a recommendation made by a public body and actions taken by a public body, part of whose purpose is to bring before the government and before the public certain matters relating to public policy and to women in Canada.

Now we have a third matter before the House of Commons raised by the intervention of the hon. member for New Westminster-Coquitlam (Miss Jewett). The hon. member for New Westminster-Coquitlam has now added new allegations of

fresh manipulation by the minister in the activities of the Advisory Council on the Status of Women.

It has been argued that we must accept the word of the minister on this matter. Parliament is in the dilemma that it must also accept the word of the president of the advisory council. Now we are in the further dilemma that we must also accept the word of the hon. member for New Westminster-Coquitlam whose statements on these matters are at least as credible and as deserving of being accepted by members of the House of Commons as the statements of the minister of the Crown.

First of all, there is a very real question as to whether an agency which can function effectively only if it is independent has had that independence interfered with by the minister. Also there is the very real question that we have before the House of Commons a conflict in the recording of the role of the minister by the minister and by certain members of the advisory council on the one hand, and by the still serving president of the advisory council on the other hand. Finally, we have a conflict between the testimony of the minister who is a member of this House, whose word we are supposed to accept, and a member of the House of Commons, the hon. member for New Westminster-Coquitlam, who, by the rules of the House, made statements we are bound to accept.

In the circumstances, and having regard to the precedent which can flow and to the damage which can be done to every independent agency that is to bring matters before the public of Canada—

Some hon. Members: Oh, oh!

Mr. Clark: —having regard to the dangers which can flow if that kind of manipulation occurs and if that kind of manipulation is allowed to continue, I would suggest that the privileges of members of the House of Commons are very seriously affected by the allegations which have been made here. The best way to resolve the question would be to refer it to a committee.

I recall that earlier, when the minister had questions raised on which he felt some confidence, he volunteered they be referred to the appropriate committee. Now he stands in the way of a similar reference. If he is absolutely confident of the position which he stated on the floor of the House, then I believe it would be wise for him to do now what he did earlier when the propriety of his conduct was called into question, and have the matter referred to the appropriate committee.

Some hon. Members: Hear, hear!

Madam Speaker: I must say that on its face I do not feel there is a question of privilege. It seems to me, on its face, that we have a difference of opinion as to what took place and what actions or what implications flowed from what took place. But the interventions on this particular question were made very seriously, and charges were quite serious. I do want to look into it, and I will rule on it at a later date.

• (1530)

ROUTINE PROCEEDINGS

[*Translation*]

CRIMINAL CODE

AMENDMENT RESPECTING GREYHOUND RACES

Mr. Raymond Dupont (Chambly) moved for leave to introduce Bill C-624, to amend the Criminal Code (Greyhound Races).

Some hon. Members: Explain.

Mr. Dupont: Madam Speaker, the purpose of the bill is to extend betting through a pari-mutuel system in Canada by amending section 188 of the Criminal Code to include greyhound races.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

Madam Speaker: Motions.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I move, seconded by the hon. Minister of Health—

[*Translation*]

Madam Speaker: Would the hon. minister allow me to proceed with other motions before this one that will probably require more time?

Would the House agree to our proceeding with questions on the order paper before going on to the hon. member's motion? Is it agreed?

Some hon. Members: Agreed.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 34, 1,286, 1,628, 1,734, 1,739, 1,757, 1,771, 1,773, 1,780, 1,782, 1,836, 1,858 and 1,861.

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

Order Paper Questions

[*Text*]

CONTROL OVER CROWN CORPORATIONS

Question No. 34—**Mr. Cossitt:**

1. Is it the government's intention to take steps to increase ministerial and parliamentary control over Crown corporations in order that they will be more responsible to the people of Canada and, if so, what measures will be taken?

2. Have there been instances of Crown corporations refusing to carry out orders of ministers of the Crown and, if so, will this situation be changed?

3. Will it be government policy to allow Parliament to have much more control over the operations of Crown corporations than in the past?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): 1. The government is actively reviewing, at the present time, a policy for the direction, control and accountability of Crown corporations.

2. No.

3. In reviewing a policy of control direction and accountability for Crown corporations, the government is actively considering Parliament's role.

TOKYO ROUND—TARIFF REDUCTIONS

Question No. 1,286—**Mr. MacKay:**

Did the Department of (a) Industry, Trade and Commerce (b) Agriculture (c) Finance (d) Energy, Mines and Resources (e) Employment and Immigration (f) Regional Economic Expansion (g) Fisheries and Oceans (h) Labour prepare regional impact studies on the effect of the Tokyo Round of tariff reductions, as embodied in the June 2, 1980, Ways and Means motion and, if so, what is the title of each study?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the following departments as follows:

(a) Industry, Trade and Commerce:

Industry, Trade and Commerce, in co-operation with other departments, participated in a continuing evaluation of Canadian interest in the MTN, both from a sectoral and regional point of view. Although the publication of the results did not specifically identify regional impacts, this can be derived in large measure through an appreciation of the relative importance of various sectors of the Canadian economy to the particular regions of Canada.

(b) Agriculture Canada:

No. However, departmental staff worked with the interdepartmental negotiating team to prepare information on the agricultural impact included in the press package released.

(c) Finance Canada:

Consideration of the regional impact of the tariff reductions agreed to in the multilateral trade negotiations (MTN) was an integral part of the government's on-going decision-making process. One of the Canadian objectives in the MTN was to achieve a mix of gains in foreign markets and concessions in Canadian tariff and non-tariff barriers which would represent a reasonable result from the point of view of the different Canadian provinces and regions. In order to assist in identifying regional interests the government consulted closely with provincial governments throughout the MTN. Consultations took place, for example, through the Canadian Trade and Tariffs Committee and the office of the Canadian co-ordinator for the MTN as well as by means of a federal-provincial conference on the MTN.

(d) Energy, Mines and Resources Canada:

No.

(e) Employment and Immigration Canada:

No.

(f) Regional Economic Expansion:

DREE did not prepare a regional impact study of the effects of the Tokyo Round of tariff reductions. However, information concerning possible sectoral impacts was used in combination with other factors in a study which was focused on the larger issue of industrial adjustment.

(g) Fisheries and Oceans:

No.

(h) Labour Canada:

No.

SECURITY CLEARANCE REQUIREMENT BY CANADIAN ARMED FORCES

Question No. 1,628—**Mr. Cossitt:**

Did the Human Rights Commission, at its September meeting, review the matter of the ten year residency in Canada requirement before security clearance can be obtained for admission to the Canadian Armed Forces and, if so, did it recommend to the armed forces that it use its discretion to waive this provision in the case of outstanding applicants and will the armed forces now adhere to this revised approach and (a) if so, will it begin to do so immediately (b) if not, for what reason?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Justice and National Defence as follows: at its September meeting, the Canadian Human Rights Commission approved the settlement of a complaint which involved the ten-year residency requirement, but it did not review the security clearance policy of the armed forces, or the application of that policy.

In regard to that portion of the question which referred to the recommendation of the Human Rights Commission that the armed forces use its discretion to waive the ten-year residency in Canada provision in the case of outstanding applicants, the Department of National Defence advises that the following is already in effect: Canadian Forces recruiting officers are instructed to regard the ten year residency requirement as a bench mark in considering applicants for enrolment in the forces. Policy already permits granting of security clearances to candidates who do not fulfill the ten year residency providing they can furnish the Department of National Defence with sufficient information to permit a reasonable assessment of loyalty and reliability.

(a) and (b) Not applicable.

DND—SEA KING HELICOPTER

Question No. 1,734—**Mr. McKinnon:**

Has the Canadian Armed Forces been operating Sea King helicopters for many years and, if so, for what reason did the Department of National Defence place a $250,000 order with Pratt & Whitney Aircraft of Canada Ltd. for publications in support of the CH124A Sea King helicopter?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes. The Sea King helicopter has been operated by the Canadian Armed Forces since 1963. This contract is part of a continuing process to provide maintenance and personnel with up-to-date technical information on modifications to the helicopter and its systems. This information is essential to maintain flight safety standards. In the case of the Sea King the contract provides for the technical writing, engineering validation, editing and actual printing of amendments to 35 publications incorporating all revised engineering data accumulated during the period April 1, 1979, to December 31, 1981. The helicopter is expected to be in use for another 15 years.

TRANSLATION BUREAU FREE-LANCERS

Question No. 1,739—**Mr. Murphy:**

1. Were free-lance translators and interpreters employed by the government's translation bureau on contract during the period August 21 to November 9, 1980, and, if so (a) how many (b) what was the total cost?

2. For the same period, what was the total number of words translated by free-lance (a) translators (b) interpreters?

3. For the same period, what percentage of the total number of words (a) translated (b) interpreted by the bureau was done by free-lance personnel?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): Department of the Secretary of State: 1 and 2. It is not possible to determine the numbers of free-lancers involved with precision as more than one contract can be handled by the same contractor. Between August 21 and November 9, 1980, the Translation Bureau contracted out 9,496,435 words of translation, at a cost of $997,125. Interpretation contracts totalled 440 days at a cost of $94,600.

3. During this period free-lance translators handled 30 per cent of the bureau's translation and 37 per cent of its interpretation workload. Under normal circumstances, the bureau would contract out some one million words per week, or ten million words for the period in question, and approximately one-third of its interpretation work, or some 400 interpreter-days over this ten-week period.

ADVERTISING EXPENDITURES

Question No. 1,757—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Post Office Department for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Order Paper Questions

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Canada Post's expenditures for the current fiscal year are as follows: (a) $529,274, (b) $2,011,506, (c) $848,420.

Question No. 1,771—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Air Canada for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport):

(a) Air Canada has spent $20,000,000 on advertising around the world during the calendar year 1980.

(b) A very small portion of this Canadian budget (less than 1 per cent) has been spent on purchasing advertising in controlled circulation magazines which are, in effect, "free", for they are delivered free of charge through the mails to selected areas of Canada. (e.g., *Quest, Homemakers'*, etc.).

(c) No other advertising has been placed by the company's advertising department in free or subsidized publications. However, local offices of the airline across Canada may, from time to time, place advertising in local free or subsidized publications for sales solicitation purposes.

Question No. 1,773—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Northern Transportation Company Ltd. for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): (a) Approximately $3,500 for fiscal year ending December 31, 1980, (b) None, (c) $1,300.

Question No. 1,780—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Canadian Commercial Corporation for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Canadian Commercial Corporation is concerned: (a) None, (b) None, (c) $32,000.

Question No. 1,782—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Farm Credit Corporation for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. E. F. Whelan (Minister of Agriculture): Farm Credit Corporation advises: (a) $10,100, (b) $49,000, (c) $28,000.

HISTORIC SITE—*POINTE-DU-MOULIN*

Question No. 1,836—**Mr. Herbert:**

Did the government make a financial contribution to the *Pointe-du-Moulin* historical site at Ile Perrot and, if so (a) in what amount (b) to whom (c) what were the conditions of payment?

Order Paper Questions

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): 1. Yes.

(a) $500,000.

(b) Department of Cultural Affairs—government of Quebec

(c) Submission of invoices by the Department of Cultural Affairs and the provisions of the agreement annexed to order in council P.C. 1973-1178 of May 18, 1973, which stipulated in section 3 (1) the following conditions of payment:

Section 3 (1)

Subject to this agreement and to the monetary appropriation by the Parliament of Canada, the sum total of Canada's contribution to the development of the sites shall not exceed $500,000 from all sources, to be allocated as follows:

(*a*) a sum not to exceed $435,000 for the cost of materials, equipment, manpower and other on-site expenditures incurred by the development project;

(*b*) a sum not to exceed $20,000 for the development by Quebec of a master plan for the development of the sites; and

(*c*) a sum not to exceed $45,000 to defray a portion of the administrative and research costs incurred by Quebec.

CIDA

Question No. 1,858—**Mr. Herbert:**

1. On what date was the pamphlet entitled "Institutional Co-operation — Canadian Universities and the Developing World", issued by the Canadian International Development Agency?

2. What amount, by country, was allocated under the program advertised in the pamphlet to assist Canadian universities and colleges in (a) Asia (b) Africa (c) the Caribbean (d) Latin America?

3. For how many projects did the contribution from CIDA exceed (a) $50,000 (b) $100,000?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. May 30, 1980.

2.

	1978-1980	1980-1981
(*a*) Asia	212,603	1,233,350
(*b*) Africa	521,695	3,481,682
(*c*) Caribbean	670,443*	244,268
(*d*) Latin America		366,248

3.

1978-1980	1980-1981
(*a*) 9 projects	14 projects
(*b*) 11 projects	8 projects

* Caribbean and Latin America combined.

DAILY PUBLIC AFFAIRS MEDIA MONITORING

Question No. 1,861—**Mr. Blenkarn:**

1. Does the Department of Transport issue a Daily Public Affairs Media Monitoring Service to members of Parliament involved or interested in transport matters and, if so, what is the cost of the service?

2. How many persons in the Department are involved in following such clippings?

3. Who prepares the transport daily word story type comments and what is its cost?

4. Is the material prepared for the use of the department in any event and, if so, for what reason?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Yes; a copy is provided to members of the Standing Committee on Transport. There is no charge for the service.

2. One.

3. One clerk, CR-4; cost $17,000 plus a pro-rata share of the department's Xerox charges.

4. Yes—to give the minister and senior management a brief synopsis of transport matters affecting, or of concern to, the general public.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

[*English*]

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-48

Hon. Yvon Pinard (President of the Privy Council) moved:

That, in relation to Bill C-48, an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, one sitting day shall be allotted to the further consideration of second reading stage of the bill; and that at 15 minutes before the expiry of the time provided for government business on that day, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of second reading stage of the bill shall be put forthwith and successively, without further debate or amendment.

He said: Mr. Speaker, I move this motion following the notice I gave last night. I had the opportunity last evening to expose briefly the reasons why the government had to take this position at this time. I, as the government House leader, would have liked to see that bill referred to the standing committee on energy before the Christmas break. Even if there was no such agreement, we were expecting this bill to be referred to the committee before December 19, hoping that the committee would have had an opportunity to hear witnesses and look at the bill, at the same time hoping that the House of Commons would be able to deal with some of the other business that must be dealt with on an urgent basis. But such reference was not made and we had to face the reality that now, it being January 13, we still have this bill on the floor for second reading. In fact, today is the fifth day of debate on the second reading stage of this bill.

Yesterday, when I spoke to my colleagues on the other side, I still thought and hoped that we could come to an agreement on a reasonable length of time required to dispose of second reading of this bill. I suppose my hopes were too high. I could not obtain that agreement, which is why we are forced today to move the motion about which I am speaking.

There are four reasons why I feel this motion is well founded under the circumstances. Essentially what we are discussing in Bill C-48 is only a part, although an important part, of our

national energy policy. Yesterday, when the hon. member for Kingston and the Islands (Miss MacDonald) was speaking she said at the beginning of her remarks that in her mind she was speaking not only on a single bill but on a part, an important part, of the government's national policy on energy. I said that I agreed with that view. But if we follow that view we must admit that many days so far have been used by members on both sides to discuss the energy policy of the government, including Bill C-48.

The energy policy of the government was outlined clearly when the budget speech was read, and six days of debate followed the budget speech when most members spoke on energy. Then there were two special debates of three days each on the proclamation to put into effect some parts of the Petroleum Administration Act. Altogether this required six days of the time of the House of Commons. So, if we look at the six days which were used during the debate on the budget, plus the six days that were used in the debate on the proclamation, which I just mentioned, we are up to 12 days, when members on both sides had an opportunity to speak on energy. Then we brought in Bill C-48, which is one element of the energy policy, and so far four days have been taken up speaking on the second reading stage of this bill. Mr. Speaker, that is the first reason why I think we are justified at this stage in asking the House to limit debate on the second reading stage of Bill C-48.

The first reason of the four I am talking about is that this is only a part, an important part, of our national energy policy. In fact we are not bringing an end to the debate, we are allocating one additional day, and the bill will be studied at length at the committee stage and then will be reported to be studied at the report stage and at the third reading stage.

The second reason why I think it is important for us to move this motion today, as I just explained in my first reason, is that so far 12 days, plus the four days on second reading, which total 16 days altogether, have been devoted almost entirely to speeches related in some way to the national energy policy of the government.

The other reason why it is time to refer this bill to committee is a very realistic reason. If we consider that we already have on the order paper some 40 items of business to deal with, and if we take into consideration the fact that the government has the responsibility to deal with the economy, energy and constitutional matters, there is absolutely no way that a reasonable government can afford to allot more than four, five or six days at a maximum on one particular stage of a bill. I sincerely feel that if we did not interfere at this stage, assume our responsibility and exercise leadership in ordering the business of the House, we would be failing the confidence which was bestowed upon us by the population of the country.

● (1540)

It is very easy for me to stand up and argue that this motion has been introduced to maintain the respect of Parliament and our responsibility to Canadians. If there is no agreement to the length of discussion on one stage of a particular bill, then we must exercise leadership and impose a limit on the time for discussion of the second reading stage so that the bill may be sent to committee and so that the House may be in a position to deal with other urgent business such as the 40 items on the order paper which I have mentioned.

Among those 40 items are other bills which relate to energy, and members on both sides will have further opportunities to make their views known with regard to the energy policy. There are also bills relating to the constitution and to the economy. It is only as a result of the attitude of the opposition parties that we are following this procedure. I cannot blame any individual members who have spoken on energy. I wish to be realistic, and I am sure hon. members will admit that so far there have been many opportunities to speak on this issue and that there will be many more opportunities over the next weeks and months both in the House and in committee. No member will be in a position to complain that the government was not reasonable and did not allow him or her to express his or her views on such an important matter.

If hon. members will be honest with themselves, what we are discussing is a limitation of time on a single stage of a single bill which represents only part of the total energy policy which has been discussed for more than 16 days now and which will be discussed at length over the next weeks and months.

Standing Order 75 with its three parts, A, B and C, is available to the government under such circumstances. Politically, it may not be very good for members of the opposition to agree to a time limit on the discussion of the stages of a bill. Perhaps they are even relieved that I have taken this direction. I have no reservations in doing so because I believe my action is in the interest of the people of Canada. Hon. members have had many opportunities to express their views, and I respect the fact that these opportunities should be available. In spite of the fact that we have imposed Standing Order 75C, hon. members will still have an opportunity to make their views known in committee.

Yesterday an hon. member of the opposition presumably received the approval of his leader to ask of the Minister of Finance (Mr. MacEachen) during question period when hon. members would be able to hear witnesses on the government's energy policy. The minister's reply was to the effect that we should send the bill to committee so that witnesses could be heard. What we are attempting to do by this motion today is to put some order into the working of this place and assume our responsibility. If in the future we do not obtain agreement to reasonable time limits on the discussion of a particular bill, then it will be impossible for this House to function and we will be forced to use Standing Order 75C more frequently than has been the case in the past.

Right Hon. Joe Clark (Leader of the Opposition): Mr. Speaker, quite apart from that naked threat to begin the parliamentary term 1981, I cannot recall a procedural argument which would rival in its absurdity the defence which the President of the Privy Council (Mr. Pinard) has uttered for imposing closure. Just to recap it, Mr. Speaker, his argument is that if a general subject matter has been discussed frequently in this House of Commons, then that is justification for the

Government of Canada to stop and to limit arbitrarily the discussion of the details of a specific bill brought before this House. Surely that is absolutely absurd and absolutely unacceptable, not only to this Parliament but to any member on this side, and it should be unacceptable to any member on that side of the House who believes in democracy, if there are any who believe so.

What we are seeing here is the development of a very clear pattern on energy policy, and it is the same pattern which is being applied to constitutional policy. The government misleads Canadians as to the purposes of its proposals and then, just as soon as the parliamentary debate begins to reveal the real motives and the real results of government policy, Parliament is cut off.

[*Translation*]

That is what happened in the case of the constitution. The government said it wanted to put an end to British influence in Canadian constitutional matters when, in fact, the Liberal party wanted the British to settle questions which the Canadians themselves should decide. When the debate revealed the truth about its proposals, the government imposed closure in a futile effort to hide the truth from the Canadian people. And now, the Liberal government is trying once again to use the same trick in the case of energy.

[*English*]

On the first day of the parliamentary session the Liberal government announced that it would use its majority to stop parliamentary debate in an attempt to conceal from Canadians the damage this energy policy will do to the country. That is not only a contempt of Parliament, it shows contempt for the people of Canada and for the basic interest of this nation, and it is a betrayal of any concept of democracy. Instead of seeking the consent of the people in an open, honest way, this Liberal government tries to hide the facts from Canadians.

Let us look at this bill which Parliament will not be allowed to debate, Bill C-48. It gives the minister private powers which are perhaps the most extensive arbitrary powers ever granted a minister in this country outside wartime. Clause 12 allows the minister, alone, to decide which friend he would like to award with an exploration agreement, without calling for any other proposals. By clause 44 and clause 45, the minister, alone, may order a company to drill an oil well, whether or not that drilling makes sense. By clause 55 the minister, alone, may decide that a company is not behaving in the way that the minister would like it to behave. The minister may then, as a result of this bill which Parliament will not be allowed to debate, take away that company's permit and cancel its holdings. That is an invitation for abuse. It invites political patronage, arbitrary decision-making, and blackmail of an industry by a minister or by officials who want to force that industry to act against its own interests and to act in a way that might conform with some computer model that some economist with no understanding of the real world has dreamed up.

There are some 86 detailed clauses in this bill, a bill on which we have had less than 12 hours' discussion. Thirty-two of the 86 clauses of this bill give the minister or the government power that is excessive and power that Parliament cannot control. It is no wonder the government does not want Canadians to know the details of the bill. It is no wonder this Liberal government cuts off debate on a bill with such provisions. Given the nature of this extraordinary ministerial power, this motion today means double closure because Parliament today is being forbidden to debate what Parliament tomorrow will be forbidden to review.

• (1550)

What this does is take public policy—policy decisions which should be a right of this Parliament and of the public of Canada to review, and gives them to the minister. It gives him the power to act alone, the power to practise patronage, the power to practise blackmail, the power to intrude deeply in the industrial activities of the nation and lets him do it without any parliamentary accountability, without any parliamentary scrutiny and without any parliamentary review. That is the kind of proposal that this minister and this government want the Parliament of Canada to accept, with the most severely limited debate. That, sir, is absolutely unacceptable to anyone who believes in parliamentary democracy.

I point out to the House and to any others who are concerned about the balance between the public and the private sector, who are concerned about the aspirations of this government, that a situation which gives that kind of excessive power to one minister—to Marc Lalonde, of all people—a bill which gives that kind of arbitrary power to Marc Lalonde may focus today on the energy industry but, sir, it will lead to other industries later, at other times in the life of this country, and of the life of this government which is determined to use and abuse its powers regardless of the dangers to the country. That speaks of the private powers which the government does not want to advertise at all.

Let me deal now with the pretended purpose of this bill, which is government advertising that I believe to be false. The government pretends that its energy policy has as its purpose the increase of Canadian ownership. Instead, this policy is forcing Canadian companies to leave Canada, and therefore, this policy which Parliament is denied the right to debate is damaging Canadian ownership, is not helping Canadian ownership.

[*Translation*]

The government claims its energy program will promote the development of Canada. In fact, its program is driving jobs and investments out of Canada. For instance, this year Canadian Hunter will be spending in the States from $50 million to $100 million it had intended to invest in Canada; Home Oil has now stated that its main priority will now be to spend up to $1 billion on the purchase of an American energy company; Hudson's Bay Oil and Gas has cut back its exploration budget here in Canada by $220 million; and Union Oil has slashed by half the $70 million it had planned to spend in Canada. This means that Canadians from coast to coast will

be losing their jobs. The mere fact that drilling rigs are moving out of Canada could mean 55,000 fewer jobs here in Canada. Yet, it is impossible to discuss the matter here in the House of Commons of Canada.

[*English*]

The government pretends that its program will make Canada secure in energy. Its program does the opposite and that is why ministers do not want to discuss it in this country. Their program makes Saudi Arabia secure, it makes Mexico secure, it makes Venezuela secure, it makes Texas secure, but it exposes to the ravages and uncertainties of the world, Nova Scotia, Newfoundland, Prince Edward Island, New Brusnwick and the province of Quebec. Those five provinces are dependent today for part of their oil on foreign sources.

If the government continues on its way and continues to push through without parliamentary debate the kinds of measures that are in this bill, then the province of Ontario will soon be depending on foreign oil, that cannot be counted on, to heat its homes and fuel and its industries.

We have here, Mr. Speaker, a deeply dangerous bill, an immensely complicated bill and one that involves confiscation by the Government of Canada. It is a bill that involves deep intrusion into the affairs of the private sector of Canada. It is a bill that is already driving small Canadian companies to take their savings, their jobs, their expertise and to leave this country. It is a bill that hands to the Minister of Energy, Mines and Resources that extraordinary power to interfere in the decisions made by investors across this country. It is a bill that demands debate in this House. If there has ever been a bill which required this Parliament to consider it, it is one which extends, to the extent that this does, the discretionary power sought by the government. Instead of allowing Parliament to debate this matter, however, this Government of Canada is gagging the House of Commons and is trying to stop the people of Canada from understanding what is at stake in this deeply damaging energy policy.

Some hon. Members: Hear, hear!

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we are opposed to the motion that has been presented by the government House leader because, in our view, this is not the way to run the Parliament of Canada. Whatever may be the views of the various parties or the various members of this House on Bill C-48, it is an extremely important one and it deserves adequate discussion.

The President of the Privy Council (Mr. Pinard) seems to be concerned that we spent as much time as we have already this session on the subject of energy. He must know, as all members of the House know, that this is one of the most serious issues facing Canada—indeed, facing the world—in this decade. If time has to be spent on the subject of energy and all its aspects, then I suggest that is quite appropriate.

I recognize the impatience that the government House leader feels about debate that goes on and on. I recognize his sense of frustration when he cannot get agreement from the two opposition parties to shorten debate. I should like him to know, however, that there are times on this side of the House when we are tired of some of the things we hear from the other side. We are getting awfully tired of the way in which the Minister of Finance (Mr. MacEachen) stands up, day after day, and tells us there is no real economic crisis in the country, that anything that is wrong is due to external forces, and that members of the opposition are wasting the time of the House in raising these issues.

There is nothing we can do about that, Mr. Speaker, but keep on raising the issues and keep on talking. I suggest, however, that for the government House leader to be in the position that because he is tired of hearing a debate on a certain bill, therefore it should come to an end, is not the way to run the Parliament of Canada.

I know that there are those who argue—and no doubt we will hear that argument in the debate today and probably see it in editorials, if the press comments on this day's debate—that there is a case for organizing and ordering our debate in this House of Commons instead of just letting it go on and on in some capricious way. I quite agree, but I suggest that when we have a rule that permits an unlimited second reading debate and when a debate starts that way, it is, in effect, changing the rules in the middle of the game for the government to make use of Standing Order 75C.

The government supporters would probably say that the rule is there to be used. I would remind government supporters that rules 75A, B and C were brought in back in 1969 after very extensive debate only by the use of the 1913 closure rule. Rules 75A, B and C do not represent the consensus of those who were in the House of Commons at the time those rules were passed, and they certainly do not represent the consensus of Parliament today.

I would also point out that every time any closure rule is used, either 75C or the old 1913 rule, it does damage to the atmosphere and the spirit of Parliament.

I use this opportunity once again to say that I believe we have to find a better way. The better way that I have in mind is one that I have proposed quite a few times, but I am going to take the opportunity to suggest it again today.

I believe that instead of this haphazard, ad hoc, capricious way of the government stepping in to stop a debate, the continuance of which it does not like, we should have a set up under which, at the start of the session, the government is required to give to Parliament the titles of all the bills it proposes to introduce. I think we should have the wisdom and maturity to agree that for most of those bills a time limit on second reading would be in order—say a time limit of two days.

There are two categories of bills on either side of that main body that I think we have to consider. There are some bills that are so routine, so housekeeping in nature, that they hardly need any time on the floor of the House at all. They could be referred without debate to committees.

S.O. 75c

• (1600)

At the other end of the spectrum there are serious and controversial bills to which the application of closure of any kind, I believe, is wrong. I say, as a spokesman for one of the opposition parties, that we would be prepared at the beginning of a session to agree to a time limit on a great body of bills at second reading if, at the same time, we were given the right to say we will give you these five or six bills and send them to committee without any debate because they are routine and housekeeping in nature, on the understanding that in return for the five or six that we are prepared not to debate at all, there will be another five or six crucial bills which the opposition chooses, and on which there would be no curtailment of time at all.

When I have made this proposal on previous occasions the question has arisen: what about bills which the government might not know about at the start of a session but might bring in later on? I say those bills have to be in a category that the opposition can debate them as it wishes. Oppositions are not always unreasonable. A while ago we had an urgent request for a bill having to do with the environment. The case was made to us that it was important. We had only heard of it for a few days and we put it through in a very short space of time.

The business of what we do with bills that come in late is something we can handle in a responsible way. But I press again my idea that we plan the whole session. We know what the rules are, and those rules having been agreed upon and laid down, should be followed. As I say, I am prepared to go for a general limitation on most bills provided that we have the right to trade off five, six or eight bills without debate, in return for five, six or eight bills of our choosing that we insist should be debated without time limit. I think something like that could be done with estimates as well.

At any rate, what I am suggesting, Mr. Speaker, is that those of us who are opposing this motion are not persons with a negative approach who want to stop everything and block Parliament all the time, but we have ideas as well as to how this place should be made to work. I think that along the lines I have suggested, or along similar lines, a better way could be found than this business of the government House leader stepping in when he gets tired of a debate and is frustrated because he cannot get the opposition parties to agree, and so changes the rules in the middle of the game.

This is an important bill in a very important field, Mr. Speaker. It is an issue which will concern us greatly throughout the 1980s in Canada and around the world. I think it is pretty shortsighted and unfair to Parliament for the government to bring in this motion at this time.

When the two hours of this debate are over, Mr. Speaker, we in the New Democratic Party will be voting against this closure motion.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am glad to participate in this debate. First, I welcome the comments made by the hon. member for Winnipeg North Centre (Mr. Knowles) who, unlike the Leader of the Opposition (Mr. Clark), has made constructive suggestions to the House which I think should be looked at by all House leaders later in the session. The hon. member for Winnipeg North Centre obviously made these comments in good faith. He recognizes an argument can be made that the opposition does perhaps tend to prolong debate unnecessarily as an argument can also be made that government acts too hastily.

The government is not acting hastily at this particular point in time. The member for Winnipeg North Centre talks about the frustration of the government House leader (Mr. Pinard). It is not a question of frustration, it is a question of getting the government's program through Parliament. That is what Canadians want.

Since we have come back after the last election, we have heard criticism, week in and week out, from the opposition that it wants action on the economy, on energy, and on the constitution. After a reasonable period of debate and second reading of this bill, which I emphasize is only one aspect of the government's energy program, the opposition criticizes us for moving the debate along and putting it before the rest of the members in committee.

It is quite appropriate that we move it at this time. We have a number of other matters coming before the House. We have the constitution, and other budget and energy bills. There has been this discussion of parliamentary reform. But I ask both the hon. member for Nepean-Carleton (Mr. Baker) and the member for Winnipeg North Centre how they expect us to deal with parliamentary reform if we are bogged down with lengthy debates on every single piece of legislation which comes through?

I want to draw to the attention of hon. members of the House the whole question of second reading debate. It is my understanding that second reading debate exists to establish whether one is for or against a principle involved in a particular piece of legislation.

In the United Kingdom, second reading is dealt with in a much more efficient manner than it is here. In fact once the motion is put, debate continues until all speakers have exhausted their arguments, and then comes the final question. I believe this procedure was suggested for the Canadian House of Commons about 13 years ago. The Special Committee on Procedure which sat during 1967 to 1968 recommended that second reading motion be debated until the question was put, that is, it could go on all night until all arguments were exhausted, as it is done in Westminster. However, this suggestion was rejected by members of the House at the time. Nevertheless, I hope we can take a serious look at this proposal. It has had all-party support.

A distinguished former member for Halifax-East Hants, who was deputy speaker at one time and is now an eminent member of the bench in Nova Scotia, Mr. Robert McCleave, commented along the same lines, and his remarks can be found in *Hansard* at pages 905 and 907 for March 16, 1972.

I welcome the spirit in which the hon. member for Winnipeg North Centre made his interjection. I would hope we could look at the whole aspect of parliamentary reform, including second reading debate, later on in this session.

As I said before, the opposition argues for decisive action on the part of the government. In fact the NDP is so exercised about matters that it is declaring a state of emergency for the economy. Yet, when we try to proceed and try to make more time to debate other economic matters—

Mr. Rae: Like what?

Mr. Waddell: Name one!

Mr. Collenette: —or when we try to make more time to debate other matters dealing with energy, then we receive objections from the opposition. I do not think this is a very constructive approach to take at all.

There is no doubt in my mind that Canadians like the National Energy Program. It is one which is receiving wide-ranging acceptance throughout the country.

Mr. McDermid: Canadians like it?

An hon. Member: You are dreaming.

Some hon. Members: Oh, oh!

Mr. Collenette: I have tried to be my usual conciliatory self this afternoon but I see that I am still getting members upset. They have a knee jerk reaction to every pronouncement made on this side to defend what is probably, and has been described as, the most nationalistic, most Canadian policy to emanate from this House of Commons since the war. That comment was made by a former member of this House, Mr. Max Saltsman, who sat on the NDP benches for a number of years. He said that this was the boldest, most nationalistic piece of legislation which has been brought forward in Canada since the war, and I fully subscribe to that.

An hon. Member: He believes in state ownership.

Mr. Collenette: There is no doubt there is wide-ranging support. The only significant opposition to the National Energy Program and to this Bill C-48, now under discussion, comes from the multinational oil companies. It was either the Minister of Finance (Mr. MacEachen) or the Minister of Energy, Mines and Resources (Mr. Lalonde) who yesterday accused the official opposition, in particular, of being the mouthpiece for the multinational oil companies and the oil industry in general. I think their conduct this afternoon, together with the comments of the Right Hon. Leader of the Opposition, surely shows that theirs is not a position which is favoured by most Canadians. They are true to form arguing the interests of a narrow, well-defined, privileged group in this country.

Some hon. Members: Oh, oh!

Mr. Collenette: I am talking about the multinational oil companies. Yes, they have contributed much to this country, but they have done very well by the riches of this country. But when the Government of Canada comes along and says, "Look, the situation is such that you are making perhaps exorbitant profits or benefiting too much from the situation at hand", then we receive all kinds of objections from the oil industry.

It is quite apparent that the oil industry is using them very effectively—and I say using because it comes through in arguments made by the official opposition. Members of the official opposition, I think, are somewhat misguided in their views on this particular subject. It makes me sad that members of this House would be so blind as not to see that they are defending a narrow, privileged group which is being asked to share fairly in the economic wealth and growth of this country.

● (1610)

We are not talking about confiscation. We are talking about sharing and fairness. It has been an accepted principle in Canada, Great Britain and the United States over the past 50 or 60 years that you pay according to your ability to pay. That is all we are asking of the oil industry in this case. Indeed, that is all we are asking of the producing provinces, that those which have wealth are expected to pay taxes. If an individual sees his income grow, he expects to pay taxes accordingly. We are saying that one taxes wealth where it exists.

I have no compunction in agreeing with and supporting strongly the arguments made by the President of the Privy Council in bringing forward this time allocation motion. It is not closure. The hon. member for Mississauga South (Mr. Blenkarn) in his booming voice talked about closure. It is not closure. The hon. member for Nepean-Carleton—and I quoted this when we discussed this matter last June—said on December 7, 1979, as reported at page 2149 of *Hansard*:

I have only done this because there is no end in sight to the debate, none whatsoever.

I do not think Canadians should be shortchanged by a short-range government and a short-range opposition.

I think that says it all.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I express regret that the tone which the hon. member for Winnipeg North Centre (Mr. Knowles) tried to set with respect to this debate, which is important from the point of view of Parliament, has been desecrated by the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette). He did not address himself to the question at hand, namely, whether it is appropriate in these circumstances, given the importance of the measure, to deny the members of the House on all sides the right to speak.

I cannot allow some of his comments to stand on the record. For example, he said my party stands for a privileged group in Canada. He tried to imply, as the energy minister tried before, that we are backing the multinational oil companies. As thick as the bone in his head must be, I want to try to drill it into his head that the people who will suffer as a result of one of the

most ill-conceived energy policies in the history of this country will not be the multinational oil companies. They can take care of themselves. They are the strong ones, they are the big ones.

It is likely to be the smaller independent Canadian companies which suffer from the foolishness of this government. It is happening in the province of Ontario now, and spreading to the province of Quebec where workers in the manufacturing industries, the supply industries in those provinces who would be the beneficiaries of a healthy petroleum industry in western Canada, are going to suffer. It is not going to help the closing of plants in Ontario or Quebec.

Is there anything in this policy to which one can point, indicating that a consumer in Atlantic Canada will benefit, being subject to the ravages of the prices for oil from Saudi Arabia, Mexico and Venezuela, prices far in excess of those asked by Canadians in other parts of Canada? I have not seen that. Those who work in the oil industry, and I do not mean the multinationals but the Canadians employed on the rigs, are the ones who are suffering. The rigs are now going south because of the uncertainties and some certainties created by this national energy policy.

I speak now as a member for Ontario. This is the most wilfully wrong approach to development this country has ever seen. The government has sown the wind and it will reap the whirlwind. The country will be divided as a result of what the government has done. Instead of being able to marshal all the resources, federal and provincial, to achieve self-sufficiency on the one hand and fighting the economic problems on the other, we have developed, augmented, and increased the sense of regionalism in this country. That is wrong.

There is nothing wrong with Canadianizing the oil industry. However, it is wrong for the government to cast such uncertainty on the business community that ordinary Canadians who work in it will suffer from that uncertainty. That is what is wrong and that is why I say the parliamentary secretary is so absolutely wrong. If he believes what he said is true, he is misguided. I feel I have to tell him that.

The President of the Privy Council (Mr. Pinard) said we had debated for too long. He implied that the opposition held up this debate. When this debate ended last night, ten members of the official opposition, my party, had spoken, and ten members from the government party had spoken, the same number. Who is holding up the debate, if indeed it is being held up? Three members from the New Democratic Party had spoken. Who is holding up the debate?

At ten o'clock last night we had exhausted about 12 hours of debate. By our traditions, that is not very long in the parliamentary sense. Including yesterday, the last day in which we debated the merits of the substance, we had used four parliamentary days.

The case which the government House leader made with respect to delay, frustration, his efforts and those of others, has been absolutely destroyed by the statistics related to this debate. He went on to say that we had six days of budget debate. That is true. However, a budget debate can range over a whole host of subjects, not just energy. Indeed, that is precisely what happened in the budget debate. It was not an energy debate, as he said. We had six days on the proclamation. It was almost by consent and agreement that we had six days on the proclamation. That was not holding up the House. There was understanding and agreement between us as to what that debate would entail.

There is no case today for closure or allocation of time. The only difference between allocation of time and closure is that when we debate allocation of time they have to give us at least one day. They do not have to do that with respect to closure. A rose by any other name is still a rose in my book. They are both distasteful. One is merely less distasteful than the other.

What concerns me more, and the hon. member for Winnipeg North Centre touched on it, is the statement made by the minister at the end of his speech. He served notice on this House of Commons today and threatened the members of this House that if we do not do what he wants, if we do not kowtow to the cabinet, or if we dare to continue to debate matters of importance, he by himself is going to cut us off. Because our relationship with him is good on a personal level, that relationship, which ought to exist, ought not to be foreclosed in advance with respect to subsequent pieces of legislation.

● (1620)

This House operates well if attitudes are good and sound. The atmosphere in this House has been soured by allocation of time on the borrowing bill and closure on the constitutional matters. Now there is allocation of time with respect to this bill after a very short debate. This matter is of fundamental importance to members of Parliament from every part of this country.

One of the problems of this whole system and what may lead to these debates is the fact that there is no opportunity under our existing rules for private members of Parliament to deal with the things which are important to them and to their constituents. Our committee structure is a shambles. Ministers do not have to answer questions. If they move from one portfolio to another, they cannot be asked questions on their former portfolios. The question period is inadequate. I suggest it would be well for the government House leader not to turn his mind to foreclosing in advance long debates, as he did today.

Today the government House leader issued a naked threat. Rather, he should turn his attention to how the raw power of government, and majority government in particular, can be balanced in some way by the ability of this House to hold government accountable for its actions. That ability is woefully lacking under our rules and procedures. It will not help ameliorate the worry in the mind of the government House leader—and I have been on both sides of the House—if threats are made, as he has made them today, in advance about what is going to be his attitude. I think this is a very sorry day for Parliament, and I oppose this motion with all the force I can muster.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have an opportunity to say a few words in this debate on time allocation under Standing Order 75C with respect to the oil and gas bill which is before the House.

I think moving on to the vote on this bill is essential at this time. It is clear that this bill is one of the most important in the National Energy Program, perhaps because the provisions of the bill relating to oil and gas land regulations in the Arctic and the east coast offshore have been waiting longer than perhaps any other piece of legislation to be put before the House. I think it is important that we move ahead with this bill.

The minister and the House leader have made it clear that there will be several pieces of legislation—I am not sure whether the number is five or six—under the National Energy Program, and this one has been waiting for a long time. We should be getting on with it. It is a highly technical bill which requires expert witnesses to come before the Standing Committee on National Resources and Public Works in order to deal with its technical aspects.

Opposition members such as the hon. member for Etobicoke Centre (Mr. Wilson) have asked that the national energy package be put before a committee so that we can get on with the calling of witnesses, people from the industry and people from government departments, to look at the various aspects of the bill. By moving this bill into committee now we will have an opportunity to do that.

It seems to me that this bill is related to a great extent to the supply of energy and to providing a firm basis upon which oil exploration and development can take place in the Arctic and off the east coast. We now hear that there is more interest in the west coast offshore as well, so it is important that we get on with this bill at this time.

There are other aspects of the National Energy Program to which this bill is related, and those aspects are also important. It is important that this bill deals with the Canadianization of the industry. This bill would allow the federal government to have a 25 per cent carried interest in oil and gas exploration and discovery on Canada lands. The bill requires a 50 per cent Canadian ownership.

The hon. member for Nepean-Carleton (Mr. Baker) talked about a wrong-headed policy. The national energy policy provides for reasonable and moderate increases in the price of energy during the first four or five years of the policy and then a more rapid escalation during the last five years of this decade, at the same time providing incentives so that consumers will moderate their use of oil through conservation and substitution. There will be bills coming before this House during this session of Parliament relating to conservation and conversion from oil and gas. All these bills must be dealt with. It seems to me that if we spend more than what will be about five days on just one bill at the second reading stage, we will never get to dealing with the several other bills which are also important to the implementation of this policy.

There have already been some 23 speakers from all sides of the House. We are into the fifth day of debate. This procedure will allow us two more days of debate, and at second reading it seems to me that that should provide an adequate opportunity to explore most of the aspects of this bill. Of course, in committee the bill will undergo very intensive study.

The Tories naturally are opposed to anything which increases Canadianization.

Mr. Wilson: Absolute nonsense.

Mr. Andre: Try to be honest, Maurice.

Mr. Foster: The 25 per cent carried interest will cause hours and hours of debate in the committee, and that is to be expected. The same thing happened with respect to the Petro-Canada bill. The Tories are gradually accepting Petro-Canada after four or five years, and I am sure that they will agree that Canada should have a carried interest of 25 per cent in the Arctic and offshore in the future. However, certainly at this stage they will oppose that in the committee. That is to be expected, but surely we should get on with the vote on this bill.

The hon. member for Nepean-Carleton talked about the raw power of government. It is interesting that during the years since closure has been in existence that power has been used more by the Progressive Conservatives than it has by the Liberals, and certainly the Liberals have been in power more years than the Conservatives.

The Leader of the Opposition (Mr. Clark) spoke this afternoon about oil rigs leaving the country. He was in the House yesterday and heard the Minister of Energy, Mines and Resources (Mr. Lalonde) responding to a question from the opposite side and saying that exactly the same number of rigs were operating in Canada on January 6, 1981, as were operating in Canada on January 8, 1980, a year earlier. Some 442 were operating in each year. In 1979, 398 rigs were operating.

● (1630)

If we go back to 1973-74, we find that the Tories were screaming for more money for the producing provinces and for the oil companies. We heard the same hue and cry at that time, that if every oil rig were to get a television camera to follow it, we would find that they were going south of the border. But if we take a look at the number of oil wells actually drilled in Canada in the 1973, 1974 and 1975 period, we find that in most of those years the number of oil wells drilled had increased slightly.

Mr. Kilgour: That is absolute nonsense.

Mr. Foster: I will be glad to supply those facts to the hon. member across the way if he would like to see them. I think the clear message is that the Canadian people want us to get on with the implementation of the National Energy Program. There are many aspects to it—

An hon. Member: All bad.

Mr. Foster: There is the development of the Q & M Pipe Lines, and the conversion program. I never heard of any other government program announced which caused as much interest in my constituency as the prospect of converting from oil to other forms of energy, such as natural gas, the development of natural gas pipelines, and conversion to wood and electricity.

I should like to see us get on with the legislation which is before the House and with the studies which will be carried out in the Standing Committee on National Resources and Public Works where those aspects will be fully discussed. But surely to do that we have to refer this bill to the committee for further study.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I have been asked a number of times how I felt about coming to Parliament and acting as an MP, and I can tell you that one of the very unpleasant experiences I have had here is to listen to members, such as the one who has just spoken, twist the truth and make misleading statements which border on the untruth and which are misleading to the people who are listening to them. He knows this, and he should not waste the time of the House by poisoning the atmosphere and by poisoning the minds of the people who are listening to this debate. That is the sort of thing that ruins Parliament, the sort of thing that makes the people of this country lack in respect for members of the House.

A little over a year ago our government invoked Standing Order 75C, and at that time a member opposite made the following statement:

> Mr. Speaker, this is indeed a sad day for Parliament and democracy when we are faced with the irresponsible and ill-advised actions of this government. They want to rule Parliament by force, they resort to every possible and conceivable trick to prevent the people's elected representatives from expressing their views and those of their constituents and putting forward sensible alternatives to this government's proposals.

The debate was on our bill for mortgage deductibility, a debate which had lasted seven days. Now the same Standing Order is invoked in this Parliament after only three and a half days' debate on a bill, and I have yet to hear any arguments such as those expressed by that Liberal member about a year ago. At that time the Liberals were screaming that we were gagging and stifling Parliament. We have not heard anything like that this time.

I was very upset to hear the tone of the statement by the House leader who threatened that if we do not toe the line of the government, we will have more of rule 75C, not less. That is a very sad thing for Parliament after we have had rule 75C on borrowing authority, and closure on the constitution proposal. It is ironic when you think that here is a government, which is spending a great amount of parliamentary time and effort in moving toward a bill of rights which will entrench a charter of rights and which will protect the rights of people in this country, walking over the rights of members of the House without any concern for the views which are being presented and the views of constituents whom members of the House represent.

One of the benefits of debates in this House, apart from the fact that some very good ideas are put forward here, is that members opposite are forced to listen to arguments and views which might not agree with those which are being presented by their government to their caucus. It is an educational process, and it pleases me to see some hon. members listening attentively to the very good speeches which are being made on this side of the House on the very important pieces of legislation brought forward, particularly on the matter of energy.

There is a very important logic behind the rules of the House, which is that the rules enforce upon the House the discipline of listening to the various points of view presented on something as complex and technical as is Bill C-48 which will affect the development of Canada lands for years and generations to come. It is impossible to do justice to this proposed legislation in just three and a half or four days. As the opposition leader has just pointed out, we were not stretching out the debate when the government House leader served notice that he would introduce Standing Order 75C. He was the tenth speaker. We had only nine in this party, and three speakers had spoken for the NDP.

You have to ask yourself: when we have the duty to examine this important legislation being brought forward by the government, what is the government hiding behind, why is it invoking closure at this time of the debate, why is it hiding behind the argument about the impact that this will have on supply? The impact will be devastating, as is starting to come out during the NEB hearings on supply which have been rescheduled and updated because of the impact which the NEB knows the National Energy Program will have on supply in this country.

Why is the government hiding behind the argument of the impact on Canadianization? Canadianization, or the policy which is set forward by the National Energy Program, is going to hurt companies the most, the ones which it was designed to help. To me that is absolute nonsense. Canadianization, as members on all sides of the House agree, is a good thing for the country, yet the bureaucrats and the minister on the other side do not have the intelligence to come up with a set of proposals in a policy which would allow Canadianization to take place.

Over the past years we have seen a very healthy increase in Canadian ownership in this industry. That process had continued until October 28 and it was on that date that it stopped. The unfortunate part of this whole policy, in our view, is that Canadian ownership will not increase in the ordinary way through private enterprise, through independent Canadian-owned companies. It will only increase if the federal government, through PetroCan or some other state-owned company, will be forced to take over companies and increase state ownership of the industry. This will not happen in the ordinary course of events.

Why is the government hiding behind the argument about the impact of this policy on jobs in Ontario and Quebec and on investor confidence in this country? These are the important issues which we have been trying to bring out in this debate,

and which we will continue to do respecting the future elements of the energy policy. It is important that the people in the country understand them and do not allow the government to hide behind motherhood statements on Canadian ownership, when Canadian ownership will suffer, and motherhood statements on security, when supply will go down in this country. These are the things that we as the responsible opposition must bring to the attention of the people of Canada.

• (1640)

Let me point out that there are some very good speakers who have not spoken in this debate. At the time the government House leader rose in his place yesterday, the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) were in the course of very important speeches on the impact of the international energy climate on energy in this country. In the case of the hon. member for Qu'Appelle-Moose Mountain, we received the very great benefit of his long experience as a member of the House of Commons, and all also as a former minister who had worked hard and lived with the problems of devising regulations for the development of our north.

We have yet to hear from the hon. member for St. John's East (Mr. McGrath) who will discuss the impact of this program on offshore resource ownership and on the people of the provinces of Newfoundland and Nova Scotia. We have yet to hear from the hon. member for Central Nova (Mr. MacKay) who has studied very carefully the impact of the energy program as it relates to increased discretion by ministers, increased government regulation, and what this is expected to do in the development of our resources.

This bill is of critical importance to the development of our energy resources not for the 1980s but for the 1990s and the future. If the development does not take place at a proper pace and with a proper set of rules, we will waste valuable energy in this country which we will never see again. As the hon. member for Qu'Appelle-Moose Mountain said last night, we will be high-grading the resources of the country to the detriment of our children, our grandchildren and their children. That is why we feel we must draw out the very important elements of this policy.

If the government persists in the overbearing and arrogant attitude that "we have heard enough; let's get on with the next job; we will not listen to any more of these arguments with which we feel uncomfortable", then this government, this Parliament, and Canada will suffer seriously. The threat of Standing Order 75C being used more in the future does not bode well for Parliament. We will have a very rough time as we carry through on what we hope will be a good energy policy. But, it must be changed and completely rewritten if it is to serve the purposes of this country. That is why we feel it is important that this debate continue on and why we will be voting against the motion in the vote later today.

Some hon. Members: Hear, hear!

S.O. 75C

[*Translation*]

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I want to make a small contribution to this debate which I find relatively innocuous on the application of Standing Order 75C I have seen in the past much more bitter discussions when the government decided to use this time allocation procedure for a particular debate. I should like to bring up again the example given by the previous speaker who quoted the words of a Liberal member when the Progressive Conservative Party, then in power, resorted to Standing Order 75C in order to limit debate. All he managed to prove was the moral of the story: every time the government applies Standing Order 75C, the opposition is outraged, calls it a gag, an impropriety, and gives the Canadian people the spectacle of a group being muzzled, of a hamstrung Parliament. Yet, in this case, the government has produced ten speakers, the official opposition also, and three NDP members have spoken on the bill. So I imagine that those who are watching us on their television sets at home must be saying to themselves, "If ten experienced members state a party's position, then, provided those members are knowledgeable and at least moderately competent, a party's views can be deemed to have been correctly and exhaustively expressed before Parliament". If our colleagues opposite, after having 13 speakers make their views known, are not satisfied that their position was fully stated, all I can say is that perhaps they did not produce their best speakers, that they were perhaps ill-prepared, because if I had to choose ten odd members of my party, I would make sure that they could, in the allotted time, put clearly before the Canadian people the views of the Liberal party on this bill or on any other.

I want to clear up any misunderstanding about the action that the government is now taking. The Leader of the Opposition (Mr. Clark) mentioned closure earlier, but we all know that Standing Order 75C, which the government is now invoking deals with time allotment rather than closure, which is provided for in Standing Order 33. I would ask my colleague, the Leader of the Opposition, to read over again quietly the Standing Orders to realize that we are now operating under S.O. 75, which means that our House leader first met with his colleagues from the other parties under S.O. 75A to see whether it might not be possible for them all to agree to limit discussions to a set period of time, but it did not work. Unfortunately, it seems that our House leader, usually so persuasive, failed this time to convince his colleagues. Then on to S.O. 75B to see whether a majority of parties would agree to put a time limit on discussions.

Again this did not work, and we now come to S.O. 75C, whereby the government is putting a motion to limit discussions and asking the House to adopt it. That is to say that we have gone through a long process of negotiation with the other parties, and I am explaining in such a detailed way how S.O. 75 works so that people watching us on television who are less

familiar with the proceedings in this House will understand that it is not a matter of the government suddenly stepping in with a sword to cut short discussion and put an abrupt end to it. On the contrary, it is only after long and unsuccessful negotiations with the opposition parties that we find ourselves in a situation where we must move a motion under Standing Order 75C. And even if the Leader of the Opposition tried to suggest a while ago that the Liberal government is availing itself of these provisions more and more often, I think that he is way off base. Section 75C has been part of our Standing Orders for about ten years. I was here as a newly elected member when it was adopted. As far as I can remember, S.O. 75C was used some four or five times over the past ten years, the last time very recently by the Progressive Conservative Party. That party used it once in its two short months in office, while we used it only four times over a ten-year period. Nobody can reasonably say that these powers are abused.

I fully agree with the hon. member for Winnipeg North Centre (Mr. Knowles), who was here also when Section 75C was made part of our Standing Orders some ten years ago, that that section was not the result of a consensus. At that time, the opposition parties were against it, which is perfectly normal. When the time comes to amend our regulations, opposition parties rarely agree with provisions which are likely to limit their debating time or their right to speak. That is quite normal. That is why the government acted alone at the time and used its majority to adopt S.O. 75C which, in my opinion, is not yet satisfactory. Reference is often made to the practice of the Mother of Parliaments in London, England, but the way the British Parliament operates, most bills are debated for one or two days only, under previous agreements and pursuant to rules that are much more stringent than ours. Debates proceed much more promptly and the British government manages to pass many more bills in one session than its Canadian counterpart.

So it will be necessary to find solutions similar to those suggested by the member for Winnipeg North Centre, to devise more flexible agreements than the existing ones, in order to pass 25 or 30 bills in one session instead of only a few. The number of bills we have passed since the beginning of the session is insignificant. We were criticized today early in the question period by the Leader of the Official Opposition who claimed that the only government priority is the constitutional issue.

Yet, a few minutes later, when we tried to pass a tax bill dealing with oil, they refused to go along, preferring to drag out the debate. On one hand they tell us, "You do not pass important bills for the economy of the country.", and on the other hand, the opposition tries to drag out the debate to be able to say later, "Look at the legislative record of this government. They have passed only a few bills, they are no good, they failed to keep their promises."

It seems to me that because of the pressing oil problem, we should dispose of this bill without delay. Let us keep in mind that some bills had been introduced as early as December, 1977, to amend the oil tax structure, and I know that the industry is anxious to know the rules of the game. I know that not all oil company executives approve the contents of the bill, but at least all agree that it is high time they knew the rules of the game, that the House of Commons passed a bill outlining the tax system so that the industry may know how to invest. For those reasons, I shall vote for Standing Order 75C, and I urge my colleagues to do likewise.

• (1650)

[*English*]

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, this motion by the government to close off debate is despicable and outrageous. It is all of those adjectives which could and should be used to describe it. But, perhaps more than that, it is tragic in a real sense that more than just this bill is involved, more than just this vitally important national energy policy is involved. It is really one more nail, if you will, one more bit of pressure on what little parliamentary democracy we have left.

I think the hon. member for Winnipeg North Centre (Mr. Knowles) had some valuable suggestions to make, in terms of trying to find some resolution to this perpetual problem of time exigencies or desires of the government and the needs and desires of Parliament. I thought—and, granted, there may not be time now to discuss it—perhaps he might have looked more deeply at the threat this type of action poses, yes, to our very democracy.

I am not a scholar of history but I am aware of some of the history of our Canadian parliamentary system and parliamentary democracy in general. There was a time not too many years ago when the executive, seeking to have a bill passed by a legislature, was required to convince that legislature of its merits. It was required to present argument, lobby, twist arms and do those kinds of things, since members sit as full-fledged representatives of their constituents, and are free to vote based on their best judgment, based on what the needs of the nation and their constituents are. The growth of parties put that to an end. It is directly attributable to the existence of executive power.

Clearly to the Prime Minister and his cabinet it is not particularly satisfying to go around and convince people of the merits of their legislation. It is much easier to be able to announce it and count on undivided, unquestioning and uncritical support. They could get that by use of the Prime Minister's ability to appoint, to promote to the cabinet or as parliamentary secretaries those who are most loyal, and most willing to punish, by sending them to the back rows, those who perhaps object or think on their own. Through that facility, successive prime ministers, not of any particular party, were able to count on the undivided support of each and every one of their members. Therefore, once an election was over they no longer needed to worry about convincing anybody about the

merits of a piece of legislation or motion put before this House.

But Parliament was still not totally without power. Parliament had the traditional ability to hold up supply until grievances were answered. It was a large power which enabled this body to hold ministers accountable in a real way. But some changes in the rules, I believe in 1964 or 1965, did away effectively with that power of Parliament, leaving members of this House with only one power—the ability to make a speech in this House, have it reported to the public, thereby hopefully affecting public opinion. That then might hopefully influence the government to alter its course or take into account the arguments presented. That is a very minor, almost insignificant power, considering the responsibilities which are supposedly vested in one who seeks election and is elected by his fellow citizens to represent them here in the national government.

Now we have this government moving against that very insignificant power which is left to members of Parliament. Even that insignificant power is too much in the mind of this government. As the government House leader indicated today, it is his intention to use 75C frequently to ensure that we do not speak too long, and to ensure that the message being presented here does not get around to the people in the countryside so that they have a chance to think about it and bring back their feelings and opinions.

Mr. Speaker, in all sincerity I ask do you still have a democracy if all that is left is once every few years, at a time chosen by the government—obviously it will choose the most opportune time—you have an election, whilst in between there is nothing else? If those of us who are elected, and we are not elected to support the majority party, are not some of the chosen few to sit on the treasury benches, if we have no say in the legislative process of this country; if we have no say in the governing of this country, and if we should not debate in this House since that might influence public opinion, I ask you is that a democracy?

When you add to that the ability and the demonstrated willingness of this government to utilize polling and advertising to mould public opinion I ask you, Mr. Speaker, what is left? I ask members opposite to think about that for a while and, when they look at themselves in the mirror, to say, why was I elected? Was it to say "Aye, sir, aye" whenever the government asks me to? I ask you to ask yourselves why you were elected, and to ask if your responsibilities do not go deeper than that.

While I am in the mood I might do a little media bashing. It certainly disturbs me to see how the media of this country will go into a froth and rage when someone dares to cut out a pornographic scene in a movie. That is treading on freedom of the press. That is anti-democracy and it is terrible. But let the government tromp on the privileges of members of Parliament and they say, "What are you talking about? They are just members of Parliament. What do they amount to in the scheme of things? What is important is that they should not cut any pornography out of movies, that is what is important. That is one small step and who knows what it will lead to in terms of tromping on the press?"

Mr. Speaker, I think the hon. member for Winnipeg North Centre raised in a peripheral way some very important questions about this second reading debate and about the operations of the House and its rules. I suggest that the time has come when we should be looking at the fundamental rules of this House and the way in which we operate in order to determine if we are any longer a parliamentary democracy in the real sense of the word. May I call it five o'clock?

• (1700)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Portage-Marquette (Mr. Mayer)—Garrison diversion—Unacceptability of project to Canada—Inquiry as to government action; the hon. member for Lisgar (Mr. Murta)—Canadian Wheat Board—Embargo on grain shipments to U.S.S.R.—Interventions for next crop year; the hon. member for Comox-Powell River (Mr. Skelly)—Consumer Affairs—Justification for certain department stores to increase finance charges.

It being five o'clock the House will now proceed to the consideraton of private members' business as listed on today's order paper, namely, public bills, private bills, and notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Items Nos. 17, 18 and 22 allowed to stand by unanimous consent.

Mr. Herbert: Mr. Speaker, on a very brief point of order, I would like to draw to your attention what I consider to be an irregularity in an attempt to simplify things for hon. members. You will recall that on December 15 Madam Speaker referred to Standing Order 69 which states that no bill may be introduced either in blank or in an imperfect shape. The bills listed on the order paper under public bills have been there now for some eight months and many of them are not printed. This causes considerable difficulty for the members when we are questioned on certain bills. I would like to make the suggestion that at an appropriate future date these bills which cannot be

printed be removed and put down in the regular fashion, to be called at some future date.

Mr. Baker (Nepean-Carleton): Mr. Speaker, this matter has been raised on other occasions. I would hope that, before you remove those bills, as has been suggested by the hon. member for Vaudreuil (Mr. Herbert)—although I understand his problem and share his concern—there will be some discussion with the officers of the House to determine what has happened to them and whether they may be expedited and dealt with. I believe this would answer the question, rather than moving them down only to have them reintroduced again. I for one have received a number of letters about bills which have been introduced in the normal way, but there is no bill to which I can refer. It would be very helpful if, Mr. Speaker, you would make some inquiries on behalf of members of the House.

Mr. Collenette: Mr. Speaker, I share the sentiments expressed by the hon. member for Nepean-Carleton (Mr. Baker), and perhaps the matter could be discussed with the officers of the House. I have remarked before on the fact that there is still a notice of motion, I believe, on the order paper under the name of the hon. member for Lévis, who resigned from this House some months ago. Perhaps we could look at that matter at the same time.

The Acting Speaker (Mr. Blaker): The suggestion made by the hon. member for Nepean-Carleton (Mr. Baker) and confirmed by the parliamentary secretary seems to me to be appropriate. The Chair, under its several occupants or Madam Speaker, shall pursue the matter. My understanding is that the hon. member for Vaudreuil (Mr. Herbert) is referring to the bills which have come through the system known as the draw. In some cases those bills have not yet been printed, but are put on the order paper in block as the result of succeeding in the draw.

In any event, that does not seem to prohibit me from moving now. I will undertake that consultations will be taken up with the Table officers to investigate another method of printing these bills in order to improve the system.

* * *

REPRESENTATION ACT, 1980

MEASURE RESPECTING MEMBERSHIP IN HOUSE OF COMMONS

Mr. Gordon Towers (Red Deer) moved that Bill C-223, respecting representation in the Canadian House of Commons, be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, I will be brief. I do not intend to use the maximum time allotted to me because I would like to hear from members opposite the government's intentions with regard to redistribution in the future. The purpose of Bill C-223 is to maintain the membership in the House of Commons at approximately the present level until the population of Canada exceeds 50 million.

My thesis is that we should keep the total membership in the House of Commons at 282 members. We should keep the total number at a manageable level, and 282 seems to me to be the optimum figure. I know that my colleague, the hon. member for Edmonton West (Mr. Lambert), and perhaps others in the House, would like to see the figure cut back somewhat in order that members may become more effective. I question whether such a move would be acceptable to the House of Commons. However, I trust that the government will seriously look at the possibility of maintaining the membership in the House at its present level.

I do not feel that there is the demand or the necessity to increase the total membership of this House after each decennial census. The House of Commons is cumbersome and unwieldy enough as it is presently constituted. At present Parliament is a $100 million per year industry in Ottawa. There are 282 members of Parliament, 104 senators, and more than 3,200 personnel on the support staff. That works out to about $250,000 for every member of Parliament and senator, which is all paid for by the taxpayers of Canada.

Maintaining the membership at the present level would cut down on costs and ensure that individual members do not become lost in the crowd. I for one feel that members of Parliament and their constituents would suffer in the long run if the membership were increased because members of Parliament would be less effective and the power of the Prime Minister and the executive arm of the government would become more powerful. The Prime Minister (Mr. Trudeau) in my opinion has too much authority now.

Recently, the minister responsible for Statistics Canada said that after the 1981 decennial census he expects that 30 new federal seats will be created and that the majority will be west of the Ontario-Manitoba border. On the basis of present figures and projections which I obtained from Statistics Canada, I question his arithmetic in that he only projects five new electoral districts for Alberta. His prognostications and the figures from Statistics Canada just do not meet up. He said that on the basis of a projected population growth of 14.9 per cent in Alberta from 1976 to 1981, Alberta would get five new seats. British Columbia should have the second largest population increase in 1981, a projection of a 7.4 per cent increase from 1976 to 2.6 million. Manitoba and Saskatchewan will presumably have much lower growth rate percentages.

Using the projection of 14.9 per cent growth for Alberta for five seats, how can these projections add up to 15 more seats for western Canada? Simple arithmetic tells me that we will be lucky if we receive a third of the 30 new seats under the minister's plan, if he or the government decides that they will go ahead with the plan. Canada's approach is supposedly representation by population.

In practice, the system is not working fairly and the provincial numbers are out of whack. How it works is that as a result of the 1974 BNA Act amendments, after each decennial census, or ten-year census, the seats in the Commons are redistributed. Quebec's population is used as the base figure in

this redistribution. After each census, regardless of the population increase, Quebec automatically receives four new seats in the Commons. The number of Quebec seats is then divided into the total number of population in Quebec, and this provides a barometer for the number of constituents which will be represented by a member of Parliament. The seats are then redistributed across Canada on the basis of this figure which should be in the vicinity of 80,000 people. The problem is that by the time redistribution is implemented, the figures are stale by three or four years or, as after the last census in 1971, outdated by eight years.

● (1710)

This year we will have a decennial census. The final figures will not be available until 1982 or perhaps, at the earliest, in late 1981. This means that we might have royal assent to amending legislation in 1983 or 1984, or 1988 or 1989, as happened last time. Nevertheless, redistribution will be implemented using stale and outdated statistics.

A member of Parliament from Quebec presently represents approximately 83,000 people; an MP from Manitoba, 87,000; an MP from B.C., 90,000, and an MP from Alberta, 93,000 people.

With present trends continuing, by 1983, the earliest redistribution can take place, it is anticipated that the average population of electoral districts in Alberta will be in the vicinity of 105,000 people, approximately 20,000 over the national average.

Automatically increasing the size of this House every ten years hardly qualifies as reform. If we are to effect parliamentary reform we must take a long and searching look at the optimum size of this chamber.

The United States, with ten times our population, is able to conduct the nation's business with a fixed Congress of 465 congressmen and 100 senators. In the United Kingdom there are 635 members of Parliament for 60 million people.

I scarcely feel that the quality of Parliament or its workings will be improved by adding to its numbers. We should first seek to improve Parliament, to streamline it, to make it more effective.

May I suggest that we first of all examine the committee system. Most committees are mere window dressing for the government. Most committee members are given the mushroom treatment. They are kept in the dark and, every now and then, the government opens the door and throws a load of you know what on them. Some committees have done excellent work and have produced excellent results, but these are few and far between. The average standing or select committee has far too little time and far too little support staff to be effective.

Further, if we are serious about reform we should look to the Senate. The Senate, with its wealth of talent and experience, is badly underutilized. It should be a more effective and more useful appendage of Parliament. The Senate represents the compromise which enabled the four original provinces to combine federalism with the British parliamentary system since it was intended to protect the less populous regions such as Quebec and the maritimes by giving them equal representation with Ontario. Later, the west was also given equal representation.

The Senate was designed to be a protector of the interests of the provinces or regions. It was intended to be a revising and restraining body to deal with possible errors or impulses of the Commons. I trust, Mr. Speaker, that the Senate will measure up to this responsibility in our present constitutional dilemma. It was to be a chamber of sober second thought and a counterbalance to the popularly elected chamber.

Lastly, the Senate was to represent property and conservatism. The interests of private property were always in a minority in a democratic society and the Senate was expected to protect those rights.

The Senate once enjoyed more political influence than today. In the first Canadian cabinet, five of the 13 ministers were senators, and two governments in the nineteenth century were led by senators. Practically every major portfolio, except finance, has been held at one time or another by a senator.

The Senate frequently confronts the impossible task of giving adequate consideration to important bills which are dumped on it shortly before the end of a session or just before a recess.

In recent years the Senate has done some extremely useful work in investigations of major social and economic issues through its committee system. Its initiatives in this area have sometimes made the appointing of royal commissions unnecessary.

The Senate can be a very useful partner in Parliament if its terms of reference and its mandate are reviewed, revised, and reformed.

There is some validity to the thesis that senators be elected, so that they are looked upon with more respect and credibility by the Canadian people.

To conclude, Mr. Speaker, I say, keep the membership in the House of Commons at its present level. Do not dilute the product by indiscriminately adding to our numbers.

Make better use of what we have. Make better use of the committee system in both chambers. Make better use of the joint committees which exist. Examine the Senate with a view to modernizing its functions and its role in a bicameral system of Parliament.

Some hon. Members: Hear, hear!

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): Mr. Speaker, I shall not use all the time available to me either. I should like to thank the hon. member for bringing this very important and interesting matter, which is more complicated than it appears at first glance, before us for discussion.

The question of representation and the number of members that should be elected is an important one, as is the larger question of proportional representation. It is difficult for the

public to understand the complexities, almost an impossibility, of arriving at a system which will ensure fair representation of all parts of the country in the House of Commons. On the one hand, there is the obvious and undisputable need for representation by population, for reasonably equal number of people to elect a member and, of course, the need in a country as large and underpopulated as ours, for adequate representation. There is evidence of this in the House every day when we discuss issues that affect areas that do not have a large population.

This problem is more acute in Canada than in countries that have a population which is spread evenly across the land. In the eight years that I have been in this House, Mr. Speaker, members from western Canada have often brought to our attention the fact that until recently representation was weighted in favour of eastern and central Canada. There were fewer members from some of the prairie provinces because of the fact that their population was not great. I believe this problem is gradually being corrected in British Columbia at least, which is now termed a heavily weighted province for the purpose of determining the numbers of constituencies to be represented.

I represent what in the United States is termed an inner city constituency. It is in the centre of the city of Toronto. We who represent downtown constituencies face the problem of populations moving to the suburbs. It could be argued that the core areas of the cities are losing representation because of the suburban phenomenon. Ironically, we now face the same problem as members from the provinces of Manitoba and Saskatchewan in that we are losing representation in the city while the outlying areas appear to be gaining representation. I think the most interesting example of that occurs in the United States.

● (1720)

Many of the major cities in the eastern United States, including New York, Philadelphia, Boston and Detroit, are challenging the U.S. census by taking the matter to court. The reason for the challenge, they say, is undercounting. As a result they are losing representation in Congress, which is part of the same problem the hon. member has brought to us for discussion. It is a very complex one.

In a democratic country everyone agrees that similar numbers of people should be electing a representative on their behalf. On the other hand, there are areas where the population is so spread out we find people do not have the same interests. It is not unreasonable to find that people living hundreds of miles apart do not share the same interests and so feel they should have two representatives, or perhaps more. We could easily have one million people sharing one interest and have 2,000 people with another interest. There are still only two interests even though they are off-weighted by population. That problem is far more serious in Canada than it is in Europe and much more serious than in the United States, although people from the Rocky Mountain area in the United States feel they are under represented because of their small population.

The way in which redistribution is conducted in Canada is a far more complicated process than most members of the House have ever realized. It is a complex business which has changed and is changing, so I will refer to my notes. For nearly all of our history, redistribution was carried out within very fixed bounds. We set the membership of the House at a certain number and worked from that number. One of the problems which became evident in the early 1970s was that it is virtually impossible to protect the representation of the smaller provinces, if we look at it from a provincial angle, while adding members to represent fast-growing population areas.

A surprise to me, which I am sure it will be to other members of the House, is the projected membership of the House of Commons, if predictions are correct. I do not think they will be because those predictions have not been correct so far. According to Statistics Canada population projections, the size of the House of Commons, which is presently 282 members, and before the last redistribution was 265—

Mr. Towers: It was 264.

Mr. Stollery: It has risen from 264 to 282. After 1981 it is projected to rise to 312 members. In 1991 it is projected to rise to 342. This is a rapid increase in numbers. I see the hon. member opposite does not agree with me.

Mr. Lambert: I do agree with you.

Mr. Stollery: He shook his head so I have to presume he was not agreeing with me unless he was shaking it sideways, as a Bulgarian, meaning that it is okay.

Some hon. Members: Oh, oh!

Mr. Stollery: I did not know he was a Bulgarian.

By the year 2000 the House of Commons would have 376 members. So from 265 members a couple of years ago, it is projected the House of Commons will have 312 members after the next election. That is a significant increase in the number of members elected to the House of Commons and it will have many implications to its operation. Many of these implications should be discussed by a committee, particularly when we see such a large projected increase in members.

It has occurred to me that suburban areas are very homogenous. I hope that aspect is considered if this matter is discussed in committee. Representation by population is very important. Underpopulated areas of the country must also be well looked after. But it is important also that a diversity of interest is represented in the House of Commons. In my opinion, that is the most important thing.

Different formulae are always being brought forward, but then someone says that for 100,000 people here a member should be elected and for 100,000 people there a member should be elected. That is fair and equitable. However, that is not the question. The question is: are differing interests properly represented in the House of Commons? That is the point

of our being here. If the country is largely an agricultural one or whatever, those interests should be more weighted. In a democratic system that must be taken into account.

People who say the definition of a democracy is the rule of a majority are less than one-third right. It has always appeared to me that the large part of the definition is that minorities must be protected. It is an instrument to protect minorities and not just the majority. That is done by ensuring, to a large degree, that the decision-making body, the House of Commons or whatever, represents a large enough selection of interests of the people in the country.

One can be accused of self-interest, but it is just an observation of mine in representing part of the great city of Toronto that in some areas there is more diversity than in others. That point should be considered. It is vital and important to Canada.

I hope that if not the bill the subject matter of it will be studied by a committee because this matter will be upon us within the next few years. I thank you, Mr. Speaker, and I thank the hon. member for the opportunity of saying a few words about this important business he has brought before the House for deliberation.

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, like the hon. member for Spadina (Mr. Stollery), I believe the subject matter of this bill rather than the bill itself should be referred to an appropriate committee so that that subject matter can be studied. In that sense I congratulate the hon. member for Red Deer (Mr. Towers) for bringing the bill before us. I liked parts of his speech. He knows there is one section which had nothing to do with the bill which would not get my approval. That is the section where he praised the other place. There are a lot of fine men and women over there, but the institution of a second House that is not responsible to the people of this country in my view is one for which there is no place in a parliamentary democracy. However, the Senate is not part of the bill, so one does not have to deal with it at any great length.

• (1730)

The main concern of the hon. member in introducing his bill, as I understand it, is that we not leave ourselves open to a course which will result in this place having 325, 350 or 400 members a few decades down the road. Where we would put them is one problem. Apart from that, there is the problem of the efficient operation of the place.

There is one word of assurance I should like to give the hon. member. I do so out of experience. I have been through four redistributions since coming here. The hon. member across the way talked about the 264 members we had a while ago. When I first came here, the membership was only 245. In each ten-year period that we have looked at redistribution, we have changed the rules. One would think that when you write a rule about redistribution, it is the law of the Medes and Persians, that it is going to be there for all time. However, every decade that goes by produces a new set of problems.

In the late forties and fifties, we had a problem in the prairie provinces in that we were losing members. When I came here in 1972, we had 17 members from Manitoba and that number or more from Saskatchewan. Those provinces have not lost population. They have more population today than they had then. It is relativity which comes into the picture. It is the larger populations of Ontario, Quebec, British Columbia and Alberta which left those provinces in that position.

We had a very interesting cabinet minister from Saskatchewan named Jimmy Gardiner. He did not like to see Saskatchewan go down so fast. In one of the redistributions when he was in a powerful position, he persuaded the government to bring in the Gardiner formula which said that no province could ever lose a number of seats that was more than a certain percentage of the total that it had. For ten or 20 years we followed that rule. It protected Saskatchewan and Manitoba and, at one point, Nova Scotia. However, the day came when that rule did not seem to be meeting the needs and we changed it again.

Away back, as we all learned in school, the House was composed of 65 members from Quebec and the numbers from the rest of the provinces were in proportion thereto. In Mr. St. Laurent's time, we changed all that. We decided on a total number of members to be divided according to certain rules of proportion. Indeed, the last time we came back to a fixed number from Quebec. This time, however, it was fixed for one time at 75 and it is to go up by four every decade.

The point I am making is that every time there is a redistribution, an immediate problem comes along. We had to save the prairie provinces, we had to save Nova Scotia or something like that, so we devise a rule which fits what we wanted to do. I think I can say quite straightforwardly that when the present system was put in, it was said it would get us over the hump, that we are not really going to go on increasing the number in this House far past the 300 mark.

I believe it is a foregone conclusion that there will be a consideration of the whole matter. It would be a good idea to start that consideration now. That is why I support the suggestion of the hon. member for Spadina (Mr. Stollery) that this bill not be talked out, but that the subject matter of it be referred to the appropriate committee.

At the same time, we better look at a few other things. These are all pretty closely related to the constitutional discussions now going on. We have to look at the whole question of an assembly which is a mixture of members who represent constituencies and members on the basis of proportional representation.

This subject has been discussed by the academics from A to Z. There are those very strongly in favour of it and those who are very much against it. I do not think in this country we could go for complete proportional representation. There are now 14 of us from Manitoba. If Manitoba were on a PR basis, and if I were one of the 14 members from Manitoba, it would be much more difficult to feel one was a member in that way than for each of us to be a member for a constituency.

I contend that a mixture of members directly representative of constituencies and proportional representation would be useful to consider. One reason is that it might solve the problem of having so many parliaments in which some provinces are represented by only one party. We have that situation right now. I do not know whether the hon. member for Joliette (Mr. La Salle) has resigned yet or not, but if and when he does, the province of Quebec will have only Liberals. Alberta has only Conservative members in the House of Commons. There are some Liberal supporters in Alberta, Conservative supporters in Quebec and NDP supporters all over the country.

An hon. Member: Hear, hear!

Mr. Knowles: I hope that "hear, hear" is recorded. That fact does not get reflected in the House. I am not arguing for a particular system. I suppose I am on the side of a mixture. It is something that should be discussed without our being committed to a particular formula or deal.

I hope the hon. member for Red Deer will not be insulted if we suggest that we not pass this bill but rather use it as a vehicle to get the whole subject of what the representation of this House should be referred to an appropriate committee. It is going to come about anyway. I say that from experience of the last four redistributions. Why not start it now?

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, while I welcome the opportunity to speak on this subject, I have on the order paper somewhere a motion to deal with redistribution and the method by which it is done. It is a peripherally related matter.

As the hon. member for Winnipeg North Centre (Mr. Knowles) indicated, a number of points have been put forward by members with regard to representation and how we choose this House. They should go into the hopper now, not on the eve of the next election. It should not be as we did in 1974 after a redistribution. We saw a cat's breakfast served up by the redistribution commission in their wisdom. As my former colleague from Carleton said, never was there such gerrymandering, incompetence and ignorance as was exhibited by the reports generally during that redistribution. That was incompetence and ignorance as far as political representation was concerned.

In so far as this House is concerned, I am going to take another tack. I thought it was deplorable that in 1974 in order to again emulate the philosophy of the late Jimmy Gardiner, certain interests had to be placated. The census was in 1971 and it was about 1973 that we got the commissioner's reports. Saskatchewan was being run right down because the population had dropped, Manitoba even more. Horror of horrors, Quebec was going to lose a seat.

[*Translation*]

That was unheard of, unthinkable.

[*English*]

Therefore, a new formula was devised, the one we have at the present time. Earlier I was shaking my head in sheer wonderment at this business of the House escalating within a matter of 15 years to 340 members. It was increasing in greater proportion than the population of Canada and so we arrived at a quotient. This quotient was then reapplied to the member some 23 years ago, there was a floor, a senatorial floor, and the formula for devising the number of seats took the populations of those provinces which were at a senatorial floor out of the general total, and then one divided the then number of remaining seats into the remaining population and arrived at a quotient. This quotient was then reapplied to the populations of the provinces, and we got the number of seats for those provinces. That is how we arrived at 264, and I think it was 265 for the proposed redistribution in 1973-74. I think the hon. member from Cape Breton was the author, or at least he was the sponsor of the plan we have now under which we go by mathematical progressions upwards. No one has yet invented columns made of rubber so that we can instal seats at the far end of the chamber. For you, Mr. Speaker, I think we will have to build a recess and put Your Honour under the gallery because we will require more seats to move up to 312.

• (1740)

This will be fun. Perhaps we will have some balconies. That is another way of doing it. We will have loges off the galleries for hon. members. They shall be those proportionally elected members about whom the hon. member speaks. They will be up there floating, not having had to fight in constituencies. They will be a class apart.

Mr. Munro (Esquimalt-Saanich): They will be part of the upper benches.

Mr. Lambert: My colleague, the hon. member for Esquimalt-Saanich (Mr. Munro), says they shall be part of the upper benches. I hope the hon. member for Winnipeg North Centre notes the distinction. They shall be from the other level as opposed to the other House. With the greatest of respect I think the idea deserves that kind of comment and merriment. We have laughed at some ideas this afternoon, but I think they all have to go into the hopper so we can have a really good and hard examination of some of them and then decide.

Some of my hon. colleagues may recoil in horror at my own view, which is not, as my colleague suggests, that the present membership of this House be fixed at 282 but that we apply a 20 per cent cut to the representation or by some 56, down to 225.

I can take hon. members through all the sinuosities of the committee system and in this House. Instead of having 30 or 40 people scrambling to get on speaker's lists, the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette) would be in his seventh heaven; he would not have to protest about too many people wanting to speak. In fact, some government backbenchers might be able to speak. It

would be known as the emancipation formula since at present they are now gagged during a second reading debate. In committee, instead of having 20 people trying to get their ten minutes, there would be only perhaps 12. Some work would be done in committee, and committees could be reduced in size. One might ask, "At what cost?" Well, I remember that there were about 135,000 to 150,000 people in my riding before the first redistribution in 1968. With less staff than I have now I looked after my constituency quite well, I thought, and so did other people. True enough, our work is now more involved. We did not have constituency offices then, but with properly trained legislative assistants or office administrators whom members do not have at the present time, and in the light of improved communications, travel and equipment which is available, members could more than adequately serve double the populations they serve now, and perhaps even better.

It is true enough that some adjustments would have to be made for some of the rural areas. We would have to pay some attention to the historical entitlements of the Atlantic provinces, but a 20 per cent cut does not disturb as much as increasing the size of this House, and in that regard, since we do not want Saskatchewan to lose any more members we will merely increase the size of the pond in which they have to swim; one would drown them just as easily that way; we will just add more water to the bath. The effort was totally cosmetic.

I think we should look at all these suggestions. I know there will be some difficulties with respect to my ideas, but I think this House would function eminently more successfully if there were only about 225 members. After all, the U.S. Senate functions very well, and some senators represent ten million or more people. Two senators from California represent the number of people there are in Canada. They have large adequate staffs. Actually, it costs less to staff their offices properly and to provide them with the appropriate organizations to service their people than it costs us. Being on the Standing Committee on Management and Members' Services I can tell hon. members that there is now getting to be a very substantial expense to support each member.

Adding just one member means not just one salary but also all the attendant expenses which go with a member. Representation becomes extraordinarily expensive but, I suggest, not any better. Somebody at one of the Toronto newspapers today must have had his tongue in all the cheeks he possesses, both up and down, because he suggested that this House should have 800 members. He just had to be spoofing.

Without wanting to repeat myself again, I must say that I think it is an excellent idea to examine this bill. I trust there will be someone from the government side who will move to amend the motion which is on the order paper. We in the opposition certainly consent fully to withdrawing the bill and the subject matter going to the appropriate committee for consideration and report. I presume that committee will be the Standing Committee on Privileges and Elections. I would be quite prepared to second such a motion. It is my understanding that the parliamentary secretary to the government House leader would be prepared to move such a motion, so I am quite pleased to yield the floor to him in the hope that that will be done. There may be others who may wish to participate, but I certainly hope this bill is not talked out and that, as agreed, the subject matter will go forward to the appropriate committee.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to see this bill before the House this afternoon because I think this is an important matter which needs to be dealt with in a standing committee of this House. I believe the 1974 Representation Act requires that the President of the Privy Council refer the whole question of representation to a standing committee.

● (1750)

Section 7 of the act suggests that this be done after the House meets. Of course, we have had an interim period of another Parliament in between, during which the whole question of representation was supposed to be referred to the Standing Committee on Privileges and Elections.

I find the suggestion of the hon. member that the whole question be investigated to be very worth while. A few days ago I received a projection from the chief electoral office of the number of seats there will be in the House after the next redistribution in 1981. The projection shows some 30 more seats. Of course, the ridings are divided up only on the basis of projections at this stage, but it seems to me we will end up with a much larger House, not necessarily with better arrangements.

The one matter I think should be considered by the committee, and in fact there is a reference to that committee now, is the question of the large rural ridings. This whole question, of course, will be studied by the Standing Committee on Privileges and Elections because Bill C-211 has been referred to it already. The bill refers specifically to northern Ontario, but there are areas in northern Manitoba, northern Alberta, Saskatchewan, northwest Quebec and, I believe, Labrador which face similar problems, although not identical to those in northern Ontario. The problem is that these are vast areas which are growing ever larger because of increased population requirements, and I think there is a need for consideration of a floor arrangement for representation of those vast northern areas in a number of constituencies.

I certainly see the proposal for this bill going to the Standing Committee on Privileges and Elections for study to be a very worth while one. I believe the Privy Council has the responsibility of referring the whole matter to the standing committee in any event because of the 1974 Representation Act which provides for reference of the matter of representation to a committee. I hope the government will see fit to move a motion this afternoon to refer this private member's bill, to the standing committee as I think it deserves serious investigation and study as proposed by the hon. member this afternoon.

Mr. Howard Crosby (Halifax West): Mr. Speaker, I want to direct a few remarks on Bill C-223 which is now before the

House. Let me begin by congratulating the hon. member for Red Deer (Mr. Towers) for bringing this matter to the attention of the House because, like other hon. members, I agree it is important to consider the matter of the number of people who represent various constituencies and parts of this nation in the House. However, there are other matters to be said with respect to representation of the people of Canada in this House. While I agree that the matter should be studied, some of these other matters might be brought to the attention of members and of the public generally. First of all, we have often spoken of the subject of proportional representation. I draw to the attention of members that without proportional representation of some kind you will get the anomaly of the Progressive Conservative Party, for example, requiring 373,000 votes in the province of Quebec and having only one elected member from there, while at the same time the 357,000 persons who voted for the PC Party in Manitoba and Saskatchewan elected 12 Conservative members from there. So there is an argument for proportional representation. I am not saying I agree with that argument, but that is the kind of thing that might be discussed.

Also, there is quite the contrary view which is presented in an article printed in the Regina *Leader-Post* in which the writer, Edward Carrigan, writes that he believes the number of members in the House should be increased to 800. He based that concept on the basic representation which prevailed in 1867 and said that at that time the population of Canada was slightly over three million, and has now increased to 24 million. If you make a projection on the basis of these figures, you get a much larger representation. He also refers to the number and complexity of subjects with which the House of Commons deals today and the amount of money expended by the government.

Playing devil's advocate for a moment I wanted to introduce those points because perhaps they are more vital to representation from provinces like Nova Scotia and other provinces in the Atlantic region which might suffer from a move toward representation based entirely on population. I agree to limiting the number of persons who represent people of Canada and constituencies, but I think we should be mindful of the smaller provinces which require basic representation. At present under the BNA Act and relevant legislation, minimum representation is fixed in relation to the number of persons who are permitted to be appointed to the Senate. I think in the case of Prince Edward Island and New Brunswick, these provinces have now reached the lower limit and their representation in the House is based on the minimum requirements. In the case of Nova Scotia, the province has one more member here than its Senate representation of ten.

We have to be mindful of these considerations when we deal with matters of this kind. I do not want to borrow any phrases from the government side of the House, but let me say that what is at stake here is the quality of representation in the House. As has been said, what Canadians want is effective government, not more government. So the real responsibility is to make members of Parliament more effective and we can do that with the numbers we have at present.

I will conclude now, Mr. Speaker, to allow a member on the government side to move the motion.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I have a few remarks to make on this matter before six o'clock. In no way does the government accept the premise in the bill proposed by the hon. member for Red Deer (Mr. Towers), nor is the government prepared to commit itself at this time on membership in the House of Commons in the future. There is a regime at present which is in effect, and perhaps it should be changed. But the reason I rise to speak now is that there have been consultations among the parties and perhaps we could refer the subject matter of this bill to the Standing Committee on Privileges and Elections. We did the same thing a few weeks ago with the bill proposed by my friend, the hon. member for Algoma (Mr. Foster), namely, Bill C-211, concerning large constituencies in northern Ontario. This subject is slated for debate in general within the next year. As everyone knows, there will be a census this year. I believe the law stipulates that the boundaries commission must report within a year after the census.

This matter is of current interest in the country. With the caveat that the government does not commit itself to any figure or to any of the arguments contained in the bill of the hon. member for Red Deer, the government is prepared to agree that this whole matter should be discussed. Indeed, I could draw your attention to the Speech from the Throne in which electoral reform was mentioned. Certainly this will be an ongoing subject in the life of this Parliament and certainly in the next year. Therefore, I have pleasure in putting forward the following motion, seconded by the hon. member for Edmonton West (Mr. Lambert):

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-223, an act respecting representation in the Canadian House of Commons, be not now read a second time but that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Privileges and Elections."

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

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Shall the motion as amended carry?

Some hon. Members: Agreed.

Motion as amended agreed to.

The Acting Speaker (Mr. Blaker): Accordingly, the order is discharged, the bill withdrawn, and the subject matter thereof referred to the Standing Committee on Privileges and Elections.

It being six o'clock. I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-48

The House resumed consideration of the motion of Mr. Pinard:

That, in relation to Bill C-48 an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, one sitting day shall be allotted to the further consideration of second reading stage of the bill; and that at 15 minutes before the expiry of the time provided for government business on that day, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of second reading stage of the bill shall be put forthwith and successively, without further debate or amendment.

The Acting Speaker (Mr. Blaker): Order, please. When the debate was interrupted at five o'clock, the hon. member for Calgary Centre (Mr. Andre) had the floor. I should like to give the hon. member some advance notice; I think there are about two minutes remaining in his time.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I recognize that I have just two minutes left. Prior to five o'clock I attempted to make the point that members of Parliament over the years have had our powers, our ability to represent our constituents, and our ability to act as legislators, removed from us step by step until the point today where we are essentially powerless. We lack even the ability to influence public opinion through giving speeches in the House which are reported, hopefully read and thought about by some people so as to influence their opinion. Let there be no mistake. That is exactly the reason Standing Order 75C was brought in in this case, just as in the case of the constitution when the Prime Minister (Mr. Trudeau) originally said, "Look, after all, all we are doing is patriating the constitution at long last, bringing in a charter of rights and a flexible amending formula. How could one be opposed to that? No one could be opposed to that kind of motherhood thing." Some who did not think of or read what the Prime Minister proposed gave their approval very quickly. It was only after extensive debate and discussion the public realized that was not what was being proposed—much more was being proposed.

Similarly in this case of the national energy policy, Bill C-48, the propaganda says, "Look, what we are doing is Canadianizing the oil industry and trying to make us self-sufficient by 1990. How can one be opposed to that?" No one is opposed to that. Those are goals which we and every Canadian accept as reasonable and proper, but anyone looking at the national energy policy, reading it and trying to understand it will recognize that in fact the national energy policy as proposed in its details by the government works in exactly the opposite direction. If, heaven forbid, this policy is implemented, there is not a prayer in the world of this country becoming self-sufficient. We will be on rationing and allocation; that is what will happen. This policy is driving Canadian independent oil companies out of the country.

A couple of members opposite talked about the multinationals companies. What they do not seem to recognize is the fundamental fact that the multinationals have nowhere to go. Exxon will not let Imperial Oil go and drill in the United States, nor will Gulf let Gulf Canada do that, nor will Shell let Shell Canada do that. They are stuck here in Canada.

Mr. Waddell: We are stuck with them.

Mr. Andre: It is the Canadian oil companies that are leaving. The NDP likes that. They like to drive out Canadian oil companies because they happen to be privately owned and not state owned. Well, let them vote that way. We in this party believe in public ownership by Canadians, by the Canadian public, by individuals in Canada. We believe in that kind of public ownership. We do not support state ownership. We think it is an abomination. We do not want the people who are running the Post Office to run our oil industry because we do not want to freeze in the dark.

Some hon. Members: Hear, hear!

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, tonight visitors in the gallery may be wondering why we are discussing whether to set a limit of time on this debate. It really boils down to a question of balance between our concept of democracy and of time limitation. When do we draw the line? When can we say that a debate has lasted long enough?

On Bill C-48, according to my information, we debated for 3.5 hours on December 11, for two hours and 59 minutes on December 16, for 2.5 hours on December 17, and yesterday for three hours and ten minutes. Perhaps I understand why the Tories, the loyal opposition on the other side of the House, do not like this bill. They may not like it for a number of reasons. Therefore, the length of the debate will never be adequate.

They may not like the bill because it includes the idea that all existing permits and leases are to be converted to a new regime by the first anniversary date. They may not like the idea that new grants are to be made available in the usual case by the public tender process with ministerial discretion to negotiate final terms. They may not like the idea that terms and conditions of grants are to be designed and negotiated in accordance with perceived geologic promise and other conditions. They may not like the idea of the Crown having an interest position of at least 25 per cent in all Canada lands including all existing and future grants. They may not like the idea of a Crown corporation having the right to demand from

relevant operators geological, well or other proprietary information. They may not like the idea of a minimum acceptable level of Canadian ownership in frontier Canada oil. They may not like a release to the public of periods of confidentiality applicable to various types of proprietary information. They may not like the proposal of an operating licence being a prerequisite for carrying out certain activities. They may not like the provision for oil spill liability on the part of operators, in particular providing for absolute liability. They may not like the proposition for funding regional environmental studies.

An hon. Member: They may not like closure.

Mr. Caccia: The hon. member will forgive me but I have to do it this way. They may not like the minister setting a fair market value of production at the wellhead or extraction plant. They may not like the idea that the minister may have the authority to order production to commence and be delivered to a domestic market in quantities and at prices specified in the order. They may not like the provision for ministerial authority to prohibit a proposed transfer or assignment of interests on grounds of public interest.

Some hon. Members: Oh, oh!

Mr. Caccia: If I were a Tory, I would not like it. I can well understand why they do not like the idea of a time limitation. This is why they are on the opposition side, this is why they are Tories. We happened to propose these ideas and we like them. Where it becomes difficult is understanding the opposition, especially on the part of the New Democratic Party. Do they oppose any of these ideas? Perhaps we might hear from them. All we have heard from them this afternoon was the hon. member for Winnipeg North Centre (Mr. Knowles) saying that perhaps we should have an idealistic system whereby we should have a timetable for all the bills at the beginning of a session, without really knowing the implication, the weight and the controversies each bill might have down the road, two or three or four months hence. I ask you how you can do that. It sounds like a very neat, fine theoretical idea but this is not the place for fine, theoretical ideas. At the beginning of a session you decide which bills you should debate and which bills you should not debate. You cannot divide the world into three nice little categories. That is not the way this Parliament works and it will never work that way.

• (2010)

What do we conclude from this? We conclude that we have debated this matter for a total of 12 hours and nine minutes. Therefore, it becomes a matter of judgment. It is a matter of judgment because there will be some who will always think that it is not enough. There will be some who think it is adequate and some who think it is too much. This will be the dilemma which this House will face every time we have Standing Order 75c before us. That is what it has been, a dilemma. It will always be a controversial question. Where do you draw the line between democratic debate and time limitation? That is where you must draw the line sometime, somewhere.

It seems to me that while we are debating this matter, and continue to debate it, the OPEC countries might again increase the international price of oil. So what are we really achieving by debating this matter on second reading after 12 hours of debate already? Why do we do this when all of us who are interested have the opportunity to look at the bill in committee? What the Canadian public probably does not know is that once we give second reading to this bill this matter goes to a standing committee for scrutiny, thorough examination and for the calling of witnesses.

Mr. Gamble: Nonsense!

Mr. Caccia: The hon. member says "Nonsense", perhaps he has not worked in a committee yet, but those of us who have know how thorough the work of the committee can be, if you want it to be. We know how many witnesses you can call.

So it is understandable that the Tories do not like this bill. That is why they are Tories and that is why they are over there and we are over here. There is a point where a line must be drawn. Oil and gas are too important public commodities to leave at the hands of the private sector the way it has been left until now. We have taken important steps with respect to hydro in this country over the decades. I think every provincial government is to be congratulated for having done, a long time ago, what we are now attempting to do with other natural resources. What is at stake here is the public interest. This commodity is too valuable and too essential to the Canadian public to leave to the whims of the private sector. I challenge anyone from the NDP over there to rebut this point. I will be most surprised if they do. I am very surprised they do not want to see this bill move ahead and go into committee as quickly as possible, since they know very well that is the place where the action is.

So, in conclusion, Mr. Speaker, from this side of the House all I can say is, Let us get on with the job. While we are debating whether or not we should conclude the debate the OPEC countries may raise the price again. We are demonstrating to the Canadian public that we cannot find the balance which is needed in this difficult time in deciding whether or not, after 12 hours, there has been adequate debate. This seems to be the very essence of the question raised by rule 75c in the debate in which we are engaged tonight.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, the hon. member for Davenport (Mr. Caccia) wanted to hear from the New Democratic Party. I am glad he raised that—since some of our members represent constituencies where there are no Liberals or Conservatives—in the west and in the resource areas. The hon. member wanted to hear from us and then, after three speakers, he does not want to hear from us. His government brings in closure, which he supports. That is the most inconsistent position I have ever heard in my life. Which is it? Do you want to hear? Do the people you represent in Davenport want to hear? Do they want to hear these views? You told us that you want to hear them. If you want to hear them, then why are you bringing in closure?

Mr. Speaker, we have had three speakers in this debate. Closure is not a question of balance or a question of judgment, as the hon. member for Davenport said. It is an extraordinary measure. I will speak of closure first and then I will speak with regard to what we are talking about tonight—time allocation. There have been four instances of closure since 1956. There was the pipeline debate of 1956, the flag debate of 1964, the debate in 1969 over new rules in this House and the debate in 1980 in respect of the constitution. Time allocation has been used eight times since 1971 by the Liberals and once by the Conservatives. Those are extraordinary measures. This is an extraordinary and shocking performance from the government tonight.

I listened to the President of the Privy Council (Mr. Pinard), who is a man whom until tonight—and I hope I can find a little bit of charity after tonight—I admired very much. He appears to be a very mild-mannered and intelligent minister. But beneath that mild manner there is a deep unreasonableness and there is an hysteria with respect to bringing in this measure. As his leader would say "an hysterical attitude". This closure is not necessary. He made the argument that the bill has to be referred to committee. Well, the committee is not ready yet to hear all the witnesses. He made arguments about there being other energy bills. I happen to know the government does not have other energy bills ready. They do not have an agreement with the provinces about that matter which was raised by one of the members here, the matter of grants for conversions and so on. They do not have an agreement and they are not ready with a bill. So that is not the truth. They should not say that in this House. There is not a more important subject to debate than energy. It was said by the minister that this bill is only part of the energy policy. He says we have debated the energy policy, therefore, we do not need to debate this bill. The minister is wrong there because this is different from what we have been debating. We debated the orders under the Petroleum Administration Act. The member for Etobicoke Centre (Mr. Wilson) and I made motions in that debate. But in that debate we debated federal-provincial relations; we debated co-operative federalism; and, we debated pricing. Those are the kinds of things we debated.

• (2020)

We have not debated many of the different but important features of this bill. Who does the minister think he is fooling when he says we have debated these matters? There are matters relating directly to this bill which this House will never hear debated in principle because the government brought in time allocation. Such an example is the issue of offshore oil. Who owns the offshore oil, the provinces or the federal government? An hon. member of my party wanted to speak on that topic in this debate. It will be a most important topic to the country over the next ten years, but it will not be fully debated because of closure.

A member of my party intended to speak on the west coast environment. The government does not have any members from the west coast, so a speaker was appointed to tell the government of the problems there. I hate to tell the hon. member for Davenport (Mr. Caccia) to perhaps support the government in this matter but the hon. members opposite do not want our support, they want to cut off the debate. A member of my party intended to talk on the dangers of the environment of British Columbia and the offshore.

Another member was to speak on the concerns of the fishermen about the Hibernia discovery. Another speaker was appointed to speak about the labour problems and Canadian content. We wanted to fix up parts of the bill to make it better, but the government cut off the debate. Is that logic? I wonder if the President of the Privy Council is as reasonable as he pretends. There have been 12 hours of debate on this bill.

As the hon. member for Nepean-Carleton (Mr. Baker) quite properly said in his comments, "It was not time enough". Closure is used only when there is a flagrant abuse of the time of the House. The onus should be on the government when it brings in closure to show that there has been abuse of the time of the House. In this case there has been no flagrant abuse. I have just listed a number of topics which should be debated, and there are a number of others.

It seems to me the way in which this Parliament should operate is the government should propose and the House of Commons depose. But this government wants to propose and depose as well. I say to the ministers and the backbenchers opposite that they are on a very slippery slope which was started by imposing closure on the Alaska pre-built debate, then the constitutional debate and now finally on this bill.

Some people have said it does not matter because they are the government. People who are watching now and who will not be able to watch when the bill goes to committee, are saying, "Well, does it really matter". I say to the people out there, because you cannot talk to the group across the floor in view of that sheer Liberal arrogance, although it might be for their own good, this debate would have petered out later this week or next week. It is an indication of the attitude of arrogance across the way. Robert Stanfield said in a speech in Victoria last year that members opposite do not really care about Parliament. The hon. member for Winnipeg North Centre (Mr. Knowles) eloquently stated earlier tonight that this is not the way to run Parliament or to treat Parliament.

Every member of this House should be given a chance to speak because that is why we are here. The people of Canada want to hear their members speak. I say to the member from New Brunswick and other members opposite who are heckling me that they are on the beginning of a slippery slope and they are showing the people of this country—and that is why they are having problems with the constitution—their attitude. The people of this country are afraid of the attitude of this government. It is not the kind of things they are doing. People are in favour of Canadianization of the oil industry. But the government will not receive the support of the people for Canadianization, for the 25 per cent backing of Petro-Canada or the very good provisions which need to be augmented and fixed up and debated in this House.

S.O. 75c

It is in the interest of the government to show its intent to the Canadian people, but instead it goes against its interests. It is an example of Liberal arrogance. They may not care about this Parliament, but we care about what goes on here and we will stand up and fight for its rights. We will continue fighting for the rights of Parliament until they drag us out of this House.

Mr. Herb Breau (Gloucester): Mr. Speaker, I want to speak briefly in support of the motion. I believe 12 hours of debate on second reading of a bill is enough in light of what the hon. member for Etobicoke Centre (Mr. Wilson) said on December 11, as it is reported at page 5671 of *Hansard:*

> The broad objectives of this legislation are worth while and are certainly acceptable. One might go so far as to say they are motherhood; they are intended to increase production and Canadian ownership, as well as to provide a very stable tax environment. I agree with the minister when he says that it is important to have this legislation. We have been waiting for it for about ten years now.

Mr. Andre: Read on.

Mr. Breau: Certainly, I could go on just like everybody else on that side of the House. The hon. member speaks from both sides of his mouth. He has made these comments at the beginning of his speech and then he says something else at the end.

The hon. member from the NDP who preceded me said that every member should have the right to speak in every debate. Every member does have the right to speak in every debate, but is he suggesting it would make sense that on every piece of legislation on second reading and third reading every member of this House should have an opportunity to speak.

An hon. Member: That is absurd.

Mr. Breau: Of course, it is absurd.

Mr. Deans: No one has said that. You do not understand.

Mr. Breau: Your colleague just said it. Hon. members opposite get very upset when we try to show how absurd are their ideas.

Mr. Blaikie: Your problem is that you cannot get upset about anything any more because you have been here too long.

Mr. Breau: Members who talk about muzzling Parliament and limiting debate do not even have the courtesy to let me finish my speech. I do not intend to take up 12 hours.

Mr. Murphy: Sit down, I would like to speak too.

Mr. Breau: Between 1972 and 1974 I watched the NDP trying to participate in some way to keep a majority Parliament—

Mr. Rae: How can you sleep at night, Herb?

Mr. Breau: —working.

Mr. Murphy: No one gives a damn about you people any more.

Mr. Hopkins: Have some respect for Parliament.

Mr. Baker (Nepean-Carleton): Mr. Speaker, on a point of order, the hon. member for Willowdale (Mr. Peterson) is interrupting the hon. member for Gloucester (Mr. Breau), and I wonder if he might be allowed to continue.

Mr. Peterson: Mr. Speaker, I appreciate that very much.

Mr. Breau: I have watched the NDP trying to advance their position and to accomplish something, but it is only when they receive the heat that they flop. I saw them trying to support a minority government in 1972, and trying to live up to the responsibility of defending what they proposed two and three months prior. After a certain time they cannot take the pressure because they are not responsible people. What an hon. member suggested this evening was that there should be no limit on the debates, that we should wait until they peter out.

• (2030)

You should just wait. Mr. Speaker, I hear members hollering words that I do not find parliamentary and which I never use in this House. I would suggest they should be courteous and listen to other members as we listened to them.

An hon. Member: Say something, then.

Mr. Breau: It is obvious, Mr. Speaker, that when an opposition member or a group of opposition members decide they want to hold up legislation, they can do so for quite a long time.

The government has to accept responsibility if it wants to manage the House of Commons properly, put a legislative program before Parliament and it has the responsibility of asking the House if it wants to limit debate. This is what the government is doing today according to the rules. It is saying that the majority in the House is making a judgment that four days of debate—12 hours of parliamentary debate is sufficient on second reading of a bill when we do not conclude consideration of the bill. It is simply to send it to committee to give members an opportunity to study it in detail, to hear witnesses and experts. After that the bill is reported to the House and there is another stage when amendments can be put and finally, the third reading debate. When hon. members opposite talk about muzzling Parliament, obviously they are either dishonest or do not know exactly how the system works.

I believe that four days of debate on second reading of this kind of bill is enough when members believe the bill is important and should go forward. Despite what the hon. member for Etobicoke Centre said, some members of the official opposition seem unsure that they can agree that this bill is important. The NDP say they are for the bill. The principles of the bill are good.

An hon. Member: We never said that.

An hon. Member: You don't know what you are talking about.

Mr. Breau: The hon. member now denies supporting it. One of their members just finished saying he wanted other members to speak in support of that bill.

An hon. Member: He never said that.

Mr. Breau: Fine. I will read his speech. I want to give the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) an opportunity to speak. Despite the fact that I had 10 minutes to speak I will conclude now because I want to give him the opportunity to speak.

I support this resolution because it is fair, it is in accordance with the rules, and four days of debate on second reading of the bill to send it to committee is sufficient.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The Chair is going to recognize the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) who is now entering the debate on the subject matter of Standing Order 75C. I might add that debate will conclude at 8.39.

After the vote is completed, the Chair will again recognize the hon. member for Qu'Appelle-Moose Mountain on the subject matter of Bill C-48. I wanted to make that clear to hon. members who may find the procedure curious. It is simply that the hon. member for Qu'Appelle-Moose Mountain has time remaining to him.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I should like to extend my thanks to the hon. member for Gloucester (Mr. Breau) for these five minutes.

I should like to put my remarks together rather tightly by saying that last night when I spoke in the debate on Bill C-48, I pleaded with members of this House not to regard this as an ordinary bill. This is Bill C-48, regarding oil and gas conservation regulations in Canada lands. I tried to point out to the House and I appealed to the government, particularly to the government House leader, to consider that this was not a judges bill or any one of a number of bills in a $50 billion budget, but that this is the future of Canada. The administration and management of our non-renewable resources is the most important function the federal government has because only the federal government has jurisdiction over Canada lands which comprise several times the total area of Canada, including the land at the bottom of the sea.

This discussion we have held in 12 hours has not even touched the vital principles of this bill. The vital principles require honest and sincere reflection that would take weeks to resolve. We do not have weeks so we have to try to compress the discussion.

Let me give an example. Last night I said 75 per cent of the oil and gas discovered in North America in the last 100 years remains in the ground, mostly because of bad regulations. The horrible blunder that was made in the American states to the south and the four western provinces of Canada is a sin that should not be repeated in the Canada lands.

This is not a partisan statement, Mr. Speaker. The future of our country is at stake. We have disgraced ourselves in the four western provinces with the type of regulations we adopted. It was so easy to accept the regulations that the Americans brought with them but when I say Americans, I mean the big international oil companies. As a result of those regulations, the Americans ended up with nearly 90 per cent of the ownership of our oil resources in those western provinces. We do not hate them for that, Mr. Speaker. It was the regulations of the provincial governments which made it impossible for small Canadian companies to grow. We front-end loaded those industries so heavily with bonuses, lease fees, permit fees, every way we could; we gouged those oil companies trying to get as much out of them as we could in the very beginning. As a result, only the big companies could carry the load, for the long pay-out.

I can remember the day when there were 400 Canadian companies in the west. Few survived but thanks to some amendments to the regulations, a few more have grown in the last few years. In the regulations before us now, Mr. Speaker, we are repeating the same mistake that the provinces in western Canada made 50 years ago.

Parliament did not fail in 1957 and 1961. We brought in regulations that were the best in the world. They were not perfect but at least they preserved about 60 per cent of that total wealth for the Canadian people—and I emphasize, Mr. Speaker, the Canadian people. In the regulations finally brought out by the Liberal government in 1976, about the same proportion could be argued. We accepted the mistakes of the past and we tried to correct them.

I appeal to the House, Mr. Speaker, in God's name—in the name of Canada, do not stop us from trying to bring these ideas forward.

I have four amendments that I want to put forward in this debate. It will take several weeks to get through. I think that on behalf of Canada I have a right to make those constructive amendments. That is all I am asking. Put down this closure regulation or take the bill out entirely so as not to disgrace this Parliament.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. It being 8.39 o'clock the two hours provided for the consideration of the motion now before the House under the provisions of Standing Order 75C have expired. Accordingly, under the terms of the Standing Order it is my duty to interrupt the proceedings and put every question necessary to dispose of the motion.

All those in favour of the motion will please say yea.

Some hon. Members: Yea!

The Acting Speaker (Mr. Blaker): All those opposed to the motion will please say nay.

S.O. 75c

Some hon. Members: Nay!

The Acting Speaker (Mr. Blaker): In my opinion there is no doubt about it, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

The House divided on the motion (Mr. Pinard) which was carried on the following division:

(Division No. 42)

YEAS

Messrs.

Axworthy
Bachand
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bussières
Caccia
Campbell (Miss) (South West Nova)
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Fisher
Fleming
Foster
Fox
Frith
Gauthier
Gimaïel
Gourd
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Kaplan
Kelly
Killens (Mrs.)
Lalonde
Lamontagne
Landers
Lapointe (Charlevoix)
LeBlanc
Lefebvre
Loiselle
Lonsdale
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Savard
Schroder
Simmons
Smith
Stollery
Tardif
Tessier
Tobin
Tousignant
Veillette
Watson
Weatherhead
Yanakis—105.

NAYS

Messrs.

Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Bradley
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Crouse
Darling
Deans
Dinsdale
Domm
Ellis
Elzinga
Forrestall
Fraser
Friesen
Fulton
Gamble
Gass
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hovdebo
Howie
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Knowles
Kristiansen
Lambert
Lewis
Lewycky
MacDonald (Miss)
Manly
Mayer
McCain
McGrath
McKinnon
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Ogle
Orlikow
Parker
Rae
Riis
Rose
Sargeant
Schellenberger
Scott (Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stevens
Taylor
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Wright
Young—84.

● (2110)

Madam Speaker: I declare the motion carried.

GOVERNMENT ORDERS

[*English*]

WAYS AND MEANS

INCOME TAX ACT

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved that the ways and means motion to amend the Income Tax Act, laid upon the Table, Monday, January 12, 1981, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

[*Translation*]

INCOME TAX APPLICATION RULES, 1971

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved that the ways and means motion to amend the Income Tax Applications Rules, 1971, laid upon the Table on Monday, January 12, 1981, be concurred in.

Motion agreed to.

INCOME TAX ACT

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved for leave to introduce Bill C-54, to amend the statute law relating to income tax and to provide other authority for the raising of funds.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

CANADA OIL AND GAS ACT

MEASURE RESPECTING OIL AND GAS INTERESTS

The House resumed, from Monday, January 12, 1981, consideration of the motion of Mr. Lalonde that Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Madam Speaker, we are going back to the debate on Bill C-48, and these are my final remarks in a speech I started last night. Last night I was trying to make the point to the House that the regulations before us now are turning back the clock of regulation-making in Canada by 60 years. Under these regulations we are repeating the same mistakes made by the four western provinces in the late 1920s in which billions of barrels of oil were left in the ground. They need not have been left in the ground had we had the proper regulations. These regulations have been before the federal House since 1957 when we wrote off the previous regulations which gave everything to the oil companies in the Canada lands and brought in regulations which were finally made official in 1961. Those 1961 regulations were promulgated after we received the approval of the oil companies both in the petroleum association and in the independent petroleum association. Those regulations received the support of Parliament and were the best effort of any country at that time in trying to bring in regulations that used the principles of conservation to try to get maximum recovery and at the same time to try to give the maximum value of the oil and gas to the people of Canada who own them in trust for future generations. These lands are mostly in the Northwest Territories, the islands of the north, the waters between the islands and the offshore areas as far as we can go across the Atlantic, the Pacific and the Arctic until we meet the nations across the way. That is the international law. As I pointed out, these regulations assume that our sovereignty only goes out 200 miles. That is not the international law. There is no mention in it of the 200-mile limit. That is simply a conclusion drawn from the fishing rights and from the convention which is being put through the United Nations at the present time. The current international law gives sovereign rights to the state to develop the bottom of the sea as far as it can go to the nearest nation. The only parts of the world which have boundaries between them are around the North Sea. They were the first nations to realize the importance and the value of the wealth at the bottom of the sea. But we too are beginning to realize it now in Canada. The government comes to the House and tells us that 12 hours is enough in which to debate regulations which do not only involve hundreds of billions of dollars of wealth but which involve a wealth which we will have to measure in hundreds of trillions of dollars. Every part of the world knows that the most unexplored part of the world is in northern Canada—

Some hon. Members: Order.

Mr. Deputy Speaker: Order, please. I invite hon. members to maintain order. The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) has the floor.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The future of Canada depends on these regulations, not the future of some CCF-NDP alliance with the Liberals. All this chatting going on with long lost friends is not the purpose of this debate in the House. I am talking about the wealth for the future of this nation which is in greater abundance in these northern and offshore areas than in the land, and yet we vote closure on the debate on a subject such as this when it has not even been debated.

It is not only the Conservative party or the Liberal party that has had to go through this. Last night I mentioned that, after many, many long years of delay and frustration, the Liberal party came out with regulations in 1976 which met nearly all the difficulties not met in this bill. They made a good effort so that the Canadianization of this industry could be made possible. This bill takes away the Canadianization in the Canada lands and drives out Canadian companies. It is just the opposite of what the government's purpose is. Surely a government has the right and duty to listen and should not make that mistake blindly. In 1976 this was recognized by the government, and the official opposition supported those regulations. The regulations of 1961 were just about as good. They were not perfect because no regulations are perfect, but other governments have had the same problem. I am old enough to remember a government coming into power in Saskatchewan where there was not too much oil and gas. It was a CCF government which wanted the oil industry to come to Saskatchewan because the minute that government was elected, the companies stopped their search and moved out. After six years of Gethsemane, trying to make up its mind, here was a government dedicated to the theory of socialism, a government dedicated to the principle of public ownership of our resources, faced with the reality of how to get these resources developed. Would you like to hear now the words of Tommy Douglas who was then the premier, delivered 30 years ago in Saskatchewan? I will quote from the official record which reads as follows:

A provincial government has three alternatives with reference to the development of natural resources. The first is that they can alienate all the resources by turning them over to private enterprise.

That is what the federal government did before 1957 to our great resources in the north. He went on to say:

The second alternative which faces a provincial government in the development of natural resources is for the provincial government to develop those resources themselves.

That is blunt enough. It is private enterprise by itself, the government not bothering it, or the government doing it completely. I will read his decision as follows:

● (2120)

The third alternative, Mr. Speaker, is to combine one and two. The third alternative is to say that we will allow private enterprise to come in here and look for minerals, that if they come in we give them security on two points: one, that if they find certain resources, they will be allowed to develop them and, secondly,

that if they set up the machinery for developing them, they will not be expropriated. Those two categorical assurances have been given and I repeat them here, this afternoon.

I was present in the legislature when that speech was given. I knew the Gethsemane that man had to go through, to give up a lifetime to a socialist concept in the face of serving his people the best way he could. He picked the alternative which the Conservative government did in 1957 for the federal lands, the Canada lands. He picked the alternative which the Liberal government did in 1976 after studying the regulations for ten years.

Tonight we are debating a bill which turns the clock back. One does not do it honestly by just handing all the resources to the big international companies, nor by a device which puts in so many front-end loading charges that it takes all the money at once and kills the goose before it lays any eggs. The only companies which can survive that type of thing, as we have found out in Alberta, British Columbia, Saskatchewan and Manitoba, are the ones which generate capital from their own reserves or earnings. It would mean the end of all companies that were not worth several billion dollars in reserves. It would mean the driving out of small Canadian companies.

What is the use of standing up in the House and saying that we will Canadianize the north? During the days of war this government turned over the whole north to the Americans for nothing. I remember that. Also I remember in 1958 when I sat on the other side saying in the House that they would all be driven out, and they were. We got that territory back; I claimed those northern islands and those waters for the people of Canada.

Some hon. Members: Hear, hear!

Mr. Hamilton (Qu'Appelle-Moose Mountain): The Americans accepted that claim, and George Ball, their secretary of state, knows they accepted it. Here we are many years later trying to recover the mistakes so that we can manage and develop the oil resources efficiently.

My first recommendation is to throw out this legislation entirely and redraft it. We should go back to the basic fundamental principles of the 1961 and 1976 regulations. If we do not take it out, we have no alternative but to move major amendments of principle, not of detail nor things discussed in committee. The principle is decided on second reading.

I should like to refer to the four principles which I think should be included. First, we must write in statutory form the principle of conservation. This will mean the maximum economic recovery of every field. We must write in statutory form the elimination of all front-end loading charges. No profits should be taken out of the north, no royalties or taxes should be taken out of the north, until the debts are paid off. The enemy of the government, the people and the companies is the same enemy—interest rates. Interest rates not only kill off the little guy, they kill off the big guys as well.

My third principle would eliminate the back-in proposal of 25 per cent which is a breach of contract and put in its place, in statutory form, a contractual agreement which gives the partners fair and equal treatment variable according to the type of oil and gas they are discovering.

My fourth principle is that Canadian ownership should be a minimum of 50 per cent of all shares of any private company. All shares of public companies should be available on the stock-markets of the world for that part of the subsidiaries which operate on Canada lands, so that Canadians can freely own this country as individuals and not through some government corporation.

Some hon. Members: Hear, hear!

Mr. Robert Daudlin (Essex-Kent): Mr. Speaker, I appreciate the opportunity to add a few remarks this evening on the continuation of this debate. I do not know that I will use up all the time available to me with respect to it, but there are a few comments I feel I should make respecting this particular bill on behalf of the constituents of Essex-Kent as well as the persons across Canada who I think do not share some of the comments I heard being put forward today. In fact, I think they need spokesmen to put the other side of the coin.

I was particularly concerned today when I heard the preliminary remarks of the Right Hon. Leader of the Opposition (Mr. Clark) in the debate which was concluded by the vote a few moments ago, that is, on the introduction of the motion limiting the time on this particular debate. I was particularly concerned with respect to certain areas of this bill which he suggested were obnoxious, and I must confess that—

Mr. Baker (Nepean-Carleton): Mr. Speaker, I rise on a point of order. I do not want to interrupt the hon. member unduly, but I want to bring something to the attention of the House. We have just had a motion which cuts off debate at a stage where there had been an equal number of government and opposition members speaking with respect to a bill.

Mr. Evans: Official opposition members.

Mr. Baker (Nepean-Carleton): Official opposition members. I think it is a gross discourtesy for the government, having moved the way it has done, to now put up speakers to cut off the right of other speakers in the opposition.

Mr. Deputy Speaker: The hon. member does not have a point of order.

Mr. Daudlin: I appreciate Mr. Speaker's comment. In the same vein, and with all the respect I can have for another member of Parliament, anyone who would stand and suggest that any member who in fact has come to the House in the same manner as the hon. member for Nepean-Carleton (Mr. Baker) should not have the opportunity to stand does not understand what this place is all about.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): You voted for closure.

Mr. Daudlin: I have every right to speak in the House, as does the hon. member or anyone else.

Some hon. Members: Oh, oh!

Mr. Daudlin: We will all afford ourselves equal opportunity to speak. I will not be asked to sit down by the likes of that hon. member or anyone else like him. I have the right to be here and I will exercise that right.

Mr. Stevens: How did you vote on closure?

Mr. Daudlin: The hon. member asks how I voted on closure. I hope he was in the House when the vote took place because I am sure his party needed the votes for his particular thinking. I voted with my particular party.

Mr. Stevens: For closure, so sit down.

Mr. Daudlin: I believed in that particular vote. I voted exactly as my party. The interesting thing is that the hon. member who is yelling across the floor obviously does not understand the rules. He prefers to believe that in fact closure was imposed. He still does not understand the difference between closure and a motion under Standing Order 75c. I suppose if we are here for 100 years he would not understand the difference. So, there is no point in going over it again even for his benefit.

As I started to say, I was particularly concerned by the references of the Right Hon. Leader of the Opposition to Bill C-48 and the right which would reside in the energy minister from time to time. I must say that certainly he was more specific than that, but I would not downgrade myself to the point of name calling or naming individuals in the House which I thought was supposed to be beyond what was allowed in the House and beyond the decorum of the House. Notwithstanding that, he suggested that he had an abiding fear that any particular minister would have resident in him the right to make the kinds of decisions which Bill C-48 makes resident in the Minister of Energy, Mines and Resources (Mr. Lalonde).

I question whether or not that right hon. member had an opportunity to even look at the bill before he made those charges and allegations. Remembering that in fact that kind of charge was made just a few hours ago, I took the opportunity to leaf very, very quickly through the bill in order to see whether it became abundantly clear a person who had a cursory knowledge of the bill, or at least who had perused it, would be able to find anything in the bill which controverted that and made obvious that in fact it was just not true. Mr. Speaker, in the first flip I found section 46(6), which makes review by the court mandatory. I also found section 43(5), which made review by the court mandatory when decisions were being taken which, in fact, were being disputed by the parties involved. I find it incomprehensible that a responsible individual in this House would stand up and attempt to convey the position that a minister would have boundless authority when there was such care taken in the bill to assure that there would be judicial review of these decisions. I think it unfortunate, indeed, that that kind of cry, that kind of hysteria, would be promoted when the bill speaks for itself with respect to those issues.

● (2130)

The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), I believe it was, who spoke just before me, was speaking of killing the goose which is laying the eggs, or before it lays the eggs. The people from Essex-Kent maybe do not understand the oil and gas industry as well as they would like. They have sent a member to this House who undoubtedly does not understand the oil and gas industry as much as he would like. They have a grave suspicion, not of the government which they are convinced is put in place to look after the best interests of all Canadians, but in an industry which has not come to Canadians, by and large, with lily-white hands, or as we say in court, with white gloves. They are still very suspicious of the actions of this industry. They are suspicious of the kinds of profits which have been taken. They are suspicious of the kinds of returns that industry seeks and claims it needs in order to continue exploration. One need only go to the television commentaries coming to us from our southern neighbours to find that they are beginning to make some rather interesting remarks. On my return from the United Nations just a few weeks ago, prior to our recess, I heard great concern being expressed in this House with respect to the number of drilling rigs purportedly moving south. I must confess I was rather concerned about that kind of report and the kind of concern being expressed by members on the other side. I was rather surprised to find, on examination, that in fact the number of drilling rigs in Canada this year exceeds the number of rigs we had in place last year.

An hon. Member: That is wrong.

An hon. Member: Not true.

Mr. Daudlin: Hon. members opposite claim that is wrong. I am sure subsequent speakers will be able to give them the actual figures.

Mr. Lambert: Some 258 at the end of the year.

Mr. Daudlin: Mr. Speaker, the hon. member suggests there were 258. I suggest he tune in again tomorrow when he will find out exactly how many were, in fact, here at the end of the year.

I found it abundantly interesting, and almost amusing, to find that American commentators from the mid-west were showing pictures of some drilling rigs moving out of Canada and going into the American mid-west, where they were setting up to drill in particular areas which they thought would be productive. Indeed, the people who were running the rigs were saying they were finding a higher percentage of oil-producing holes than there were here in Canada. Notwithstanding that, I found it most interesting that having moved into the United States the first claim they were making against the territorial governments was that they were not giving sufficient incentives, returns or profits to afford the companies the kinds of returns they needed. That was less than a week after they had arrived. They were trying to use a little leverage, let us say, with respect to one state versus another. They were suggesting

they were prepared to move their rigs out of the state they now found themselves in to an adjoining state unless a better deal was arranged.

I had the opportunity to do a fair amount of negotiating before I came to this place. I can understand that you always attempt to get the best possible deal. I can also understand why it is that Canadians begin to say somebody must speak on behalf of all Canadians and not just for a particular interest group. I can understand that when these kinds of claims are being made somebody must have the authority to speak on behalf of Canadians on the other side of that table, to examine those negotiating stances in order to determine that nothing unfair is being sought.

I have risen in this House a number of times and I have advised hon. members that I happen to be particularly lucky in representing an area which has something in the order of 80 per cent of the greenhouses in Canada. They are terribly high energy-consumptive types of operations. The operators are deeply concerned about the cost of fuel, heavy oils, light oils and natural gas. They are appreciative of the fact that we are moving into an era when we must have a reduction in the relative cost of natural gas versus the cost of oils. They are concerned because they recognize and remember something about sharing, which they took as rather bitter medicine in the fifties and sixties when they were asked to buy oil for those energy-consumptive industries in excess of the world price, when they could purchase oil from Canadian sources—

Mr. Lambert: Peanuts!

Mr. Daudlin: The hon. member says "Peanuts"—

Mr. Lambert: It was 25 cents.

Mr. Daudlin: The hon. member yells across that it was 25 cents a gallon.

Mr. Lambert: A barrel!

Mr. Daudlin: I suggest to the hon. member there was a $2 difference with respect to the price they were being asked and demanded to pay versus what they could have purchased that same oil for, delivered in Montreal from offshore sources.

Mr. Wilson: You do not know what you are talking about.

Mr. Daudlin: The hon. member would prefer to think I do not know what I am talking about. When one starts getting close to home and close to the truth there are those who argue you do not know what you are talking about. Unfortunately, Mr. Speaker, if that is the way they want to argue, then that is fine. But the people in my riding, the people back home are the people who use this stuff and who in 1950, 1952 and 1955 were asking questions of the federal government. They said it was correct and right and they were prepared to share with those people in Alberta who should have an industry, who were producing what they would like to have. They said they were prepared to pay more, and they did pay more. Those people remember and they are telling me that sharing means sharing for all Canadians, not just some Canadians.

It took some time to create that industry and I suggest to you that the constituents of Essex-Kent do not begrudge what they paid in order to see that industry created. They are happy to see that industry there. But when they see the kinds of returns—

Mr. Lambert: On a point of order, Mr. Speaker. I would like to ask for a clarification from the hon. member. Did he say in the years 1950, 1952 and 1955, or did he say 1960, 1962 and 1965?

Mr. Daudlin: Mr. Speaker, as a matter of clarification, I spoke of 1950, 1952 and 1955.

Mr. Lambert: There was no pipeline and there was no oil policy until 1960.

Mr. Daudlin: Mr. Speaker, the hon. member speaks of an absence of an oil policy. It is interesting indeed, is it not, that for years the opposition has sat in their places, and sometimes stood, and decried the fact that the government in place had no energy policy? They said what a terrible thing it was that the government had no energy policy. They said what an inordinately stupid government we had since there was no energy policy. Now they find an energy policy coming into place, something which they could not do themselves, and they say, "My goodness, what a terrible policy you have come up with. It is too little, too late. It is never the right thing." Unfortunately, when they had the opportunity to do it themselves, they could not. It is just unfortunate, indeed.

● (2140)

I would love to get into a dialogue with the hon. member who is sitting on his posterior across the way and sending out little messages, but I have only a few moments left to me and I would prefer to use my time constructively.

Mr. Lambert: Be quiet.

Mr. Daudlin: Perhaps I will do him the courtesy which I trust he will give me from this point on, that of listening to what he has to say should he choose to participate in the debate.

An hon. Member: He does not know what he is talking about.

Mr. Daudlin: I am still prepared to give him the courtesy. An hon. colleague is concerned about how long it has been since the alarm went off and aroused the hon. member. I am concerned that he has been here and fully cognizant all afternoon. To conclude the thought I was trying to put forward with respect to the constituents whom I represent, they see the absolute need in this country for the concept of sharing. They recognize that in the absence of that kind of sharing history will not record in 50 years from now that we successfully

created a nation, but rather that it evolved into a group of little states.

I am proud to say that this concept of sharing has been learned and is believed in with great depth and great feeling in my constituency of Essex-Kent. It does not mean we have to be self-centred. It means that my constituents are deeply concerned about the aspirations of western Canadians, about their future as Canadians, and about corporate Canadians. I have not spoken to anyone who has suggested that any company in this land which is prepared to take the risk as, for example, in the exploration of oil and gas, should not receive a profit. But these people are deeply concerned about the level of those profits and how those profits are used.

Many people are quite happy with the state of their lives in Canada. They are happy with the progress which this nation has been able to make, and they are concerned that we will not be able to continue if, in fact, such economic disorientation takes place through the change in the value of oil and that they will no longer be able to see the kind of move forward which this nation has been so fortunate to enjoy.

So they ask their representative to come here and demand of the government that there be a co-ordinated and logical energy policy and that the policy be based on the concept of sharing. They demand that the returns which come from that product be used to prosper the entire nation, not just a small portion of the population. They demand that that policy have the over-all effect of strengthening the nation and not just a small area of the nation.

When the minister explained this particular policy, he indicated it was a strong, nationally-oriented policy based on the principle of security, opportunity and fairness and that it constituted a deep commitment by the government to a secure energy future for all Canadians. The bill underscored in his view a basic confidence in the country's ability to confront the world energy situation on our own terms and in our own way. I think it is important at this stage of the debate to repeat that comment. It is easy to lose sight of these matters as the debate progresses.

I think it is important we once again take a look at the bill as a whole in an attempt to assure ourselves that it, in fact, answers some of these needs which have been expressed by my constituents. The bill must ensure that Canadians will have fair and reasonable access to energy. In my view one can find that in this bill. It must ensure that the producers of energy receive fair and reasonable payment for the goods they produce. I recognize there are those in this House who are arguing that this is not the case. I am prepared to accept that possibility, but I would prefer to hear the claim made by the people involved in the industry, which means getting this bill into committee and calling for witnesses from the industry so that we may question them intensely in order to find out their complaints.

I am satisfied that no bill brought forward by this government or any other government in its initial stages is likely to be perfect. The bills can always be improved upon, and, indeed, I am prepared to admit, as I am sure are other hon. members, that after it goes through the committee process and comes back to the House as law we will find there is still room for improvement.

But surely our process demands that we must get it to the committee stage. That is one of the reasons I voted earlier this evening to get the matter to committee, so we could begin the process of hearing the views of the industry itself. I believe the industry has already had some opportunity to put forward its views. I am not convinced that this legislation before us is the product a bureaucrat or a politician dreamt up in a restaurant somewhere. Surely it came after some consultation with the industry and with Canadians who have an interest in the end product.

I am concerned that whatever steps we take with respect to this legislation and other legislation which will follow we will in fact ensure and assure that exploration, development and production of domestic oil supplies continue. I am even more concerned that this continuation be handled by an industry which is essentially Canadian. I am satisfied that if this nation wants to control its energy future, it must do so on its own terms and not terms arrived at in New York, London or Amsterdam. I want to be assured that the people sitting on the boards of the companies have the interests of Canada, its direction and its future, as their main concern.

I recognize that any corporate board must consider the bottom line, which is the profits and loss statement and how their shareholders will receive their actions. I am also satisfied from having seen what has happened in the past when shortages were declared and oil destined for Canada was suddenly diverted to other areas that this kind of thing will not happen again. I am satisfied that I speak for my constituents when I suggest that this must be a primary concern with respect to this bill. I am satisfied as well that a reasonable return and a reasonable profit will see the continuation of exploration as it has gone on in the past. It may be fair from a negotiating standpoint to withdraw certain services when we are attempting to negotiate the future.

● (2150)

It may be fair to suggest that in fact terrible things are going to happen and everything is going to stop but I am a little more optimistic than that, Mr. Speaker. If any suspicion lies in the actions and activities of any part of this particular equation, contrary to the position taken by the Right Hon. Leader of the Opposition today, I prefer to be suspicious of the other side of this negotiating table.

There has been some comment with respect to the loss of revenues and profits that is expected and the resultant decrease in exploration. I wonder why the relevant shares to be taken out of our energy exploration and the energy that is found would be viewed as unfair. The 10 per cent the federal government has received up to this point cannot be viewed as a grab. As a result of the new policy, the federal government will still receive far less than the lion's share but it will be asked to bear a higher proportion part of the exploration costs. It will also be asked to implement national policies from revenues

that have been decreasing. It is a policy which at the end of the day is still going to provide the industry with what is viewed by the small and moderately-sized businessman as a rather lucrative return.

I cannot believe, Mr. Speaker, that at the end of the day the prophecies of poverty will be fulfilled.

I am satisfied this legislation and the legislation to follow is what Canada needs and what Canadians want. I am satisfied that the use of PetroCan as an instrument is something Canadians spoke about and voted on in the last election campaign. I am satisfied that this bill and others I look forward to debating are the verbalization of the policies this government brought forward in the last election campaign. I am satisfied that at the end of the day history will judge we have been able to Canadianize the industry, that we have been able to get a grasp on our energy future, that we have been able to reach toward and will achieve in the not too distant future self-sufficiency, and that in so doing we will demonstrate to the people of Canada that we did not present a pie in the sky scheme to them in 1980 but a workable policy, one that was well founded and that considered Canadians first and, at the heart of it, a policy that recognized that this whole country depends upon and is based on sharing.

Some hon. Members: Hear, hear!

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to rise in this debate to speak profoundly against Bill C-48, primarily on environmental grounds. I am happy to see the Minister of State for Science and Technology and Minister of the Environment (Mr. Roberts) and the Minister of Fisheries and Oceans (Mr. Leblanc) in the House tonight. By the time I complete my speech, perhaps on Thursday, I hope they will have some idea of the major deficiencies in this bill.

I should like to deal first with two concerns and to remind hon. members opposite why members on this side of the House are so concerned about the motion that was voted on a few minutes ago.

I would remind hon. members opposite that Bill C-48 was only delivered to members of the opposition 48 hours prior to the debate which began before Christmas. Prior to closure being brought in there was only time for three speakers from this party. I would also point out to hon. members opposite that not only does this do damage to the spirit of this place—a place that I have not belonged to for very long and a place that I find to be profoundly discouraging when closure is brought in on matters such as this—but it also damages democratic politics, something that is becoming increasingly fragile throughout the world.

I would remind hon. members opposite of a second point. It is cabinet that directs the production of these documents. Dozens and hundreds of bureaucrats and technocrats work to produce them. The only time available to members of the opposition to make a general overview of the weaknesses and deficiencies of legislation is during second reading. I find it quite confusing, as I am sure most Canadians do, to hear members on that side of the House claim there are abundant opportunities for issues to be raised in committee. I have sat on enough committees in the year and I have been in this House long enough to know that the general view of a bill cannot be dealt with in committee because there it is considered clause by clause and witnesses are heard.

In my view it is the serious weaknesses and deficiencies of this bill that have caused debate to be closed off, not that the debate on the bill had become repetitive.

I should like to turn now to the question of the environment, Mr. Speaker. Having read the bill carefully and having read the entire "National Energy Program" carefully, I can say that Bill C-48 is essentially regressive and reactionary as it concerns the environment. At a time when scientists around the world are demonstrating the need for drastic increases in site specific studies, especially on the marine environment, the minister has proposed a meagre $15 million revolving fund for an area three times the size of the ten provinces of this country combined.

Bill C-48 is the greatest jurisdictional grab of the century that has taken place anywhere in the world, Mr. Speaker.

We are being told this is the greatest Canadianization legislation in the energy field in Canadian history but, in fact, quite the opposite is occurring. What is taking place is the redistribution of Canada's offshore directly into the hands of the minister, the cabinet and the oil industry.

Rather than a careful scientific approach to the environment, which we might have expected, we find a clause outlining a $15 million fund for environmental studies of an area three times the size of the ten provinces combined! All of the power to regulate is given to the cabinet. I have gone over the bill clause by clause and I will advise all members of the House to do the same in order to learn how many clauses put matters in the hands of the governor in council which, of course, is the cabinet.

All the power for inviting environmental studies is at the absolute discretion of the minister. I would advise hon. members to read subsection (6) on page 28 which reads as follows:

> The minister may direct payment from the relevant fund of the reasonable costs of such environmental studies of Canada lands as he determines are necessary in order to decide whether or not to authorize exploration or development under this act or any other act of Parliament.

What we have is a very limited fund, if we keep in mind the size of the area that requires pre-exploratory and pre-drilling studies. I would remind hon. members of the outcry that came from the scientific community regarding Lancaster Sound.

There is a great need for capital to be available for scientific studies so that we may learn what has to be preserved and how it can be preserved if we are to do anything at all in that area, let alone move large LNGs or enter into exploratory drilling activities.

If we consider the bill clause by clause, we see that a lot of power is given to the minister. He is given extremely discretionary powers. As members to my right have pointed out quite correctly, these powers should not rest solely in the hands of the minister but should lie either with an independent board

or directly with this Parliament. Lots of land will go to the petroleum industry.

This evening or perhaps the next time I have an opportunity to speak, I intend to deal with the jurisdiction that is established in this bill over the marine environment of British Columbia. In the limited time available for debate, most Canadians will never find out that the marine environment of Canada, the mammals, birds, salmon, groundfish, shellfish, kelp, beaches and estuaries are to be given over to the petroleum industry without any protection being provided for these areas or, in most instances, for the public interest.

This bill slices up a huge territorial and value-laden jurisdiction and gives it to a small group of individuals without including a clause that would protect the existing industries, the environment, the flora and fauna or the public interest.

May I call it ten o'clock, Mr. Speaker?

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under S.O. 40 deemed to have been moved.

GARRISON DIVERSION—UNACCEPTABILITY OF PROJECT TO CANADA—INQUIRY AS TO GOVERNMENT ACTION

Mr. Charles Mayer (Portage-Marquette): I rise this evening to emphasize some points I raised in the House last November 19 concerning the Garrison River diversion project in North Dakota.

The Garrison River diversion project in North Dakota is quite a large irrigation project. If it is completed, it is designed to irrigate something like 250,000 acres of farmland, to supply water to several communities in North Dakota and to supply recreation for people who reside in North Dakota and for people who travel to North Dakota to take advantage of this recreation. Hon. members may ask why we are concerned about it in Canada. If this project is completed, it will transfer water from the Missouri basin to the Hudson Bay basin. We are concerned over what this transfer of water will do to our fishing industry in Manitoba and the salinity which will result and flow down the Souris River into the Assiniboine River, into the Red River directly then into Lake Winnipeg and on into Hudson Bay. The chief concern is what can happen to Manitoba's fishing industry. If this project is completed, with the transfer of water from the Missouri basin to the Hudson Bay basin, will come foreign species of fish, biota which are not necessarily compatible with the fish and fish diseases we have in Manitoba. There is quite a large freshwater fishing industry in Manitoba. Estimates I have seen indicate there could be as much as a 50 per cent to 60 per cent reduction in

the kind of fish we catch in Manitoba. In addition, with the transfer of water, we will inherit these problems with our fishing industry and they are non-reversible. We can transfer water and if we have salinity problems we have a chance to turn off the water to stop the salinity. But once we transfer water which has foreign species of fish, fish biota and fish diseases, we have those problems forever. In essence, there is really no compromise in terms of the transfer of water.

Tests have been carried out by collecting fish and fish eggs. Some have proved to be satisfactory and some have proved to be not satisfactory. Even though there are ones proved satisfactory through engineering studies, we all know that accidents can happen. Once the water comes containing foreign species of fish, we will have infinite problems. That is the concern I have.

Politics affect these situations. Politics are such that there should be some area of compromise. In other words, we can get together and have one position as far as the Americans are concerned and one position as far as the Canadians are concerned and reach a compromise. However, in this case there really is no compromise. If the water comes, we get the problem but in terms of an engineering solution and as far as reaching a compromise at a political level, there is really no compromise. That is why I think it is most urgent this government understands the situation and do all it can to convey that feeling to the United States.

It is clearly a federal responsibility because it is an international concern by crossing international boundaries.

I wish to quote from the 1909 Boundary Waters Treaty. Among other things, it says:

> —the waters herein defined as boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other.

That was agreed to by a ruling of the International Joint Commission several years ago. Since that time the Garrison project has proceeded. It has proceeded slowly. Parts of it not completed yet will transfer water from the Missouri basin to the Hudson Bay basin. My concern is that every dollar spent on Garrison makes it that much tougher to reverse. We know that as projects get nearer to completion there is impetus on the people funding those projects to see full realization of the project. Every dollar allocated, in my opinion, brings the project closer to completion and closer to the transfer of foreign fish species and diseases into Canada. Last spring there was an omnibus bill in the United States whereby funds were allocated to the Garrison project at the same time money was allocated to the problems they had in connection with the St. Helen's eruption on the west coast of the United States. Therefore funding is available to the Garrison to bring it closer to completion.

• (2205)

I suggested in the House on November 19 that the federal government show some responsibility and leadership by setting up a committee of members of all parties of the House to travel to Washington at the appropriate time when the con-

gressional committees are meeting in order to convey our concerns to the new administration. By having a committee made up of members of all parties in this House, the Americans would know this is a non-partisan issue. In addition, we would let them know in quite strong terms that Canadians are opposed to the completion of those parts of the Garrison which could cause problems in Canada.

I urge the government tonight to accept in principle what I have asked, namely, sending an all-party delegation of members of this House to the United States at the appropriate time. I might add, in conclusion, that this was done quite successfully in the spring with regard to a fisheries problem we had with the United States at that time. I applaud that kind of initiative and hope the government will see fit to follow up on that this evening.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the government will ensure that the incoming administration and the new U.S. Congress are made aware of the very serious objections we have to the Garrison diversion project. Officials in Washington have already started to identify new contacts which will be necessary to ensure that our concerns about the project are fully understood and our interests respected. We intend to make it clear to the new U.S. administration under President Reagan, as we have to President Carter's administration, that Canada is opposed to any plan which would involve inter-basin transfer of water carrying with it harmful biota, and that we expect the U.S. to live up to its international obligations under the Boundary Waters Treaty.

The suggestion that a delegation representing all parties in the House go to Washington to emphasize to the U.S. Congress the united position of all Canadian political parties on this issue is one which the government is seriously considering. We appreciate the willingness of members of the House to act in support of the government's efforts and we recognize the value of a joint approach. We think it would be wise, however, to allow the new administration to be established in office before making any formal representations. In the meantime, the deferral of funds associated with those parts of the project which might affect Canada is an encouraging step. If they intend to proceed with some aspect of the project, the U.S. State Department will likely propose consultations, preceded possibly by a technical level meeting, soon after the Reagan administration takes office. At such time we should be in a better position to evaluate the possible effectiveness of an all-party delegation in support of other efforts to ensure that Canada's interests will be protected.

CANADIAN WHEAT BOARD—EMBARGO ON GRAIN SHIPMENTS TO U.S.S.R.—INTERVENTIONS FOR NEXT CROP YEAR

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to devote a few minutes this evening to a very important issue which concerns all Canadians, specifically grain farmers in Canada. I refer to the grain embargo initiated by President Carter in January, 1980, as a result of the Russian invasion of Afghanistan, its effects and what the government intends to do in terms of payments to farmers. There are various opinions as to the effectiveness of that embargo. Personally, I think it is minimal.

● (2210)

That has also shown up, incidentally, in the fact that in the crop year 1979-80, which is when the embargo was on, the United States government actually exported more grain than it had ever exported before. It exported somewhere in the neighbouhood of ten million tonnes more than in the previous crop year, so in terms of the amounts of grain leaving the country the embargo as such really had a very minimal effect and, if it had any effect at all, if we were in Russia we probably would see some hogs, cattle or chickens which might have gone hungry, but it certainly did not have any effect on anything else.

The question which must be asked of the present government is what will be the position it will take if we end up with another embargo. That possibility is quite distinct. I believe food will be used more and more throughout the 1980s as a weapon. It may be used as a political weapon, but nevertheless it will be used as a weapon. As the world population increases and as the production of food will not keep up, food will become very important to many countries in the world.

Russia and Poland seem to be sparring with each other over whether Russia should invade Poland and over what kind of sanctions Russia should use on Poland. My contention is that we will see another embargo. If it is not a government embargo, there certainly is every indication the United States longshoremen will embargo all grain moving to Russia. This would have a very dramatic effect on grain prices throughout the whole of the trading world. I think Canada should be giving some consideration at this time to the position we should be taking if that happens. I hope the minister is willing tonight to give us some indication of the thinking which has been done either in the Canadian Wheat Board or the department for which he will be answering this evening. On the specific question of the amount of money which should be paid to western farmers because of the embargo itself, it should be between $72 million and $75 million. That is approximately the drop grain prices took throughout the early part of that embargo period, and obviously there is not any party in this House which would consider it fair and just that the western grain farmer should carry a political decision of that magnitude by himself.

This is why the Conservative party, backed by the Liberal party when it came into power, indicated there would be payments going out to the farmers.

My question is twofold. First, in general terms what position will Canada be taking in terms of another future embargo? If it is not in 1981, surely it will come in the next few years as food becomes more of a political weapon than it has ever been before. Second, in terms of the payments which will be going to farmers, when will they be made? When will the money be paid, and am I correct that the amount is in the neighbour-

hood of $72 million to $75 million which will be paid to western grain farmers?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the question of restraints on the export of grain to the Soviet Union has been raised many times in this House. It is clear that the government has one outstanding commitment in this regard, and that is with respect to the level of compensation to be paid to producers for losses attributable to the policy of export restraints. If an announcement on compensation has not been as prompt as some hon. members would wish, it is because of the many factors involved. For example, it has been pointed out that international wheat prices fell in the mid-1980s, but they picked up shortly thereafter and are now at very high levels. It is not at all clear to what extent the drop could be linked to the U.S.-led restraint policy. Nor is it clear to what degree the Canadian producer has suffered. Over all, Canadian grain exports were up 20 per cent to a record level in the most recent crop year. Senator Argue has just announced the final payments for the 1979-80 crop year which involve a cash flow to western producers of some $730 million, and the senator has indicated he will be revising the 1980-81 initial payment levels to reflect the continued trend in international prices.

• (2215)

Having said that, Mr. Speaker, let met point out that the government remains committed to compensation and expects to be able to make an announcement very soon.

With respect to the restraint policy itself, I would draw the hon. member's attention to Senator Argue's speech in Calgary last November in which he announced the resumption of normal grain sales to the U.S.S.R., along with a new export contract for 2.1 million tonnes of grain for delivery this crop year. He pointed out, however, that Canada continues to oppose the Soviet aggression which led to the restraint in the first place. Naturally, with a new administration taking over in Washington, the government will look forward to hearing its views on the future of this policy.

Evidently, this is a difficult policy issue, but I think it is fair to say that the western farmer is not at present in an unduly difficult position and that to the extent that he has lost income, he can expect to be compensated in the near future.

CONSUMER AFFAIRS—JUSTIFICATION FOR CERTAIN DEPARTMENT STORES TO INCREASE FINANCE CHARGES

Mr. Ray Skelly (Comox-Powell River): The issue which I wish to raise tonight, Mr. Speaker, goes back to May 14 when I asked a question of the Minister of Consumer and Corporate Affairs (Mr. Ouellet). Basically, the question was whether he would be prepared to take personal action to protect the consumers of this country against what are certainly gouging usurious rates proposed by retail companies for retail financing charges. Let me restate the problem. It was companies like Hudson's Bay and Sears which proposed, because of the government's high interest rate policy, to jack up their retail credit charges to roughly 24 per cent or 25 per cent. A newspaper clipping on an announcement by the Hudson's Bay Company indicates that their annual rate would effectively be 26.08 per cent a year. It is interesting to note that that particular company in its formative years had a motto which was "skin 'em alive". I notice that those interest rates seem to apply.

I asked the minister, on the broad announcement that Master Charge and Chargex, the oil companies and many of the major retail stores within this country, were making fairly dramatic increases in their interest rates, whether he would be prepared to have his department investigate and report back to the House on the justification for such usurious rates in their finance charges, and if he was not prepared to do that, whether he would be prepared to ask the heads of those companies to come into his office to express to them his serious concern about their treatment of consumers in this country. The minister's answer was very curious. He said, "It is not my fault. Why don't you ask the Minister of Finance?" On another occasion when he was asked the same question, he said, "Well, if people do not like using credit cards, they have other alternatives, such as not using them at all."

The basic problem is that in many retail endeavours you do not have a serious option to using a retail credit card. For example, to rent a car now, unless you carry $300 to $500 in your pocket, you have to use that credit card. Many people whose incomes do not warrant the use of credit cards are encouraged and pressed by the retail companies to use those cards. They are asked to charge rather than to pay cash, and in fact over a period of time we have seen a dramatic increase in personal bankruptcies which can be attributed not only to high prices but to the use of credit cards and the very high interest charges on those cards.

My question goes back to May 14, but certainly it applies to last Sunday morning when CBC radio ran an extensive program concerning bankruptcies. It appears to me that the Minister of Consumer and Corporate Affairs intends to do nothing to protect the consumers on this issue. From what I gather, his approach to it is that the way to control this easy access to credit and these high finance charges is to increase the number of personal bankruptcies in this country. That certainly seems to be the trend that is appearing. Also it seems that these companies are not the ones that get hurt when personal bankruptcies occur. I have numerous letters on my desk from small businesses and credit unions which have also been pinched by these personal bankruptcies. They can ill afford to lose the amount of money they have lost.

• (2220)

The Minister of Consumer and Corporate Affairs and Postmaster General, on the oil company investigation, the position on the urea-formaldehyde problem and automobile safety problems, has completely failed to fulfil his responsibilities to the consumers of Canada. Certainly I expect simply a continuation of the answer which he gave on May 14, but I thank the House for the opportunity of expressing my serious con-

cern and the concerns of those people who brought this question forward.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, the fundamental reason for high interest rates in Canada has been the actual and expected level of inflation in this country, the nexus in these circumstances being that lenders demand higher rates of return and most borrowers have been able to pay those higher rates of return for funds. The federal government places a high priority on the lowering of inflation and thus interest rates.

An hon. Member: How can you possibly say that?

Mr. Evans: Contrary to the popular belief of the NDP, interest rates are a function of inflation and not the reverse, as I have said many times before—apparently it has not been heard. I believe the monetary policy being pursued by the Bank of Canada contributes in a substantial way to the accomplishment of the objective of reducing inflation and subsequently to the reduction of interest rates. A high level of interest rates in the short run is an unavoidable necessity to reduce inflation and interest rates in the longer run. It is conceivable that the Bank of Canada could lower interest rates somewhat for a short period by increasing the supply of money in circulation, but I suggest that policy has a basic flaw. The basic flaw is that by increasing the money supply in the way which perhaps would be suggested by NDP policy would aggravate inflation and indeed result in much higher interest rates than are currently the situation.

The source of the recent pressure on both the foreign exchange value of the Canadian dollar and interest rates has been the rapid acceleration in short-term rates in the United States. This has led to an outflow of funds from Canada and pressure on both Canadian interest rates and on the exchange value of the dollar. The Bank of Canada has followed a reasonable and balanced policy of taking part of that pressure in higher interest rates and part of that pressure in a reduction of the exchange value of the dollar.

An hon. Member: And credit cards.

Mr. Evans: High interest rates across the board naturally affect the borrowing costs of financial institutions. Financial institutions and other lenders have to borrow in the capital markets themselves. They are the very institutions about which the hon. member talks, the individual financial institutions and retail stores which have to borrow money to finance their credit operations in the capital markets.

The hon. member raised the point whether it should be 10 per cent above prime. I suggest to him that credit card operations are operations which allow the individual to make use of credit at no cost whatsoever until at least 25 days after the bill is received which, in most cases, gives the borrower up to 45 to 60 days of free credit. The institution is paying interest on that credit, but that credit is not costing the borrower anything if he pays off his bill. The hon. member indicated that he has to have a credit card to rent a car, but he has 45 days on the average after making that transaction to pay for that without paying any credit charge whatsoever.

Mr. Deputy Speaker: Order. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, January 14, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

STRENGTHENING OF RELATIONS WITH UNITED STATES—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43. Two days ago, at the U.S. Senate hearings on the confirmation of secretary of state-elect, Alexander Haig, the chairman of the foreign relations committee, senator Charles Percy, questioned Mr. Haig on the prospect of relations with Canada, especially in view of the east coast fisheries treaty. Both gentlemen obviously displayed positive approaches to strengthening these relations. I move, therefore, seconded by the hon. member for Malpeque (Mr. Gass):

That this House applauds the constructive initiative taken by the chairman and welcomes this indication of more constructive co-operation between Canada and the United States in the years ahead, and expresses its profound chagrin that the Prime Minister of Canada chose to trade scallops for skiing when he refused to meet with president-elect Reagan.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE BUDGET

CALL FOR CANCELLATION OF TAXES ON OIL INDUSTRY—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the economy of Canada is being knifed in the back by the Liberal government's energy policy, bringing havoc and depression to thousands of homes and businesses, resulting in capital leaving the country, companies cutting their budgets, drilling rigs leaving Canada or standing idle, workers being laid off, and orders for steel, trucks and other materials to Ontario being reduced or cancelled altogether, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House urge the Government of Canada to accept the offer made to the Prime Minister by Premier Lougheed on July 25 last, and cancel the discriminatory taxes levied on the oil industry in the recent budget.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

DISABLED AND THE HANDICAPPED

FUNDING OF PROJECTS—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the federal government, despite its verbal commitment to recognizing 1981 as the International Year of Disabled Persons, has allocated only $1 million to projects for the disabled in the current year, and has unfairly set January 15, or this Friday, as the closing date for applications for these funds, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the federal government extend the deadline for applications to at least February 15, 1981, since many groups cannot meet the Friday deadline, and that the government immediately increase the amount of funding beyond $1 million which is an inadequate sum to reflect the genuine feeling among many Canadians that 1981 must be the beginning of a new era for our handicapped population.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INDUSTRY

ASSISTANCE TO LAID-OFF WORKERS AT SEPT-ÎLES AND SCHEFFERVILLE—MOTION UNDER S.O. 43

Mr. André Maltais (Manicouagan): Madam Speaker, having received this morning the unanimous approval of the government team, I rise under the provisions of Standing

S.O. 43

Order 43 on a very urgent matter. I would ask for the attention of both opposition parties on this very urgent motion.

Last Friday all hon. members heard that the Iron Ore Company of Canada had decided to end completely and indefinitely all operations in its Sept-Îles concentrator and pellet plant. That economic decision means the early lay-off of 500 workers at Sept-Îles and 150 more at Schefferville.

Given the fact that in less than a year the north shore has been severely affected by lay-offs, as member for Manicouagan I would urge, seconded by the hon. member for Rimouski (Mrs. Côté):

That the House give full support to the various measures proposed by the Minister of Employment and Immigration and his colleague, the Minister of Regional Economic Expansion, with a view to providing fast help to the 650 workers laid off as a result of the decision of the Iron Ore Company of Canada to suspend all operations on the North Shore.

Madam Speaker: The House has heard the motion of the hon. member. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE MINISTRY

MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the recent offer of the Prime Minister (Mr. Trudeau) of the services of Petro-Canada to develop African oil resources, I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the Minister of Energy, Mines and Resources be immediately provided with a one-way ticket to Senegal and that January 14 be proclaimed a national day of mourning for the Senegalese.

Some hon. Members: Oh, oh!

* * *

TRANSPORT

CALL FOR IMPLEMENTATION OF POLICY OF FORMER CONSERVATIVE GOVERNMENT—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, under the provisions of Standing Order 43, I would like to present a motion concerning a matter of urgent and pressing necessity. The minister of transport in the late lamented, dynamic Conservative government—

Some hon. Members: Oh, oh!

Mr. Dinsdale: —took urgent action to resolve long-standing transportation problems in western Canada, action designed to facilitate and expedite the movement of grain as well as to stimulate economic development. Last summer the partially revived Liberal government endorsed the recommendations of the Neil report on rail line retention, and yesterday, under the Mazankowski formula of October, 1979, the CTC approved jet service into western Manitoba commencing June 1.

● (1410)

In view of the urgent necessity for the implementation of the total transportation policy of the Conservative government, I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That the Liberal government proceed with the implementation of that policy as a priority item instead of emphasizing diversionary and divisive tactics which undermine rather than enhance economic recovery.

Madam Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LIBERAL PARTY OF CANADA

MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the fact that the Liberal government recently appointed as citizenship court judges three people—a former Liberal cabinet minister, the wife of a former Liberal cabinet minister, and a secretary to a Liberal cabinet minister—and that these appointments are obviously totally unfair to sons, daughters, aunts and uncles of former and present Liberal cabinet ministers, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House condemns the Liberal government policy of blatantly selective nepotism in its political patronage and calls upon the government to establish a special committee to protect the employment interests of all other Liberal family members and Liberal hangers-on.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

RAILWAYS

DELAYS AND DERAILMENTS IN EASTERN QUEBEC—MOTION UNDER S.O. 43

Mr. Alexandre Cyr (Gaspé): Madam Speaker, I rise under the provisions of Standing Order 43 about a matter which concerns all Canadians. The holiday season has been very difficult for a great many travellers who patronize VIA Rail.

I move, seconded by the hon. member for Rimouski (Mrs. Côté):

That the House request the Canadian Transport Commission to conduct a thorough investigation into the reasons for passenger and freight train derailments, the delays of VIA Rail trains in eastern Canada between December 15, 1980, and January 12, 1981, and to submit recommendations so that corrective measures be taken during heavy traffic periods. The report ought to be tabled in the House before June 1, 1981.

Madam Speaker: That motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ASTRA TRUST

CALL FOR INQUIRY INTO INCORPORATION OF COMPANY—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the increasing lack of confidence on the part of the public in trust companies and other financial institutions following the recent horror story of Astra Trust, a company incorporated under the provisions of this government, I move, seconded by the hon. member for Erie (Mr. Fretz):

That this House require the Minister of Finance to conduct a full and complete inquiry into the incorporation of the Astra Trust company, identify the principals involved, their relations with other corporations of both a national and international nature, and determine how the funds of so many innocent Canadians simply disappeared.

Madam Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

THE CONSTITUTION

PROPOSED RESOLUTION—AMENDMENT RESPECTING REFERENDA—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing necessity to every Canadian. Two days ago the government proposed certain amendments, one of which will clearly add to our national unity problems. I refer specifically to its proposed change to section 41, that there be in practice three classes of Canadians for purposes of constitutional amendments by referenda: first, Ontarians and Quebeckers; second, maritimers; third, westerners. Therefore I move, seconded by the hon. member for Malpeque (Mr. Gass):

That every Canadian must have equal status in any consensus-gaining mechanism relating to constitutional amendments.

Madam Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1415)

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) ACT, 1980

CALL FOR AMENDMENT TO PHASING-IN PERIOD—MOTION UNDER S.O. 43

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

That this House expresses the hope that before the end of January the Acting Minister of Veterans Affairs will introduce legislation to shorten or eliminate the phasing-in provision of this session's Bill C-40, so that widows of disabled veterans who have been recognized as entitled to their pensions will receive those pensions now while they are still alive.

Some hon. Members: Hear, hear!

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

RENEGOTIATION WITH PROVINCES—GOVERNMENT POSITION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Minister of Justice. He will know that the hon. Garde Gardom, the minister of intergovernmental affairs for British Columbia, speaking for the six provinces which are contesting the federal government's constitutional position before the courts, said that he has seen no unwillingness on the part of the provinces to negotiate constitutional matters with the federal government up to now. The federal Minister of Justice is quoted as saying "we have passed the stage of bargaining . . . we are not negotiating". I wonder if the minister will confirm that this is the position of the Government of Canada and whether he will tell us why his government is turning its back on progress by negotiation.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, all summer we had many negotiations with the provinces. We told them on June 9 that we were proceeding with patriation of the constitution and the enshrining therein of a bill of rights. We tried to reach an agreement all summer. This part of the constitutional package will be dealt with in the House of Commons.

When I replied to the question it was a question in relation to whether we should convene a new conference of first ministers. We said a long time ago that we do not think that would be useful. Of course, when the constitution is patriated and we have a bill of rights in the constitution, we have said there will be a resumption of the meetings with the provinces to look at all the other aspects of the constitutional problems that face the nation. There was a list on the table last summer of other items which must be discussed, like the position of native people in the constitution, and so on. We will be willing to resume our negotiations with the provinces after the work of this House on the first phase is completed.

Mr. Clark: Madam Speaker, the translation of what the minister has said regarding the matter which is now before the House, which is deeply divisive in the country, is that his government will pay no attention to the provinces. They will not negotiate with them until after the matter has cleared Parliament. That is what he has said.

The minister will know that a Gallup poll released today indicated that 64 per cent of Canadians reject the Liberal position that the people and parliament of Great Britain should decide the questions which are important to the rights and liberties of Canadians. Does the minister intend to continue to ignore that opinion, to ignore the provinces and to insist stubbornly upon a constitutional package which divides Canadians?

Mr. Chrétien: Madam Speaker, I would like to reply to the first part of the question. I said that it was Premier Hatfield who said, before Christmas, that it would be absolutely useless to call a first ministers' meeting on the subject at this time. It was not I who said that first.

In answer to the second part of the question, the hon. gentleman should know that before the British parliament acts on this matter, this House of Commons and the Senate will be called upon to vote on it. The matter is in committee and it will come before the House.

Some hon. Members: Hear, hear!

Mr. Chrétien: Of course, legally we have no choice. I, too, wish we could amend—

An hon. Member: What about the provinces?

Some hon. Members: Order!

Mr. Chrétien: Madam Speaker, I, too, wish we could amend the Canadian Constitution in Canada. I am not at all happy that we must go to England. That is why we are doing what we are doing—to end that colonialism, so that we will be able to do everything here in Canada.

Some hon. Members: Oh, oh!

Mr. Chrétien: First and foremost, the House of Commons and the Senate of Canada will be called upon to vote. If the resolution is rejected by this House, the parliament of Great Britain will not have to vote. We will vote here first and we will see who is in favour of patriating the constitution and who is in favour of a bill of rights which will give equality of rights to Canadians. After that parliament in England will approve or disapprove; but it must be the last time, if they approve, that we go back to England.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, this House has voted on patriation, the Conservative party voting for it and the Liberal and New Democratic parties voting against it.

Some hon. Members: Hear, hear!

• (1420)

Mr. Clark: My last question is for the Deputy Prime Minister. Why does the Government of Canada give a higher priority to a constitutional policy which divides Canadians than to an economic policy which can create jobs for Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, obviously, as the Minister of Justice just stated, the government gives a high priority to the question of constitutional renewal, and that is absolutely clear. It has been clear since the opening of this new Parliament. But at the same time we give equally high priority to economic questions. A very important bill will be brought before the House tomorrow, which then will go into committee, dealing with gas and energy questions. On Friday, we will

begin debate on the income tax bill which gives the House an opportunity to deal with economic questions. We are dealing with both important questions simultaneously, as the Right Hon. Leader of the Opposition will know.

* * *

FINANCE

EFFECTS OF MONETARY POLICIES—ADJUSTMENT OF RATE OF INDEXATION

Hon. James A. McGrath (St. John's East): Madam Speaker, I direct my supplementary question to the Minister of Finance. As the government bulldozes its way unilaterally to Westminster, the great fear that we have is that the Minister of Finance and the government are forgetting the consequences of their monetary policies and their policies in general on the working poor of this country, the one million unemployed and the old age pensioner. Food prices are rising and will be, for example, further exacerbated by the inclement weather conditions in the southern United States. The price of eggs has gone up and the high interest rates will work their way into the food system. If the minister has his priorities correct, what steps does the government intend to take now in order to alleviate the suffering of these millions of Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member will be pleased to notice, as I have, that over the last two weeks there has been a drop in interest rates in Canada. It may be that that trend will continue. Obviously, if there is a reversal in that trend or if interest rates continue at a high level, it will have a damaging effect on certain sectors of the economy. I have already assured the House that it is my intention to monitor the impact of interest rates on particular groups, so that if in certain hardship cases action is justified, it will be possible to consider the kind of action to be taken.

I want to add for the information of the hon. member that it would be action directed to specific groups, since in view of the present budgetary circumstances it would not be possible to cover everybody in the community who might be affected by adverse economic circumstances.

Mr. McGrath: Madam Speaker, I would like to identify the specific groups which should be the target of the minister's concern. The House debated for 23 hours the impact of the monetary policies of the government on the poor of this country. The minister knows, because he has used the argument, that this concern has been addressed by the government's indexing program. The minister knows, for example, that family allowances, child tax credits, the Canada Pension Plan and unemployment insurance payments are indexed once a year. Indexing for this coming year will put recipients of these various payments behind the rate of inflation, which was 11.2 per cent last month and is expected to go to 11.5 per cent when the CPI comes down next Friday. If the minister intends to be consistent, will he adjust the rate of indexation for these programs for this year so that it is more in keeping with the real rate of inflation?

Mr. MacEachen: Madam Speaker, Parliament itself has dealt with these questions frequently, and it has established an indexing system that relates to all these programs which it believes is fair and reasonable. If the hon. member has any particular deficiencies which he would like to point out with respect to the operation of that system, I would be glad to consider his representations. I do not want him to leave the impression, for example, that the senior citizens of Canada are not fully indexed in accordance with the cost of living index changes. That indexation is provided for presently by the law and he knows that.

* * *

● (1425)

NATIONAL ENERGY PROGRAM

CANCELLATION OF SYNCRUDE EXPANSION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The multinational oil companies, who for so long have developed our resources under the patronage of previous Liberal governments, have cancelled the proposed Syncrude expansion in the tar sands, as they announced yesterday. This is not because of anything done by Alberta but is because they did not agree with the prices the minister offered. What specific measures does the minister now propose to take to stop this kind of blackmail and to get on with these projects?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I should like to thank the hon. member for his question and draw to his attention the statement made by the representative from Syncrude, who said: that the management committee hopes that "the problems of pricing and policy will be resolved quickly, so that we may reactivate the program and provide Canadians with this additional and much needed oil production". So the hope expressed by the management committee of Syncrude is that the two governments will resolve their current difficulties.

This is also the hope of the federal government. We have had some discussions at the official level with the Alberta government and I hope that when the government of Alberta feels it is appropriate, there will also be discussions at the ministerial level in an effort to arrive at a quick and satisfactory resolution of issues relating to the tar sands in particular. We have made proposals which I think are quite fair and quite generous and I hope they will be accepted.

Mr. Waddell: Madam Speaker, this has got nothing to do with the government of Alberta. This is an objection to the minister's pricing formula. It looks as if the minister's National Energy Program is breaking down. We do not have an agreement on the tar sands.

An hon. Member: It hasn't got off the ground!

Mr. Waddell: Negotiations with Alberta have broken down. The Independent Petroleum Association which represents Canadian companies said yesterday that they were against the program. What measures is the minister now proposing, after all these criticisms and the fact that the program is breaking down, to ensure energy security and supply for Canadians?

Mr. Baker (Nepean-Carleton): He is going to resign.

Mr. Lalonde: Madam Speaker, I should like to disagree in the strongest terms with my colleague and his claim that the National Energy Program is breaking down.

Mr. Baker (Nepean-Carleton): He said it has broken down.

An hon. Member: Do a Chrysler.

Mr. Lalonde: That is not the case. The government is firmly committed—

Some hon. Members: Oh, oh!

Mr. Lalonde: I see the Tories are really in trouble over there, Madam Speaker, but I will not pass comment on that.

Mr. Clark: You are a one-man avalanche.

Mr. Lalonde: Madam Speaker, the Leader of the Opposition was worried about 40,000 jobs a few days ago but I think he is more worried about one job now.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Waddell: Madam Speaker, I have a final supplementary question. That may be a good line but it does not solve the energy problem in Canada. First it was Cold Lake, then the Alsands project, then Judy Creek and now the planned Syncrude expansion; all have been cancelled. Apart from showing some pride in this country, how long will the minister wait before he comes to grips with this problem by saying to the multinational oil companies operating in the tar sands that those are our resources and are not to be used for blackmail? Will he say "If you won't develop it, we will?"

● (1430)

Mr. Lalonde: Madam Speaker, I should like to reiterate to the hon. member that the federal government is firmly committed to the objectives and the policies contained in the National Energy Program and that we do not intend to back off from these policies. I want to assure my hon. friend of the strong determination of this government. Whether it is a question of Canadianization, a question of the policies of conversion and substitution or the objective of self-sufficiency, we are determined to achieve these goals, and we will.

An hon. Member: When?

Mr. Lalonde: As far as the specific points raised by the hon. member are concerned, I quoted exactly the spokesman for Syncrude who said they were hoping discussions between the government of Alberta and the Government of Canada would be concluded and a satisfactory solution obtained. That is still our hope and objective. As for the determination of the government to achieve its objectives, I think they are quite clearly stated in our National Energy Program. The steps which have been taken by the government since the budget clearly indicate that we intend to achieve our goals.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

RAILWAYS

DELAYS AND DERAILMENTS IN EASTERN QUEBEC—REQUEST FOR INQUIRY

Mrs. Éva Côté (Rimouski): Madam Speaker, my question is for the Minister of Transport. The minister is certainly aware that VIA Rail trains have experienced undue delays during the Christmas holidays; that there was a shortage of locomotive fuel; that passengers did not have enough food and water; that the CN gave priority to freight trains over passenger trains; and finally that emergency teams were not on duty to clear the tracks. Does the minister intend to request the Canadian Transport Commission to investigate the numerous delays and derailments, especially between December 15, 1980, and January 12, 1981, so that recommendations will be made with a view to improving VIA Rail passenger service?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I regret that the motion just moved by the hon. member for Gaspé was not adopted. As the hon. member for Rimouski is suggesting, I intend to launch an inquiry through the Canadian Transport Commission or my department and submit a report to her as well as to other hon. members on the circumstances which led to the difficulties to which she referred.

* * *

[*English*]

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR ELABORATION ON MINISTER'S REPLY

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Finance. My question to him yesterday concerned the fact that there are 9,000 fewer people working in manufacturing last December compared to a year ago, 33,000 fewer people are working in the construction industry and 16,000 fewer people are working in transportation and communications. In reply to my question, the Minister of Finance said that "there is bound to be change of that kind and it is healthy in a growing economy". Would the Minister of Finance elaborate for the people of Canada on what exactly he meant by that comment? May we assume that

a growing economy, to his way of thinking, means fewer people working in the manufacturing sector in Canada, fewer in the construction field and fewer in the transportation and communications field? If that is his answer, how can he justify that kind of stance for Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, what I was pointing out yesterday to the hon. member was that in 1980 the number of jobs in Canada had increased to about 240,000, an amount of job creation which compares very favourably with any industrial country in the world. The hon. member was forgetting to put that fact before the House of Commons. In addition to mentioning changes within sectors he ought to have at least told the House that over all, the Canadian economy had shown the ability, despite a recession, to create a very large number of jobs and to ensure that in 1980 the highest number, the highest proportion ever, of the adult population of this country was working. That is on the plus side. I thought I ought to draw that to the hon. member's attention yesterday, and I do it again today.

Mr. Stevens: Madam Speaker, what members of this House, certainly on this side, are interested to hear is the minister's explanation of the negative side of unemployment in this country.

Mr. Siddon: The whole story.

Mr. Stevens: Does the minister feel that the only way we can have a growing economy in this country, as he indicated yesterday, is to have fewer people working in the manufacturing sector, fewer in the construction sector and fewer in the transportation and communications field?

Mr. Nielsen: That is what you said.

Mr. MacEachen: Madam Speaker, I think the answer is so obvious that only a man like the hon. member would ask the question. Of course not. But that was not the gist of my answer. The gist of the answer was that over all we have had reasonably good performance in the Canadian economy despite a recession. Obviously there have been changes from one sector to the other. Maybe the hon. member might have mentioned those sectors in the economy where employment has increased over the period he had in mind. I do not for a moment take any pleasure in the fact that there has been a decrease in employment in any particular sector, nor does he. But I think he ought to put the facts in perspective, and that is what I attempted to do yesterday.

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NATIONAL ENERGY PROGRAM

SYNCRUDE EXPANSION CANCELLATION—PREDICTIONS OF PRESIDENT OF PETRO-CANADA

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is further to the previous questions directed to the Minister of Energy, Mines and Resources on the Syncrude cancellation, which is yet another example of the impact of the National Energy Program on the future supplies of oil in this country.

The focus of the announcement by the company was that the tax and price measures of the National Energy Program did not provide a sufficient rate of return for the project to proceed. At the same time, the president of Petro-Canada, Mr. Hopper, has said that the project could proceed if governments—and I stress governments—achieve sufficient compromise to reach agreements to provide reasonable rates of return to investors to allow the project to proceed. Petro-Canada is a 15 per cent shareholder in the project.

Since Mr. Hopper is clearly predicting significant changes in the National Energy Program, would the minister advise the House what Mr. Hopper knows that this House does not know?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, he probably knows a lot more about the daily operation of the oil and gas industry than members in this House know.

Mr. Siddon: Especially the minister.

Mr. Lalonde: But he does not know any more about this issue than any member of this House. Our position in this regard has been put forward in the budget and in "The National Energy Program" and in answers and speeches in this House.

Again I stress to the hon. member that not only must he talk about the level of prices for the tar sands but he also must include the level of government takes, including royalties. I remind him that the government of Alberta—the Edmonton government—is receiving very large royalties indeed. All this must be taken into account when you arrive at the netback to the firms concerned. This is the object of discussions with the government of Alberta.

I have indicated before that we were ready to arrive at arrangements for tar sands plants, even separately from conventional oil prices. The Edmonton government has decided not to proceed with discussions along those lines. It has refused even to talk on a separate deal for the tar sands in order to allow those projects to proceed. That is the decision of the Edmonton government, not the national government. I have to respect their view.

Mr. Nielsen: That is enough.

Mr. Lalonde: I do not agree with it, but I have to respect it, and we will try to arrive at an agreement.

Mr. Wilson: Madam Speaker, four times now the minister has tried to put the problem in the area of intergovernmental debate. It is not intergovernmental debate, it is the economics of the project which are suffering from the National Energy Program.

Further to the participation of the president of PetroCan, since PetroCan is the government's window into the industry,

what advice has Petro-Canada provided to the government which would improve the viability of these projects and allow the major projects to proceed and help future Canadian supply improve?

Mr. Lalonde: Madam Speaker, I can confirm to the hon. member that I have not received any advice from Petro-Canada on this issue. If advice had been received, obviously it would have been of a confidential policy nature and would not be a subject to be revealed.

Miss MacDonald: Their phones are cut.

* * *

SHIPPING

WEST COAST TANKER TRAFFIC—ENVIRONMENTAL MORATORIUM

Mr. Jim Fulton (Skeena): Madam Speaker, my question is for the Minister of the Environment. In 1972, the then federal minister of the environment placed an environmental moratorium on the west coast to deal with risks of and liabilities for environmental damage resulting from tanker traffic. Last year, the 188,000 deadweight-ton oil tanker B.T. *San Diego* was involved in a serious accident on the west coast. The same vessel will be entering the Strait of Juan de Fuca on January 26 on a test run. Is it still the minister's position that the west coast moratorium is a viable instrument to deal with west coast tanker traffic?

● (1440)

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, up to this point I have had no reason to change that opinion.

REQUEST FOR PUBLIC INQUIRY BEFORE MORATORIUM LIFTED

Mr. Jim Fulton (Skeena): Madam Speaker, my supplementary is addressed to the Minister of Energy, Mines and Resources. On December 17 he wrote to me indicating that that same environmental moratorium is going to be lifted. In light of the provisions of Bill C-48, which we are not being allowed to debate in detail, there is no guarantee whatsoever that there will be full environmental impact studies coastwide and there is nothing in the bill providing for a full public inquiry. Will the minister assure the House and the residents of British Columbia that before that moratorium is lifted there will be full public inquiries and full payment to interveners to lay out concerns regarding the environment of British Columbia?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the bill to which the hon. member refers will be referred to a committee of this House in a couple of days. There will be ample opportunity, as there has been in the House, to debate the matters before that committee and there will certainly be opportunities for all interested members to express their views.

With regard to the particular aspect he has raised, I will examine it further and be in touch with him. I will discuss it with the Minister of the Environment.

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[*Translation*]

CANADIAN BROADCASTING CORPORATION

RADIO-CANADA JOURNALISTS DISPUTE—REQUEST FOR MINISTERIAL INTERVENTION

Mr. Jacques Olivier (Longueuil): Madam Speaker, my question is directed to the Secretary of State who is responsible for the CBC. Could the minister tell the House whether he has met with the union and the CBC French network management about this strike and, if so, could he tell the House whether he intends to urge his colleague the Minister of Labour, to intervene by appointing either a mediator or a special representative to settle this conflict which has lasted too long already?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I think that all members on this side of the House are fully aware of the interest shown by the hon. member for Longueuil in labour issues. Indeed, Madam Speaker, on Monday of this week I had an opportunity to confer with the CBC management about this strike which has already been on for long, perhaps for too long, at the Montreal CBC French network news service. Last evening, here in Ottawa, I was able to discuss the same matter with the union president and today I received a request from the union asking for an intervention by the Minister of Labour with a view to helping both parties arrive at a settlement.

It is obvious that in our system, Madam Speaker, notwithstanding the remarks of certain commentators, it is not up to the Minister of Communications to solve the conflict, it is up to the parties to reach agreement. Acting on the request of the union, I have just reached the Minister of Labour who is in Halifax today and I asked him to step in and appoint either a mediator or his personal representative at the negotiation table with the hope that the whole thing will be unravelled and that the CBC French network news service will resume its activities at the earliest.

* * *

[*English*]

CANADA SAVINGS BONDS

RATE OF RETURN

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is addressed to the Minister of Finance. Yesterday the minister indicated to my colleague from Etobicoke

Centre that he supported the Bank of Canada's high interest rate policy with respect to its efforts to control the treasury bill market and keep rates higher. The little people in Canada who invested in Canada Savings Bonds are getting only 11½ per cent return now, probably less than the rate of inflation, while the government is paying 16½ or 16¾ per cent to the big boys, the banks, and paying the investment community 13, 13½ or 14 per cent on their regular bonds. What is the minister going to do in order to be fair to the people with Canada Savings Bonds?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): What I said yesterday, Madam Speaker, was that the governor of the Bank of Canada was not deliberately holding up interest rates in this country. He has made it clear more than once that in his view interest rates which prevailed because of the rates that prevailed in the United States at that time were unnecessary for Canadian purposes. That is what I said yesterday and I am happy to repeat it again today.

Mr. Blenkarn: Madam Speaker, the minister knows that the last issue of Canada Savings Bonds made it virtually impossible for the bonds to be cashed before January 1 unless the lender wanted to receive no interest on his money. We are now past January 1 and interest rates continue to be high. It cost the government a great deal of money to issue those Canada Savings Bonds in the first place. The minister promised the people of Canada who bought those bonds, lending money to the country, that they would be treated fairly. Is the minister going to be fair to those people or is he going to watch while there is a great rush on the treasury by people cashing those bonds and taking advantage of the fact that they can put their money in the bank and get higher interest rates? They can put their money almost anywhere else and get high interest rates. Will the minister at least give these people a rate of interest that gives them some profit over the rate of inflation?

Mr. MacEachen: Madam Speaker, I can assure the hon. member that it will be my intention to be fair to those who have purchased bonds, who have the freedom in our system to purchase that excellent form of instrument or to convert to other instruments where they earn a higher rate of return, if they wish. It will be our purpose to be fair to those who invest in those bonds.

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SHIPBUILDING

REDUCTION IN SUBSIDY—PROSPECTS FOR FUTURE

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. The reduction of the subsidy to the shipbuilding industry from 20 to 9 per cent has already resulted in the loss of many direct and indirect jobs, cancelled contracts to the tune of some $203 million and the loss of millions of dollars to our economy. I wish to ask the minister whether the government has any new plans to assist and keep viable this very important national industry.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, our information is that most shipyards in Canada continue to have strong order books and that this situation will continue for some months. This will give us time to complete our work on possible programs to replace the 20 per cent subsidy program which expired July 1. In this connection, we will be consulting both with the industry and the unions. I hope the result will be a program which will respond to the needs of the industry and the Canadian economy.

Mr. Mitges: I would like to ask the minister whether in his deliberations with his colleagues in cabinet he would give serious consideration not only to reinstating the full 20 per cent subsidy, but give consideration as well to subsidizing interest rates on loans made to Canadians purchasing ships built in Canada so that our shipbuilders will be able to compete more effectively and competitively with foreign shipbuilding industries which are more highly subsidized by their governments.

Mr. Gray: Madam Speaker, we will certainly look at suggestions brought to our attention by the industry, the unions and people like my hon. friend. Of course, any decisions we make will have to be in the context of the financial room the government has for this and other kinds of programs in the economic development area.

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ENERGY

HEATING COSTS—REQUEST FOR COST OF LIVING REFUND

Mr. David Orlikow (Winnipeg North): Madam Speaker, I wish to direct my question to the Minister of Finance. Two days ago people in Winnipeg received their bills for heating their houses in December. To their horror they found that their bills were twice what they were a year earlier.

Some hon. Members: Oh, oh!

Mr. Orlikow: People in very modest homes received bills of over $100 for the month. Will the minister give consideration to some form of a cost of living refund so that people can meet these sharp increases in costs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will give consideration to the hon. member's representations.

Mr. Orlikow: In view of the fact that the biggest part of the increase is due to the 40 cents tax per 100 cubic feet of gas, will the minister give consideration to some exemption for this very essential commodity?

Mr. MacEachen: Madam Speaker, I am not sure I heard fully the hon. member's supplementary question. I will look at it in *Hansard* and give it some thought.

* * *

● (1450)

NATIONAL DEFENCE

REQUEST FOR ASSURANCE OF INCREASE IN BUDGET

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. There have been some unusual reports coming out of Washington about the NATO defence budgets. Can the minister assure the House and the country that there is no intention on the part of this government to go back on its promise to increase the defence budget for Canada by 3 per cent in real terms and the capital portion of the budget by 12 per cent?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, this government has never been one to go back on its promises and I can assure the hon. member for Victoria that the measures announced when the Minister of Finance presented his budget will be carried out in the operations of the armed forces.

[*English*]

Mr. McKinnon: Madam Speaker, it is interesting that in two of the last three fiscal years the Liberal government did break its promise to the Department of National Defence to increase its budget by 3 per cent in real terms. As the conference of defence associations is meeting in Ottawa at the end of this week, I would like to ask the minister if he will announce that he intends to increase the budget for the reserves in the Canadian forces by a substantial amount, to take them off the starvation diet they were on under the Liberal government previously?

Mr. Lamontagne: Madam Speaker, in the last ten months this government and my department have done their utmost to try to re-equip our armed forces with the best equipment possible. Now I can assure the hon. member for Victoria that the priority will be with respect to reserves. Tomorrow I will be mentioning what we intend to do concerning the reserves at the conference of defence associations.

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HEALTH CARE

REPORTED INCREASE IN CASES OF MALARIA

Mr. Bruce Halliday (Oxford): Madam Speaker, my question is addressed to the Minister of National Health and Welfare. Recent reports in *The Globe and Mail* of Toronto and *Le Devoir* of Montreal indicate a tripling in one year of the number of cases of malaria being reported in both Ontario and Montreal, with an over-all increase of tenfold across Canada in the last five years. Since only a small proportion of this increase is due to the Indochinese refugees, is the minister concerned about this trend and, if so, what steps has she taken to cope with the problem?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I will have to check the facts related by the hon. member. If I may, I will inform the House and the hon. member and submit a report at the earliest convenience.

[*English*]

Mr. Halliday: Madam Speaker, while the minister is inquiring into this I wonder if she would also consider a supplementary question. Members of the Society for Tropical Medicine in Canada have frequently expressed their concerns about the inadequacy of present day training of Canadian health care workers in tropical diseases, due in part to the lack of a special centre such as an institute of tropical medicine. Last July in committee the minister's assistant deputy minister for health protection, speaking on the minister's behalf, said that suggestions along this line were worthy of follow-up. Have any initiatives been taken since then?

[*Translation*]

Miss Bégin: Madam Speaker, in my opinion the wish expressed by a great many specialists to establish a Canadian centre for tropical diseases is quite justified. In light of economic conditions, priority could not be given to such a centre in recent years. Therefore I have nothing further to report at this time but we will let the people know the moment we can do something about it.

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[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—TESTING PROCEDURES

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question today is directed to the Minister of National Health and Welfare. Yesterday the problem of urea formaldehyde was outlined, as was the fact that tens of thousands of Canadian families are exposed to a toxic substance which has been linked to cancer. The minister responded that the help the government could provide was to tell such persons to contact their physicians or telephone the minister's local offices or those of the Department of Energy, Mines and Resources.

Would the minister confirm for this House that when those offices are telephoned the answers given by those offices are those the minister has instructed? The Department of Energy, Mines and Resources says that the only sure way to handle the problem is to gut your house. Would the minister confirm that other than providing testing the National Research Council has no suggestions whatsoever with which the government

could help? Of the 22 private firms recommended, three in British Columbia are not in the business of testing for urea formaldehyde but could do so at a very substantial expense. Would the minister confirm that the government has no policy on this matter and that yesterday while shooting from the hip she simply shot her foot off?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, the question is very serious, worrying as it does a great many Canadians, so perhaps I might be allowed to be somewhat more precise than the hon. member was in his remarks. Roughly 60,000 homes in Canada have been insulated with this substance which has now been banned. Thus far we have received 100-odd complaints prompted by health problems which appear to be directly linked to this substance. It is obvious that it has not been used by all Canadians who are affected. The work must have been badly done.

I said and I repeat to the House that if, for example, people suffer from very serious throat or eye irritation we have asked them first to contact representatives in the offices of my department who will refer them to their physician to ascertain whether it might not be a case of flu or other ailment and then they will be urged to hire a firm to check conditions in their homes. In light of a report from qualified experts the Minister of National Health and Welfare had no choice but to alert Canadians and call for a moratorium. The final report is due within a few weeks and we will make a decision. Of course there is no existing mechanism which would enable us to go ourselves and correct the deficiencies resulting from badly done work. However, I will check with my department so that the procedures will be closely followed.

[*English*]

SUGGESTED PRIOR KNOWLEDGE OF POTENTIAL DANGER

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I think the other foot just went. I am not certain whether I will receive the same response, but I would like to address my supplementary question to the Minister of Consumer and Corporate Affairs. Would the minister acknowledge that the government has been aware of the potential dangers of this substance for some five years because of studies in the United States and Europe, and would he acknowledge that he was asked by me and by the government of Saskatchewan, through its minister of consumer and corporate affairs, to act on this particular problem? Would he further acknowledge that had he acted at that time tens of thousands of Canadian families would not now be exposed to this dangerous substance?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I think the hon. member should be aware a moratorium is now in effect and that very serious people have been asked to make a thorough study of the matter after which, in light of their findings, we can ascertain the extent of the problem. It is therefore useless to jump to conclusions before knowing exactly what that study ordered by the Minister of National Health and Welfare will show.

* * *

[*English*]

METRIC CONVERSION

IMPLEMENTATION OF PROGRAM IN PETERBOROUGH, ONT.

Mr. Bill Domm (Peterborough): Madam Speaker, on December 9, before the Christmas break, when I advised this House that there was to be an announcement respecting metric conversion and test centres on January 1, 1982, the Prime Minister answered that I was conveying falsehoods and spreading rumours which were unfounded. Now that what I have suggested has proved to be a fact, and now that the government intends to enforce metric conversion and test centres again on January 1, 1982, is it the intention of the Minister of Consumer and Corporate Affairs to lock up stores, put bands around cash registers and prohibit stores from doing business, as was done in the test centre of Peterborough, if stores refuse to purchase metric scales at their own expense after this forced implementation of metric in retail food stores on January 1?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I can assure the hon. member and the public that the operation will be conducted in a decent and appropriate manner, and that we shall not resort to the methods the hon. member would have us use.

[*English*]

Mr. Domm: Madam Speaker, I would like to thank the minister for his co-operative and understanding answer and follow it up with a supplementary question. If it is not the minister's intention to lock up stores and if it is his intention to allow them to proceed with imperial if they so desire, why has he given the option to Peterborough not to be on the list for metric conversion on January 1, 1982, and why only after the rest of Canada, if and when it is converted, will Peterborough then fall back on the list? Since there is not one metric weigh scale left in retail food stores in the city of Peterborough to my knowledge, is it the minister's intention to allow these test centres on January 1 to have the option as to whether they wish to go metric or stay imperial? If they do not move on January 1, is the minister prepared now to confirm what I think he said in his first answer, that is, that there will be no forced implementation on January 1?

● (1500)

[*Translation*]

Mr. Ouellet: I repeat, Madam Speaker, that the operation will be conducted in a civilized manner and that we are confident everyone will co-operate. The program will be implemented first, in large urban centres then progressively, during the course of 1982, it will be extended to other cities throughout Canada. That is why Peterborough is not included in the first phase scheduled to start in early January, 1982. However, in 1982, we trust the people and merchants of Peterborough will get ready to convert to the metric system in the spirit of co-operation we feel confident we can expect from them.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

DECISION OF COURT IN NARCOTICS POSSESSION CHARGE

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, my question is directed to the Minister of Justice. It concerns the absolute discharge granted to Ferguson Jenkins on a charge of possession of narcotics on December 18, 1980. That a judge would hand down an absolute discharge in such a case is, I believe, absolutely irresponsible and a travesty of justice. It implies that the severity of a sentence is measured in part by the status of the person who commits the offence. I would ask the minister, therefore, whether there is anything the government can do in this case or in future similar cases to rectify this blatant double standard in the interpretation of the law by Judge Gerry Young.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I cannot intervene in this case. This is a decision handed down by the court and if the Crown is not satisfied, there can be an appeal. This is not a matter in which the Minister of Justice can intervene.

Mr. Baker (Nepean-Carleton): Madam Speaker, a supplementary question.

Mr. Lawrence: Madam Speaker, a supplementary question.

Madam Speaker: The hon. member for Athabasca (Mr. Shields) on a point of order.

Some hon. Members: Oh, oh!

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF NATIVE PRINCESS OF ALBERTA

Mr. Jack Shields (Athabasca): Madam Speaker, I should like to draw to the attention of the House that Miss Brenda Laboucan of High Prairie, Alberta, who was recently chosen the native princess of Alberta, is visiting here today and is seated in the Opposition Leader's gallery.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. FRIESEN—STATEMENT MADE BY MR. DUCLOS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I regret that I have to draw to your attention a matter which occurred some time ago. I gave notice of it to you, Madam Speaker, before Christmas. It has to do with the conduct of the Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Duclos) who has been absent most of the time, so this is the first opportunity I have on which to bring it to your attention.

My question of privilege has to do with the question I raised in the House prior to the Christmas recess regarding the deafening silence of the Prime Minister (Mr. Trudeau) on the matter of the fears of the western world of the Soviet Union in relation to Poland.

My question was raised in the adjournment debate and the Parliamentary Secretary to the Secretary of State for External Affairs answered it at the time. It seems to me that his response was deliberately designed to stifle debate in that he tried to intimidate members of the House through the language he was using. The question I asked was a legitimate one and the parliamentary secretary's language was disparaging. He used unparliamentary language when he described my question, both in the adjournment debate and previously, as demogoguery. If you, Madam Speaker, would check Beauchesne's, you would find that this is definitely unparliamentary language.

I call on the hon. member to withdraw his statement and to desist from trying to intimidate members, thereby stifling debate.

[*Translation*]

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): Madam Speaker, I remember very well the exchange that the hon. member and myself had on the evening in question. I must say that I did not want to offend him. It seems to me that, during that particular debate, both the hon. member and several of his colleagues of the official opposition took unfair advantage of the little knowledge that most citizens have about the scope of the protocol of agreement between the Soviet Union and Canada. I believe that it was really unfair of the hon. member and some of his colleagues to suggest that, under this protocol, the right hon. Prime Minister (Mr. Trudeau) could have transmitted to the Soviet Union what are for all practical purposes state secrets, namely the results of conversations between representatives of the Canadian government and of other countries belonging to the Atlantic Alliance.

Madam Speaker: Order, please. The hon. member was very brief when he raised what I believe to be not a question of privilege but rather a question of decorum. He did not go into the subject of the debate at all. I would therefore invite the hon. member to withdraw statements which might have seemed insulting. I am not saying that they were, but it seems to me that the problem could be solved rather quickly if the hon. member limited his comments to this matter of decorum and stated whether he is willing to withdraw his remarks or indicate that he did not intend to offend the hon. member. I would accept this explanation.

Mr. Duclos: Madam Speaker, I do not want to waste the time of the House with a matter which is basically not very important. Perhaps the comments of the hon. member were not demagogic, but I believe that they were a bit childish. Thank you.

* * *

[*English*]

POINT OF ORDER

MR. SHIELDS—RECOGNITION BY CHAIR DURING QUESTION PERIOD

Mr. Jack Shields (Athabasca): Madam Speaker, I rise on a point of order. I seek direction from the Chair. The tar sands plants Suncor and Syncrude are both located in my constituency, as are the proposed Alsands project and the Cold Lake project, along with many other experimental projects in north eastern Alberta for in situ recovery from the tar sands.

Today a number of questions were directed to the Minister of Energy, Mines and Resources (Mr. Lalonde) regarding the announcement by Syncrude that they are cancelling their plan for a $2 billion expansion. The answer by the minister appeared to be misleading, so I attempted to be recognized on a supplementary question. I seek your direction, Madam Speaker. Since this matter concerns my riding, is it ever possible, when such questions come up, to be recognized for a supplementary question, and how should I go about it?

Madam Speaker: Yes, of course, it is entirely possible for the hon. member to be recognized on a supplementary question, even if the original question on that subject has been asked by another hon. member. But I cannot know in advance whether the supplementary question is really related. I suppose I did not see the hon. member at the time and I am sorry if his question was urgent. I would say that the course to follow is to attempt to be recognized tomorrow.

Introduction of Bills

ROUTINE PROCEEDINGS

[*Translation*]

PUBLIC ACCOUNTS

Third report of Standing Committee on Public Accounts—Mr. Clarke.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

[*English*]

CRIMINAL CODE

AMENDMENT RESPECTING POWER TO TAKE BLOOD SAMPLES

Mr. Robert Wenman (Fraser Valley West) moved for leave to introduce Bill C-625, to amend the Criminal Code (power to take blood samples).

Some hon. Members: Explain.

Mr. Wenman: Madam Speaker, the purpose of my bill is to correct what I perceive to be a weakness in the law as it applies to the problem of drinking and driving. The purpose of this bill is to allow for the testing of blood samples for blood alcohol levels in cases where, because of injuries sustained in a motor vehicle accident, drivers are not now subject to testing when suspected of impaired driving.

I bring this bill forward because at a highway intersection not far from where I live there was a collision of automobiles and a young man, whose life was full of potential and promise, was killed. The person driving the other vehicle in this case was suspected of being extremely intoxicated, according to several witnesses. Unfortunately, because of the existing law, no blood level testing could be conducted. Within several days that same person, that driver whose drinking and driving had just brought about the tragic death, was again on the road.

• (1510)

Therefore I want to assure the House that in my proposed amendment to the Criminal Code authority would only be given and exercised in the event that breathalyzer testing is not feasible and securing a blood sample does not interfere with any form of medical treatment.

It is time to close this simple gap now. I urge that this bill be accepted for first, second, and third readings.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following

questions will be answered today: Nos. 784, 1,524, 1,588, 1,650, 1,738, 1,743 and 1,776.

[*Text*]

ABOLITION OF CAPITAL GAINS TAX ON FARMS

Question No. 784—**Mr. Cossitt:**

Is the government prepared to adopt, as government policy, the commitment made by the Progressive Conservative government in their budget, that farmers would be permitted to sell their farms with up to $200,000 free of capital gains tax after contributing to a registered retirement savings plan and (a) if so, on what date will such action be taken (b) if not, for what reason?

Hon. Pierre Bussières (Minister of State (Finance)): The Minister of Finance will be publishing a comprehensive paper on the taxation of capital gains. The government does not propose to consider any major changes in this area until the various issues raised in the paper are adequately discussed and reviewed.

DSS—DEPUTY MINISTERS

Question No. 1,524—**Mr. Cossitt:**

1. Are there two deputy ministers in the Department of Supply and Services and, if so (a) since what time (b) what are the names of all persons who have filled these positions?

2. Is it government policy to continue with the two deputy ministers and (a) if so, for what reason (b) if not, on what date will this be made clear?

3. Did the Lambert report recommend one deputy minister and, if so, what is the government's policy in regard to the recommendation?

4. Does the government plan to keep two deputy ministers and, if so, for what purpose or for what need?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): 1. Yes.

(a) Since the DSS Act was passed by Parliament in 1969.

(b) Deputy minister, Supply 1969-70 Mr. Gordon Hunter
1970-73 Mr. Jean Boucher
1973-79 Mr. J. M. DesRoches
1979—Present Mr. G. D'Avignon.

Deputy minister, Services 1969-75 Mr. H. R. Balls
1975-80 Mr. J. L. Fry
1980—Present Mr. D. Kirkwood.

2. At the moment it is government policy to continue with two deputy ministers in the Department of Supply and Services. The Department of Supply and Services is a very large and complex department with two major functions, government procurement and provisions of financial support services to other government departments. These two functions require different professional skills involving different management practices.

3. Yes, the Lambert report did recommend one deputy minister but on the basis that a major portion of the present services administration would be transferred elsewhere in the government. The report proposed that the government of the accounting branch be transferred to the proposed financial management secretariat, that the audit services bureau be disbanded and its staff transferred to individual departments and the proposed financial management secretariat, and that the responsibility for the operations of the Consolidated Revenue Fund be given to the Department of Finance. The government is evaluating the recommendation and an announcement of the government's views will be made when the review is completed.

4. Please refer to 2 and 3.

DALHOUSIE-BELLEDUNE PORT STUDY

Question No. 1,588—**Mr. Howie:**

Has the Dalhousie-Belledune Port study been completed and, if not, on what date is its completion expected and will it be made public?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The Dalhousie-Belledune Port study was commissioned jointly by the province of New Brunswick and DREE in mid-1979 to determine future potential of the public harbour of Dalhousie and the NHB Port of Belledune. The study was awarded to ADI Limited, Fredericton, N.B., who submitted an initial progress report in December, 1979, and a second progress report in April, 1980. In August, 1980, the steering committee for the study, under the chairmanship of the province, approved a request from the consultant to postpone completion of the study and preparation of a final report pending the availability of important environmental and economic information relevant to the Belledune-Dalhousie study. The information to which the consultant made reference is the subject of separate studies for which final reports are not anticipated before November of this year. In light of this it is not anticipated that the Dalhousie-Belledune study will be completed before some time in the new year. With regard to the release of the study following its completion, provincial representatives have not yet indicated if they wish to make the final report public.

ÎLE PERROT RESTORATION PROJECT

Question No. 1,650—**Mr. Herbert:**

With reference to the answer to question No. 972, what was the total cost of the restoration project listed as Île Perrot and were any conditions attached to the granting of the sum of $401,400 that would ensure any continuing indication of the federal contribution?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): The response for the Department of Regional Economic Expansion is as follows: The Île Perrot project is almost at the point of completion. It will have cost $690,000, 60 per cent of which will have been contributed by the federal government. As far as acknowledgement of the federal government's contribution to the said project is concerned, the following provisions of section 17 of the Subsidiary Agreement on Tourism Development were adopted in order that a procedure be clearly defined and respected by both parties:

17.(1) All documents inviting tenders related to the projects under this agreement must specify the following: "This development project is financed by the Department of Regional Economic Expansion of Canada and by the Quebec Planning and Development Bureau and implemented in collaboration with the Department of Tourism, Fish and Game (or the Department of Cultural Affairs or the High Commission for Youth, Recreation and Sport)" or such other wording to the like effect as may be agreed to by ministers.

(2) Canada shall supply, erect and maintain during the course of construction of each project a sign or signs specifying that the relevant project is a development project undertaken under this agreement, or other such wording to the like effect as may be agreed upon by the ministers.

(3) Canada reserves the right to supply and erect upon completion of the project, where possible, a permanent sign or plaque bearing an inscription to the effect set forth in subsection (2) of this section.

(4) The official opening ceremonies for the projects funded by this agreement shall be arranged jointly by the ministers or persons appointed by them, who shall proceed jointly.

CANADA-FRANCE RECIPROCAL SOCIAL SECURITY AGREEMENT

Question No. 1,738—**Mr. Neil:**

1. What is the estimated number of (a) French nationals (b) Canadians who would benefit under the Reciprocal Social Security Agreement between Canada and France?

2. To the knowledge of the government, what are the names of the countries with which France has a social security agreement, citizens of which will be allowed to claim a French old age or survivors' benefits in Canada?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. (a) and (b) Since benefits payable by Canada are not tied to citizenship, it is not possible to differentiate between Canadian citizens and French nationals who might qualify for benefits from Canada under the social security agreement between France and Canada. In the year 1981-82, approximately 1000 persons are expected to qualify for old age security benefits under the agreement and a small number of applicants are expected to qualify for Canada Pension Plan benefits. Estimates on the number of Canadian residents who may qualify for benefits from France because of the agreement are not available.

2. France has social security agreements with the following countries: Algeria, Andorra, Austria, Belgium, Bénin, Cape Verde Islands, Czechoslovakia, Denmark, Greece, Ireland, Israel, Italy, Lebanon, Luxemburg, Madagascar, Mali, Mauritania, Monaco, Morocco, Niger, Norway, Poland, Portugal, Roumania, San Marino, Senegal, Spain, The Federal Republic of Germany, The Netherlands, Togo, Tunisia, Turkey, United Kingdom (including the Islands of Guernsey and Jersey), Sweden, Switzerland and Yugoslavia. Citizens of these countries will be allowed to claim a French old age or survivor benefit in Canada.

ADVERTISING EXPENDITURES

Question No. 1,743—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Consumer and Corporate Affairs for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General):

Consumer and Corporate Affairs Canada

(a) $ 35,000

(b) 424,000

(c) 225,000.

Restrictive Trade Practices Commission

(a) $ 22,000

(b) nil

(c) nil.

Question No. 1,776—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Federal Business Development Bank for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses)): In so far as the Federal Business Development Bank is concerned: (a), (b) and (c) Costs for advertising, free publications and other information conveyed to the public, for fiscal year ending March 31, 1981, are as follows:

Total costs budgeted by financial services:	$1,673,510
Total costs budgeted by management services:	$ 882,000

[*English*]

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

Mr. Towers: Madam Speaker, for some time now I have been requesting the parliamentary secretary to answer question No. 811 which has been on the order paper since May 8. Some very important questions have to be answered there. The hon. member for Peterborough (Mr. Domm) asked questions on this topic today. I would certainly appreciate if the parliamentary secretary would answer those questions.

Mr. Collenette: Madam Speaker, I undertook to look into getting an answer for the hon. member. I am trying to do my best. I should advise him that there are many other questions on the order paper which have been there a long time. Indeed, the hon. member for Leeds-Grenville (Mr. Cossitt) had one question on the order paper for three years, and we got it anwered just recently. I will do my best in the next few weeks.

Miss MacDonald: Such efficiency.

Motions for Papers

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would Your Honour be so kind as to call notices of motions for the production of papers Nos. 33 and 35?

[*Text*]

COMMUNICATIONS BETWEEN FIRA AND TATE AND LYALL LIMITED

Motion No. 33—**Mr. Herbert:**

That the order of the House do issue for copies of all agreements, correspondence, notes and other communications relating to the requirement by the Foreign Investment Review Agency that Tate and Lyall Limited reduce its shareholdings in Redpath Sugar Limited.

[*Translation*]

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Madam Speaker, the Foreign Investment Review Agency has been informed by its senior legal counsel that these documents are privileged under Section 14 of the Foreign Investment Review Act. I am certain that the hon. member would not want the agency or this government to be guilty of an illegal act. As a matter of fact, the hon. member previously moved much a motion in November, 1979. I would therefore ask him to withdraw his motion until the House has accepted the proposals of the hon. Minister of Industry, Trade and Commerce to extend access to information held by the agency.

[*English*]

Mr. Herbert: Transfer for debate.

Madam Speaker: Transferred for debate.

[*Text*]

DOCUMENT DEALING WITH RESTRUCTURING OF DEPARTMENT OF PUBLIC WORKS

Motion No. 35—**Mr. Herbert:**

That an order of the House do issue for a copy of the document prepared in or before October 1970, which was either submitted to cabinet or prepared for submission to cabinet and which dealt with the restructuring of the Department of Public Works including the option to form it into a Crown corporation.

[*English*]

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, this motion is for the production of cabinet papers relating to the restructuring of the Department of Public Works. Cabinet documents are exempted from production under the guidelines applicable to notices of motions for the production of papers. Therefore, I should ask the hon. member to withdraw his motion.

Mr. Herbert: Transfer for debate.

Madam Speaker: Transferred for debate.

Mr. Collenette: I ask, Madam Speaker, that the remaining notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the remaining notices of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—ALLEGED INCOMPETENT HOUSING POLICIES

Mr. Doug Lewis (Simcoe North) moved:

That this House condemns the government for its incompetent housing policies, which have led directly to soaring housing costs, plummeting housing starts, and critically low vacancy rates.

He said: Madam Speaker, we have proposed this motion to the House because we are concerned about the state of affairs in the housing sector in Canada. Housing costs have soared to a point where it is difficult for present home owners to maintain their homes and almost impossible for first-time home owners to purchase homes. Housing starts have plummeted, reflecting a state of concern in an industry which employs hundreds of thousands of Canadians and indicating social problems now and in the future. Vacancy rates have reached low points in many areas across Canada, indicating that Canadians are having difficulty finding places to live.

Because we want to air the question completely, to propose solutions and to spur the government on to action, we have proposed the following motion:

That this House condemns the government for its incompetent housing policies, which have led directly to soaring housing costs, plummeting housing starts, and critically low vacancy rates.

There is no speech dealing with the crisis facing the housing sector today which would be complete without reference to the crippling mortgage interest rates facing Canadians. I would not for a minute suggest that the Liberal government has completely ignored this crisis faced by hundreds of thousands of Canadian families who are renewing their mortgages. For example, before he was appointed to cabinet, on March 2, 1980, the hon. member for Windsor West (Mr. Gray) promised that "mortgage interest will be the issue the new government will give priority". Ten months later it has received as much priority as his industrial strategy.

The Deputy Prime Minister and Minister of Finance (Mr. MacEachen) promised to look at the impact upon home owners and potential home owners of interest rates, to see what special steps could be taken. Not to be outdone, the minister responsible for housing promised on November 7, 1980, to watch the situation. On November 13, 1980, he reiterated strongly, "We are watching the situation", and on December 15, 1980, he was "meeting" and "visiting." The fact remains that despite criminally high mortgage interest rates, the government has done nothing to cushion the impact of today's 15.5 per cent mortgage interest rates upon home owners who were paying 10.5 per cent in 1976 and must renew their five-year mortgages in 1981.

The government has moved to help the unfortunate victims of the Liberal AHOP program, and well it should. The AHOP program was a potential disaster for every mortgage that was put out, and every real estate sales person and lawyer practising real estate law in Canada knew it. The only ones who were fooled were CMHC and the Liberal government.

Putting that fact aside, I want to ask the government about what happened to universality. Canada has adopted the theory of universality from baby bonus to old age security programs. Why is the Liberal government abandoning that theory when it comes to mortgages? Why does it refuse to recognize the hardships which today's mortgage interest rates are putting on the Canadian family?

Not only does the government fail to recognize the hardships faced by Canadians who are paying outrageous mortgage interest rates, it also stands by while innocent Canadians who have not accepted government assistance such as AHOP or have not defaulted on CMHC guaranteed mortgages are in positions where they can be sued on the covenant to pay.

The House will know that a mortgage is security for a debt. If the Government of Canada honours its guarantees on the government-insured mortgages, or takes over the AHOP mortgages, and its policy is not to sue the former owner for any deficiency between the recovery on sale and the amount guaranteed and paid out by the government, we all know that the institutional lenders do not have to be as generous and they are entitled to sue. That is why we are concerned about Canadian home owners today.

• (1520)

A Canadian home owner renewing a $50,000 mortgage in 1981, which was taken out in 1976 at 10½ per cent, is faced today with a 15½ per cent mortgage interest rate. That can mean as much as $177 a month in additional carrying charges. So, why do we discriminate against the Canadian who is trying to carry that mortgage? Despite posturing, promises and postponements, the Liberal party is refusing to assist the average Canadian to overcome that burden.

The New Democratic Party joined with their Liberal counterparts to condemn our party when we brought in our mortgage interest and realty tax credit plan. Let us see what that alternative would have done for the Canadian home owner. Based upon a $33,000 mortgage at today's Liberal interest rate of 15½ per cent, a Canadian family would have been entitled to a tax credit of $1,125 a year, or $94 a month. That $94 a month would go a long way toward offsetting the mortgage interest rates which the government is fostering and condoning. Our party wants to make home ownership more affordable for Canadians.

The Liberal party criticized our plan. During the last election it was suggested that the 18-cent federal excise tax was to be used to subsidize our program. I challenge the minister responsible for housing, who will hopefully enter this debate. The government has increased the excise tax on gasoline, and it has increased the cost of gasoline. Ministers have produced an unheard of tax on home heating oil, as well as increasing the deficit by $3 billion. Given those increases, how can they account for the fact that they have increased the hardships which are facing Canadian home owners without assisting them in any way whatsoever? If they criticized us for proposing to tax Canadians and return some of the tax money to those who need it, how can they justify taxing Canadians, increasing the cost of gasoline and the deficit, and doing nothing to help home owners?

The government has increased the cost of gasoline to the consumer. It has increased the taxes on gasoline, home heating oil and natural gas. We proposed an energy tax credit. That was a tax credit of $220 for the average Canadian family earning under $21,380 per year. It would have lowered the cost burden for the low-income family, which now exists under the Liberal government scheme. We appeal to the government to alleviate the unjust burden which now rests on the low and middle-income earners by introducing a similar energy tax credit.

We are concerned about the level of housing starts in the country. Traditionally, a review of housing starts serves two purposes. It indicates the level of activity in the housing sector of the economy. Jobs in the construction industry and related industries depend upon this activity. Construction workers, forestry workers, real estate salespersons and retail outlet clerks at hardware stores, to name a few, are people who depend directly or indirectly on activity in the housing sector for their livelihood. Banks and investment houses review their loan and investment portfolios with an eye to the health of the housing industry. Just as important to Canadians, we use housing starts to gauge how well we are moving toward our goal of placing every Canadian in a decent, affordable housing situation in a sound community environment. As either an economic indicator or a social gauge, Canadians have cause to be concerned about the incompetent housing policies of this government which have led to the lowest level of housing starts in years.

Figures provided by CMHC confirm that the lack of government policy in the housing field is seriously widening the gap between the number of housing starts CMHC says is necessary to house Canadians adequately and the number of housing starts which actually take place. In 1980 alone it was estimated by CMHC that we required 266,000 housing starts. The government produced 160,000 housing starts. For the past

four years we have failed miserably to meet those goals. Our average requirements were 260,000 housing starts, but the Liberal government only achieved 209,000. But most important is the fact that it is getting worse. The shortfall in 1980 means we only achieved 60 per cent of our target.

Our vacancy rates indicate that Canadians are having difficulties finding adequate accommodation in many areas. First-time home owners are finding it impossible to finance a home in some areas, and difficult to find one in other areas. The government has consistently failed to produce policy or programs which will have a significant impact on housing starts. Housing shortages, rising prices and the lack of activity, all demand in decency that the government initiate some action.

Home ownership is part of the Canadian dream, whether you are a first, fifth or tenth generation Canadian. Traditionally, Canadian couples saved to own a home. Because of the lack of action by this government that dream is turning into a nightmare.

There was a study produced by the University of Guelph which stated that the question is not: how and when can we afford a house? Rather, it is: can we have a satisfying life without a house, a garden and a mortgage? I am prepared to admit that there are many times when I can do without a garden. I can definitely manage without a mortgage all the time.

Let us look at that dream. The study points out that a modestly-priced family home costs $70,000 in Canada. With a 10 per cent down payment a buyer is faced with a $63,000 mortgage to carry that house. At today's rate of 15½ per cent the monthly mortgage payments would be $679.75. The study goes on to point out the other escalating costs which are a direct result of action, or inaction, by the government, including heating, insurance and transportation. The home is a traditional foundation for a strong family life. I ask the minister when will the government act to assist Canadians to buy a home and achieve the Canadian dream?

The reduction in housing starts has had a negative effect upon employment in the housing sector. The Canadian Construction Association estimates an employment multiplier effect of 1.25 to 1.75 jobs per housing start. The 1980 shortfall alone of 106,000 housing starts represents a loss to the Canadian economy of between 132,000 and 176,000 jobs. There are 95,000 Canadians who want to be employed in the construction industry, that is 14.3 per cent of the work force which is unemployed. Since this government took office as much as 21.7 per cent of the work force engaged in construction has been out of work.

This decline points out a long-term problem which I would ask government ministers to address themselves to now, so that when recovery comes we will be ready. As employment opportunities decrease in the housing sector there are skilled workers who are tempted to leave for other industries with more stability. They take their skills with them. When we return to the level of activity which is acceptable in the housing industry, with the level where it should be, they will be reluctant to return. I ask the minister what provision is he making to find an adequate supply of labour, if and when he ever will assist the housing industry to recover? The supply of skilled labour is vital to that recovery.

In view of the social and economic impact which housing starts have, let us be fair and review what little action the government has taken. The only initiatives of any significance in the field of housing starts are the reintroduction of the Multiple Unit Residential Building program and the provision of additional funding under the National Housing Act social housing programs.

● (1530)

Experts have already predicted that the high interest rates will offset the tax benefits of the MURB program. The increase in funding for 5,000 units under non-profit and co-operative housing programs is commendable, but one cannot help but wonder when studying the long-range results. I am concerned that the same situation may arise as with the AHOP program when the developments begin to age and extensive repairs and renovations are required. A study should be undertaken to find out what will happen down the road. Let us look at the situation now, not when the problems begin. In the long run, social assistance to individuals by way of a shelter allowance may make a lot more sense than financial assistance to bricks and mortar.

It is estimated by the Progressive Conservative Party that its mortgage interest and realty tax credit program would have increased the level of housing starts by 20,000 to 35,000 ownership units annually. We are not saying that it is the answer, but it is an alternative and it would have worked for four to five years. It would have had the social effect of increasing the supply of homes and making them more affordable for Canadians. Using the multiplier effect of 1.5 jobs per housing start, the program alone would have created 30,000 to 50,000 jobs annually for that same four-year to five-year period.

The biggest criticism of our program by the Liberal party was a silent admission that it had no program which even remotely compared with ours. That party did not have a program then and it does not have a program now. The Minister of Public Works (Mr. Cosgrove), who is responsible for housing, is presiding over one of the most disastrous periods in the history of the housing industry in Canada. His answer to the chaos surrounding him, when he is questioned in this House is, "We are monitoring the situation." Surely, the time has come for action rather than reflection. We urge the minister to swallow his pride and adopt the Progressive Conservative mortgage interest plan and, failing that, we urge him to take more forceful action to stimulate housing starts in Canada.

I would like to refer briefly to the Community Services Contribution Program because it affects the housing sector. The government has demonstrated very little concern for either the serious economic and employment problems of Canada or agreements reached with the provinces. On Novem-

ber 12, 1980, the minister of housing announced in this House the cancellation of the Community Services Contribution Program. The global agreement between the provinces and the federal government which his predecessor signed specifically states:

Canada and the province(s) agree that prior to December 31, 1980, they will endeavour to replace the agreement with a new agreement that provides a long-term certainty to the community services program.

The only long-term certainty they received was that the program no longer exists. Either the minister of housing does not take much stock in agreements or he just does not have the clout to represent the home owners of Canada and the municipalities of this country in cabinet. On July 10, 1980, in reply to a question in this House the minister stated:

I have recommended to the officials of the corporation and to the government that, because of the time of year, the program be extended for at least one year.

That promise was made again on October 11, 1980, when the minister spoke to the Newfoundland and Labrador Federation of Municipalities. Three days later in this House, on October 14, 1980, the minister stated if the program could not be continued, "that some other way will be found to assist the municipalities". The government, Mr. Speaker, entered into a written agreement which it then ignored. The minister gave assurances both inside and outside this House about extensions and alternate programs, all of which have been ignored. I would ask the minister how can the provinces and the municipalities continue to deal with him when his word is being broken?

I have another suggestion which the minister may like to consider. When the program was cancelled, the minister stated that it was cancelled because 50 per cent of the money went to soft services such as recreation services. I have the figures here and, in fact, only 11.4 per cent went to soft services in 1979, and in 1980 the portion was 7 per cent. These figures were prepared by CMHC. I hesitate to suggest that the minister misled the House, but either he did not have the figures in front of him or perhaps he ought to take another look at the term "soft services".

Mr. Dinsdale: That is soft soap.

Mr. Lewis: We are concerned about the cancellation of this program for two reasons. The first reason is that the Government of Canada broke its word on the agreement and to the municipalities. The second reason is that the cancellation concerns employment. A large proportion of that employment was in the hard services area of the construction industry—sewers, water, storm sewers and so on. The government has cast aside the economic, employment and social benefits which would accrue to a great number of Canadians through the program.

I do not believe that the government had any business in the field in the first place. The power and responsibility for that kind of servicing belong, in my opinion, to the provinces, but once it is in the field and after having led people down the garden path through agreements, surely the government has the responsibility to withdraw in an orderly fashion. We urge the government to reintroduce the Community Services Contribution Program in such a way that proper consideration is given to the projects which municipalities had under way at the time the government cancelled the program.

When the home insulation program was introduced in 1977, one of the major objectives was to save energy used for space heating by stimulating action on the part of individual Canadians to upgrade the thermal efficiency of existing housing stock. We support that objective. "The National Energy Program", which was really the budget introduced on October 28, 1980, further elaborated on this objective. It stated: "Improving the energy efficiency of existing housing makes good sense. It must proceed faster than it has." We support that statement.

The government's answer to these high-sounding, philosophical promises was to increase the CHIP budget from $80 million per year to $265 million per year. Period. Stop there. No further. There is no mention about the three million Canadian homes built after 1961 which are not eligible under CHIP even though their insulation standards were much the same. There was no mention of expanding the CHIP program to include other materials such as double glazed and triple glazed windows. These help to save heat and energy, and are an essential part of proper home insulation. It is only common sense that we use every possible tactic to save energy, and windows and doors must be considered when insulating homes.

What we are asking of the government is that it immediately extend the CHIP program so that the three million homes built after 1961 and before September 1, 1977, can be properly insulated, and that it expand the program to include hermetically sealed windows, thermal pane windows and doors in order to achieve optimum efficiency from energy saving.

I would like to talk a bit about vacancy rates, which are mentioned at the tale end of the motion. It is serious to suggest that Canadians are finding difficulty in maintaining their standard of shelter, but it is even more serious to have a situation where Canadians cannot even find a place to live. CMHC vacancy rates indicate that Canadians are indeed having a difficult time finding a place to live, due to a lack of action by the government. In the two-year period, from October, 1978, to October, 1980, the national average for vacancy rates fell from an acceptable rate of 4.6 per cent to the critical and unacceptable rate of an average of 2.3 per cent.

This problem stretches from coast to coast. In Victoria the rate is .1 per cent; in Saskatoon, .6 per cent; in Toronto, .6 per cent, and in St. John's, Newfoundland, it is .1 per cent. As I mentioned earlier, experts suggest that the rising interest rates have cancelled the benefits of the MURB program.

As a token stimulus to provide low rental housing, the minister announced on June 17, 1980, funding for 5,000 additional non-profit housing units. In the same statement he noted and admitted that between 1977 and 1979, rental housing approvals dropped by 54,000. That is a drop in the bucket provided for low rental housing. In fact, in 1980 the CMHC figures indicate that multiple housing starts were down by 36 per cent compared with 1979. Clearly we need to see some

dramatic action by this government and this minister to correct what is fast becoming a national disaster.

• (1540)

Earlier, I dealt briefly with the subject of shelter allowances, Mr. Speaker. I would suggest to the minister that he seriously consider introducing a shelter allowance program. There are some advantages to this. It is a direct cash payment to the individual and is subject to income requirements. It does not go toward bricks and mortar so we would not find ourselves tied up with buildings across the country. It would also give families a choice of where to live and how to live. They could carry the benefits from household to household and from place to place. There are other benefits as well. Owners of rental units could charge more realistic rents without harmful effect to the tenants. Most important, of course, is that it would encourage builders to build rental units.

In conclusion, Mr. Speaker, I want to say that we are very, very concerned about the critical state of the housing sector in Canada today. We believe this has been caused by the action and inaction, mostly inaction, of the government. We have outlined the problems and suggested some solutions because we feel that Canadians deserve a better opportunity to have decent, affordable housing.

Some hon. Members: Hear, hear!

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, it is delightful to hear my Tory colleagues castigate the present government for incompetent housing policies. Of course I agree with them, yet in 1979 the Conservatives offered no housing programs for average and low-income Canadians, no means that I know of for young couples to get into home ownership, no relief for tenants, and their mortgage tax credit benefit program would have benefited only those who were lucky enough to already be in homes and not those in the greatest need. I would hardly call that a "universal program," to quote my colleague.

Mr. Clark: That is not true.

Mrs. Mitchell: However, Mr. Speaker, we agree with the motion put forward by the Conservative party today. The Liberal government has no effective policy and few effective programs to deal with the housing crisis that now affects most Canadians. It does, however, have a very effective economic policy to ensure that young couples will never get into home ownership. High interest rates have caused home owners to lose their homes. The government and the minister responsible for CMHC have no social goals, no over-all, comprehensive goals for a social housing policy for Canada and, therefore, no comprehensive planning to deal with the housing needs of the country.

We agree that rents are extremely high. In seven major Canadian cities there is a zero vacancy rate and in those cities in particular rents are astronomical. The cost of new housing is extremely high in all parts of Canada, and particularly in those parts where there is economic growth it has risen out of the reach of most Canadians.

I think the Liberals are great dabblers, Mr. Speaker. As my colleague pointed out, they give programs with one hand and take them away with the other. Perhaps that keeps ministers and bureaucrats employed.

The Neighbourhood Improvement Program was successful and involved communities in rehabilitating their neighbourhoods, but it was taken away. Now the government has cancelled Community Service Contribution Programs to municipalities, the very programs and grants that are essential if municipalities are to control land, service land, and make it available for affordable housing.

Instead of providing for smaller, integrated public housing a few years ago when the housing act was changed, the government did away with public housing altogether. Ministers did not seem to realize that there are poor people in the country. There is no single federal program now that deals with 100 per cent poverty communities.

According to some examples that I will come to later, the Liberals apparently believe that what goes on in remote areas of Canada and is not seen by those of us who sit in this House, is of little concern to ordinary Canadians. I submit that is not so. Last December I learned that $20 million had been arbitrarily cut from the budget for native housing. This is an immoral act, Mr. Speaker, when we know that over 50 per cent of the homes of Indian people on reserves are practically just shacks. They have no running water, little sanitation, and this poor housing is contributing to genocide. The government is directly responsible for this. The government must increase the budget for native housing just to catch up with its broken promises and accumulated neglect of years past.

I was very shocked to learn that RRAP, the home repair program instigated in the northern peninsula of Newfoundland and sponsored by the National Anti Poverty Organization, was arbitrarily terminated the day before yesterday. The NAPO group was informed yesterday. From my observation this program was very successful and had rehabilitated some 200 homes in fishing villages, and indeed had rehabilitated whole villages like Parson's Pond. It is a program that seems to be pretty unique and is the best antidote to protecting poor people and those who just have minimum employment each year, from inflation. Some unemployed people own their own homes. They do not have mortgages and they put their own labour into repairs. It is an economic, sound program from any point of view, yet it was arbitrarily cancelled without consultation with the local communities much less with the 100 or more people who had applied for assistance for home repairs and had expected to start on them this winter.

I cannot blame the minister responsible for CMHC alone for many of the dilemmas and for the poor housing policy in this country. Last Monday I pleaded with the Minister of Finance (Mr. MacEachen) to take emergency action in face of the housing crisis that is hurting the country, largely because of his economic policy and the very high and fluctuating interest rates. I tried to make him see that young couples are

unable to plan for families because they will never own a home. Later he said, "Of course, you know that there is a decreasing family formation in Canada.", implying that we did not need more housing, when in fact he is the very one that is causing this decrease inthe birth rate.

In many cities it is common for tenants to pay over 50 per cent of their income for rent. Home owners are faced with mortgage interest rates of 16 per cent and higher, and indeed some people will never own a home. The minister did not seem willing to admit this. Of course we know of many homeless students, particularly in the lower mainland of British Columbia, who slept in cars last fall. I presume they are now crashing in pads with their friends. What way is this for young people to get on with their training for future opportunities? The minister ignored these problems just as he ignored my request for major increase in funds for affordable, non-profit housing. It is the only program which can make a great impact on the present situation.

● (1550)

Everyone knows, of course, that the cost of accommodation today is astronomical. Home costs and rents are completely out of control. Prices are escalating far more rapidly than the rate of inflation, with no real relationship to the value of a particular home. For example, my husband and I bought a modest bungalow on a 33-foot lot in Vancouver East some 20 years ago. We paid $9,000 for it.

Mr. Clarke: Capitalists.

Mrs. Mitchell: Yes, we were lucky to be in a home. Today that house would sell for about $150,000. If we waited until next week to sell it, chances are very good that it would be worth $160,000. If I were looking for a home today in my riding, or in most parts of Canada, I would be faced with interest rates over 16 per cent for short-term mortgages. This means people must find close to $1,000 for monthly costs including house payments, fuel and taxes. No one earning under $35,000 per annum, including members of Parliament if they did not have a home, can get into a first home today at these rates.

Many of the immigrants in my riding are getting homes by banding together with not two but at least three wage earners sharing costs of payment. Chances are they will never pay off the full cost of their home in their lifetimes. This leads to drastic overcrowding and a living standard which most of us would not agree is warranted in a country like Canada.

My colleague talked at length about AHOP, as I have in the past, so I will not dwell on that. I understand people who have bought homes under AHOP are holding a meeting tonight in an Ottawa suburb. These people will be losing their homes because they cannot renew their mortgages at the escalated rates, a problem to which the very unrealistic policy of AHOP contributed.

We in the NDP have advocated a mortgage assistance plan for some years now. Recently I proposed to the Prime Minister (Mr. Trudeau) that over $1 billion of the profits which Canadian banks have accumulated as a result of the fluctuating interest rates caused by the Minister of Finance and the government, should be set aside in a special fund. This could be a fund for a lending portfolio which would offer stable lower-interest mortgages, particularly for young people who are trying to get into a first home. As we know, the Prime Minister ignored this suggestion.

The Minister of Finance actually has the power to request a fund like this of the banks. It has been done in the past. It was done in the days when we had 30-year mortgages at a set rate of, I believe, 6 per cent. It worked well. This request has not been considered, except I noticed the minister responsible for CMHC had a glint in his eye when I mentioned $1 billion.

I have said many times in this House that the MURB tax write-off is a useless program and we should get rid of it. It is not being used anyway because interest rates are too high. Let us put the $15 million which the government was going to be willing to sacrifice in tax write-offs into funds for affordable housing, and let us up the amount from there.

The programs of the government are inadequate, of course, because they treat shelter not as a social necessity and a right of Canadians. The government treats these programs really as a method of manipulating or trying to manipulate the economic system. This is wrong. Housing, just like medicare and old age pensions and many other social programs which we now realize are essential in a country like Canada, is a right and a necessity. It must be affordable and available to all Canadians. This must be the basic philosophy but it is not the philosophy of either the Liberals or the Conservatives. The free enterprise parties say every day "leave it to the private sector". That is why we have the mess we have now in the whole area of housing. We left it to the private sector. I tell the hon. member from Vancouver to have a look at who is doing the speculating if he does not believe me.

We need long-range planning, Mr. Speaker. But we need a decent sound policy to start with. We need planning for housing based on population trends, on immigration policies, and on geographic concentrations of growth where we know there is potential for more jobs and where more workers will go. If the government brings in 50,000 refugees, then the government should provide—it did not—extra housing in the areas where these people are going to settle. Why should low-income Canadians be pushed out of affordable low-rent housing because of our immigration policies? It is not fair to either the immigrants or to the Canadians, who are likely to express a good deal of dissent.

I have said that most tenants now pay far in excess of 30 per cent of their incomes on rent. In a study done in Vancouver those who pay over 60 per cent of their incomes are predominantly senior citizens, single parents, lonely women who are in the high percentage of people in poverty, and native Indians. Does this seem like a just society, even to Liberals and Conservatives?

I ask the minister responsible for CMHC to look into the whole question of excessive speculation which is also causing housing prices to shoot sky high. I do not have the time to go

into this in depth, but foreign ownership in Vancouver is also a major contributing factor to this problem. We feel some action must be taken on the question of capital gains tax to discourage excessive speculation on homes which are not the primary or first home of a family.

Mr. Clarke: They are already taxed.

Mrs. Mitchell: Since my time is almost up, I would like to summarize ten recommendations which I hope the government will consider for action to help alleviate the housing crisis in Canada.

First, let us recognize the problem at least, and make housing a top priority for government action immediately. I know we have to convince the cabinet as a whole that this is essential.

Second, call an emergency conference which will include provincial representatives, municipal representatives, non-profit societies, tenants and co-operatives—people who know what the housing crisis is all about first-hand. It is not surprising that in March the minister is supporting a real estate conference which is to bring together developers and real estate interests again. Yet there are no funds provided for tenants and home owners and private groups to attend, and these are the people who know from a consumer point of view what is needed.

Third, the government should instigate a mortgage assistance program in co-operation with the banks to reduce mortgage interest rates to new home owners, particularly those earning less than $35,000 a year.

Fourth, provide federal Crown land and provincial Crown land, loans, grants and land banking incentives to try to get more land reserved and leased, if possible, for co-operative and other forms of affordable housing. I would like to see a buy-back clause built into these programs so that there will not be exploitation and profit-making on these kinds of subsidized programs and they will be useful for future generations.

Fifth, let us control housing speculation with an increase in capital gains tax to 100 per cent for resale of homes and real estate which are not the primary residence. Let us have sell-back clauses for all government subsidized housing programs.

Sixth, let us improve housing for tenants by encouraging provincial rent controls and shelter allowances, especially for tenants with special needs. We need to increase the budget for non-profit housing. In the Bob Rae budget last summer we proposed a housing investment which would provide rotating funds of up to $500 million. We would continue to advocate this.

Seventh, let us continue to expand the RRAP programs. I commend the minister for improving the guidelines for this program. However, we should expand it, make it more flexible, more adaptable and community based for rural areas, areas like the one I mentioned in Newfoundland.

• (1600)

The CHIP program and insulation programs need to be improved and made available for newer houses. We need to be assured that insulation will be safe and not dangerous to health.

My ninth recommendation is to increase research and development funds in order to develop energy efficient, affordable housing, particularly modular prefabricated housing manufactured in Canada, creating an industry for Canadians. There are many other innovative housing ideas for which research and development funds should be allocated.

Any federal government program or federal funds which go into local programs such as rapid transit should take into account that land is reserved for non-profit affordable housing. For example, in the greater Vancouver region the federal government will be giving assistance to a rapid transit system. We should act now to ensure that areas near the rapid transit depots will be available for lower cost housing for those who cannot afford to live in the centre of the city.

Finally, our party supports this motion put forward by the Conservatives. We agree that housing requires emergency action. The present government is doing little to recognize and even less to alleviate this problem. Canadians deserve better and more affordable housing. Housing is a human right and should be written into our constitution. The government must take action and do it now.

Hon. Paul J. Cosgrove (Minister of Public Works): Mr. Speaker, at the beginning I wish to congratulate both members who have spoken this afternoon, the hon. member for Simcoe North (Mr. Lewis) and the hon. member for Vancouver East (Mrs. Mitchell). In their comments they offered alternative suggestions and specific proposals which they urged the government to consider or adopt in order to address what they perceive to be a crisis in housing. I hope, that when I have concluded my comments, I will have touched on some of the specific points raised and hit upon some of these matters. As I say, it is encouraging that they offered alternatives. While my comments may show that I disagree in policy, nonetheless it is encouraging to have heard these constructive comments.

As the minister responsible for Canada Mortgage and Housing Corporation, I am aware of the housing problems in this country today. Part of the problem, of course, as identified, is the reduction or decline in housing production which has created a severe shortage in some parts of Canada. However, I would like to point out that there are encouraging signs. The trough has been reached and the upturn has begun. I am encouraged in that by the Conference Board in Canada.

Their forecast shows starts for next year up by some 20,000 over this year, to approximately 181,000 units. That is an encouraging sign. The 160,000 starts this year is remarkable notwithstanding the high interest rates, the change in government, the fact that industry looks to government for leadership and there was some halting in the industry. Nothwithstanding those facts, we have seen a strong number of starts of approximately 160,000 units.

In my view, the recovery at this time relates to the government's approach, which is to say that the private sector, rather than massive government intervention, should act in this market so as to obviate distortions which have occurred in the past. Hon. members will recall better than I that the federal government was required to intervene in the marketplace in the early years of the previous decade. This resulted in a production boom, and subsequently, after 1975, overproduction. That contributed to a downturn in the industry. A more reasonable recovery is occurring this time based on the operation of normal market conditions. I conclude that this will lead to a greater stability in the industry in years to come.

I will return to the current situation a little later. In the meantime, I believe it would be appropriate to set the record straight on the mandate of the federal government and its role through CMHC as an agency of government, and on the accomplishments of the government and the corporation over the years.

Social and economic changes in Canada during the past three and a half decades have increasingly required CMHC to take on a new and more comprehensive role in the fields of housing and community services. I notice that there is at least one member of the House, the hon. member for Winnipeg North Centre (Mr. Knowles), who has the advantage over all of us of having watched that occur from the perspective of a member of this House. I am happy he is here today during this debate.

Mr. Knowles: I am always here.

Mr. Cosgrove: It would take the better part of the afternoon to give a picture of CMHC's development over the years, so I will limit my references to a few of the milestones. Essentially I am talking about the development of CMHC, first as a financial institution and, second, as an agency of the federal government in administering social housing policies.

Its initial mandate, and I am talking about the financial aspect, was to cause more housing to be built to meet immediate and urgent needs. That was met by CMHC within the first few years, using a variety of supportive measures. I think of joint loans with banks, buy-back guarantees, rental guarantees for a minimum return, and the like.

In its social housing role the first major milestone was reached in 1949 when the National Housing Act was broadened to include a housing program. This program, a shared cost partnership arrangement with the provinces, subsequently became one of the most important features of Canadian housing legislation. It led eventually to such programs as non-profit and co-operative housing programs, touched upon today by previous speakers, the Residential Rehabilitation Assistance Program, rural and native housing and a number of other programs.

In its role as a financial institution, CMHC introduced mortgage insurance in 1954 as one of the most useful ways of meeting Canadian housing needs. The objective was to attract private funding into the industry, and that was an immensely successful move by the government.

Mortgage insurance rapidly became the main instrument of the government policy. On the supply side, in the same year, 1954, the Bank Act was amended to allow the chartered banks to make mortgage loans. These financial initiatives encouraged home buying and gave additional impetus to the construction industry. In the late 1960s, mortgage investment was made even more attractive by two further changes, the introduction of the five-year mortgage term and the removal of interest ceilings on bank loans.

I would like to emphasize that the purpose of NHA mortgage insurance is primarily to increase the flow of private capital into the housing sector of the economy. At the same time, by means of inspection services, mortgage insurance has allowed CMHC to exert a continuing influence on the quality and kind of housing built in Canada.

The outstanding results of the mortgage insurance program can be summarized quickly. Of the five million dwellings completed since 1954 in Canada, a full 40 per cent have been insured by CMHC. This has entailed some $36 billion in capital funds that have been attracted towards investment in new housing under the program. CMHC has also insured $12 billion on mortgages on existing dwellings.

• (1610)

All of this housing has been required to conform to the CMHC standards about which I have spoken. I think that by any measurement NHA insurance has been an outstanding success in meeting the objective of attracting private funds into the market to create a stable environment for the investment of private funding and in the establishment of quality criteria in the construction of housing.

As an instrument of social policy, beginning in 1950 CMHC developed even more broadly. The whole community rather than individual homes became the focus of the corporation's drive. Contrary to some comments made by the hon. member for Vancouver East, this has been an objective and a policy, and the corporation has a record of success in addressing this area of concern of the government, social housing. Between 1955 and 1963, for example, urban renewal was a major consideration. In later years CMHC's involvement in the community extended to assistance for sewage and water services, and to the provision of social amenities.

My statistics show that one of every four members of this House has served in elected office at the local level, and I doubt if any of those members would question the usefulness of the role of CMHC through that period of time.

During this period and into the sixties the provincial governments became more active in housing and community planning, and the NHA amendments in 1964 responded to this trend. This was new to most provinces. However, arrangements were thus made with the provinces for the joint financing of public housing and as well for a wider range of urban renewal projects.

The bulldozing techniques originally hit upon were replaced some ten years later with programs to conserve and rehabilitate. They have been touched upon. After 1969 the main

thrust of the federal support was toward housing which served people in the lower income brackets, as CMHC became recognized as an instrument of social as well as economic policy of the government.

A number of programs were introduced to encourage the production of moderately-priced homes for rental and ownership. Low interest loans and subsidies greatly assisted in the production of low rental housing by non-profit and co-operative organizations as well as private interests. These measures helped many thousands of Canadian families to obtain housing either as owners or tenants which they could not otherwise have attained. It is true that some people, because of economic conditions, have met difficulties under some of the programs, but by far the majority of these families continue to enjoy their homes and reasonable financial security.

The volatile housing market of the seventies, with its demand for housing, its accelerating prices and the tight rental market, put a considerable strain on federal funds. This resulted, first, in combining private financing on some programs with federal subsidies and, later, with a whole new approach to federal financing. I refer here to the graduated payment mortgage, for example, which was introduced to take the pressure off the federal subsidy program by providing easier pay-back arrangements during the first few difficult years of a loan.

Substantial changes were made in CMHC's social housing program, as hon. members know. The new approach provided for private financing of social housing projects sponsored by private non-profit agencies with enriched federal subsidies through interest write-downs and full protection to lenders through mortgage insurance. This was a device by which the government, in conjunction with the private sector, combined, to provide more housing than otherwise would have been provided for people in low-income categories who were finding it difficult to compete in the private market. That, if I need remind the hon. member for Vancouver East, was the basis for the policy of the government of engaging with the private sector in this type of arrangement.

The federal government is well aware of the problems faced by some home owners who have renewed or are renewing their mortgages at high interest rates. The effects of these rates, I submit, however, are not as serious as has sometimes been reported. Only a small minority of home owners face dire hardship as a result of high rates.

In the vast majority of instances incomes will have increased enough during the past five years or so to offset the increase in mortgage payments. Last year about 350,000 home owners renewed their mortgages. This year that number will probably be about half a million, partly because some 100,000 home owners took out one-year mortgages last year. Naturally, the incidence of home owners who experience difficulty in meeting their monthly payments after renewal will depend upon the prevailing interest rate. As we have observed, the interest rate has moderated during the last month, and it is our expectation—and I am optimistic—that the rate will continue in a downward trend to such a level that home owners renewing will find it acceptable.

In the case of homes bought under AHOP, touched upon by the hon. member for Simcoe North, we said in 1975 at the initiation of the program that if any home owners found themselves in an untenable position at the end of the initial five-year period, the government would provide or consider further assistance. We are meeting that pledge. We moved in March of last year by making contributions to families which purchased under this plan and which encountered unexpected hardship to provide assistance, which was intended to reduce monthly mortgage and tax payments where possible to a maximum of 30 per cent of a family's income.

When Parliament opened last April we announced that we planned to help home owners who might lose their homes as a result of higher monthly payments resulting from higher interest rates but, as I said, the interest rate spiral has moderated. A few weeks ago when concern was increasing we took a look at the plans we had adopted in May, but the moderation has saved us from that course of action.

Our policy, as I indicated earlier, is to intervene in the marketplace when it is not functioning properly and when serious needs are identified. For example, last year, as already touched on, we moved to increase by 5,000 units the social housing starts and units subsidized by the federal government. Neither member who has spoken this afternoon has indicated that that is 5,000 on top of an annual number of 25,000. Hon. members who say we are not addressing the housing needs of people in low and moderate-income brackets should add that 5,000 to that 25,000, put the result beside the total number of starts for the year of 160,000 and consider the cost to the taxpayer. In my opinion that is a substantial and continuing response to that problem.

Incidentally, Vancouver was one of the cities where this assistance was required. We initially approved 892 units of social housing under this initiative for the greater Vancouver area. We discovered before long that with a vacancy rate of .4 further action was required. As a result, a month ago we approved an additional 800 units to help meet this critical shortage.

As hon. members know and have touched upon, in the budget the minister of Finance (Mr. MacEachen) reintroduced MURB assistance. It has been suggested that the starts which are generated by that will not be picked up by the private sector. My information from the private sector is to the contrary, and I have seen in announcements from the province of British Columbia through its minister of housing, and the minister responsible for housing in the province of Ontario, that both those provincial governments are considering an add-on to that initiative by the federal government so that we can address jointly again the question of the housing needs of low or moderate income Canadians in those areas where we all recognize that there has been a shift and the markets are tight, especially in the rental market area.

I would like to turn to another matter which bears mentioning. Shortly after the Conservatives formed the government in

1979, they turned their attention to the possibility of privatizing some or all of CMHC. We know that this proposal resulted in the document known as the Matthews report, which has received considerable publicity.

● (1620)

Many people were led to believe, and I think incorrectly, that CMHC was beset by serious problems which threatened its doom. The interesting thing to me is that in the Matthews report those provisions which addressed the issues were not referred to. For example a passage in the report reads:

A very significant factor in the outlook for the eighties is the enormous past accomplishments of the housing industry, the financial industry, and government. Together these groups have produced a virtually unsurpassed stock of housing for Canadians, with almost no significant pool of unsatisfied housing requirements.

It seems to me that what is being said here—and I address the point—is that the CMHC has helped to do a good job. To argue that because it has done a good job, it should cease its operations—I think the implication in the report was that CMHC was not required any further—does not make sense. If CMHC has done a great job, which is my experience in the ministry—its expertise and its reputation for concern in housing, not only in the financial sense but in the social sense are known—the argument is all the stronger for ensuring that it continue to be a valuable instrument to the government and to Canadians as we address the question of housing in the 1980s.

Reference has been made to the mortgage deductibility plan of the official opposition. The hon. member for Simcoe North did not say that it addressed home owners. It did not address the needs of tenants, nor did it address what was perceived to be the most pressing problem at that time, that is, the rental shortage. The plan was inequitable. I am addressing the challenge of the hon. member in telling him what was wrong with the program. It has been demonstrated, and it has been the experience in countries such as the United States which have adopted the program, that it benefited those in the high tax brackets more than people who live in the area of the hon. member himself, an area which needs addressing at this time.

I think it can be stated fairly that over the years federal policies have helped to provide Canadians with a good and an adequate supply of housing at affordable prices. We have consistently followed directions which have provided housing for people who could not compete on the open market, and I have referred to them a number of times in my comments.

In conclusion I should like to indicate that in assuming responsibility for CMHC, I have had the opportunity of meeting with all of the provincial ministers of housing, with numerous local elected officials and local politicians from all parts of Canada. I am looking forward to their continued input and to hearing their opinions at the conference to which the hon. member for Vancouver East alluded, which will be held here in March. The conference will have an agenda which will be open to a wide spectrum of concerns of many Canadians, not just those identified by the hon. member in her remarks. We have asked that the organizers of the conference ensure adequate representation from the consumers and from people from other sectors, such as producers and officials at the provincial and municipal levels. I am confident that that forum will provide a current review on the state of housing and the prospects for the 1980s which will be useful to the government in continuing its realistic and, I think, responsive role in co-operation with all others who are concerned about meeting the housing needs of Canadians.

I should like to comment now on another point raised by the hon. member for Simcoe North in respect of the Community Services Contribution Program. For the sake of the record I think I should indicate that the government is committed to the continuation of payments under that program until March, 1982, which commits the federal government to some $400 million toward the provision of services to municipalities and provinces which are their traditional responsibilities. That $400 million is a sum of money which normally and traditionally provinces and municipalities would have to provide themselves. This program will be continued until March of 1982. It is my expectation and hope that, with the co-operation and the input of, for example, the housing conference to which I have referred, the government will consider the provision of alternatives to shelter allowance. I am confident that the record of this government, in co-operation with CMHC, which has demonstrated its concern for addressing the housing needs of Canada in the financial and social areas, will continue to be a very good one.

[*Translation*]

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I would like briefly to deal with the motion moved by my colleague, the hon. member for Simcoe North (Mr. Lewis), with respect to this government's incompetent housing policies. Last December, during the special debate on the economy, I stated that the government was totally estranged from all principles save one, the principle of power.

[*English*]

Mr. Speaker, my colleague says that the government has policies, albeit incompetent policies, which, he states in his motion:

—have led directly to soaring housing costs, plummeting housing starts, and critically low vacancy rates.

There can be no argument as to the existence of soaring housing costs, plummeting housing starts, and critically low vacancy rates. One has only to look to the Kerrisdale district in my riding to see what is happening to housing costs. One has only to look at the numbers that the minister has brought forward. By the way, I thought I heard him say that the target forecast by the Economic Council of Canada was for 180,000 housing starts which the minister thought was pretty good. On the other hand, the CMHC estimates for 1981 indicate there will be 264,000 houses needed. That is a shortfall, or a difference of opinion of some 84,000 units. There will be some very disappointed people this year.

The motion goes on to refer to critically low vacancy rates. I see that the hon. member for Vancouver East (Mrs. Mitchell) has left the House. I heard her telling us some very capitalistic

stories about herself and about the situation in Vancouver East, how she had purchased a house some time ago for $9,000 which is now worth something like $160,000. She also spoke about land banks. We have had that experience and it can be proven what a disaster land banks are and how they simply give governments the power to confer benefits upon their friends. We do not need land banks; we need people to buy land and to develop it and use it, not to bank it. That is what land in the housing market is for.

I should like to ask the member for Vancouver East, or any other Canadian, if they would be willing to sell their own house to foreigners. I heard the hon. member for Vancouver East mention that we should not allow foreigners to buy real estate in Canada. I wonder whether the member would sell her house to a foreigner. In the interests of providing cheaper housing, I wonder whether she would sell her house for less than market value. She told us about the beautiful capital gain she made. I wonder whether the hon. member for Vancouver East would like to pay tax on her capital gain or will take advantage of the proposals and avoid that tax.

● (1630)

I wonder if the hon. member for Vancouver East or any of her colleagues would consider themselves speculators because they happened to buy houses. After all, we would all be in that position if we own houses and happen to sell them for more; we would be guilty of being speculators. Yet the hon. member for Vancouver East and her colleagues all voted against a policy which the Conservative government put forth to provide relief through a mortgage interest and property tax credit scheme.

Vacancy rates have also been mentioned. I should like to refer to a rates list which was put out by Canada Mortgage and Housing Corporation. It indicates the vacancy rates on privately initiated units, including newly completed units available for rent, from 1978 to 1980. The next sheet shows a series of worse rates if newly completed buildings are excluded. When I say "worse", I mean lower vacancies. There are no less than seven metropolitan areas in Canada which in October, 1980, had vacancy rates of less than one per cent. The highest shown in any place is 5.8 per cent in Hull, although when that is combined with Ottawa it would be 4 per cent. Also there was Winnipeg and Windsor. Of course Windsor is a special case right now. In any event, only three places have over 5 per cent vacancy rates, and in all places, except those with vacancy rates below one per cent, the vacancy rates are falling.

We can trace the roots of the housing crisis back to 1971 when it really started in earnest after the government changed the generally accepted accounting principles and decreed that a loss on rental housing was not deductible from other income for tax purposes. But the government indicated that if one invested in a factory or a business and incurred a loss, then of course one could still deduct that from other income. How unfair to the taxpayers, how unfair to the tenants who were enjoying a goodly supply of rental housing in those days!

The clear and obvious result of this government action was a lack of investment in housing by high income Canadians. Therefore, as a result of that there are now higher rents. In fact we got higher rents then. Because of higher rents and pressure on local and provincial governments in many areas of Canada we got rent controls.

However, the recent reintroduction of the MURB tax shelter was an attempt to correct this wrong and to attract once again the sector which was investing in housing into the housing market once again. It is not a sop to the rich, as my friend to the left tried to say. In saying that kind of thing, it would seem that my friends to the left do not want housing for their constituents. It is obvious. They have said again today that the government is not satisfying their needs. So, let us try the private sector and give them a little encouragement.

This action in 1971 was followed by various programs introduced by the government. There was AHOP which is interestingly enough known as "AFLOP" in some quarters. The hon. member for Simcoe North mentioned what a disaster AHOP was. But there will be 40,000 Canadian home owners in 1981 seeking to renew their AHOP mortgages. Most of them will probably walk away from their houses instead of renewing their mortgages. In 1982-83 there will be a further 46,000 Canadians wanting to renew their mortgages.

Then the government gave us ARP. It was a nice program which provided some housing. But interestingly enough, it absolutely required the continuation of high inflation rates in order to prevent the owners and builders of these developments from going bankrupt. Any policy which absolutely requires a continuing high rate of inflation is doomed. I suspect that ARP was doomed.

Then they gave us RRAP to help restore old housing in older areas of cities, because it was recognized that they were still good units. That resulted in huge rip-offs of elderly and unsuspecting home owners who wanted to have work done. Proper inspections were not conducted, and I have files in my office of problems created by RRAP.

The then minister of finance, Mr. Turner, gave us RHOSP which was supposed to encourage housing and stimulate the housing industry. All it really did was defer or discourage the purchase of a house at this point, because if one soon bought a house in Canada, one could not take advantage of the program. It was only if one deferred one's purchase for ten years that one could take advantage of RHOSP. We can look at what has happened to anyone who has taken advantage of this program. They may have received a few tax free dollars out of their RHOSPs, but they will not be able to buy much of a house with the funds now.

Then they gave us something called COOP. I guess it was co-op, really. It was a CMHC scheme for financing town houses in high cost areas, but one could not get into one of them unless one earned over $30,000 per year. Well, where is the aid for Canadian home owners in need? It is ridiculous.

Over the last decade CMHC made demands on the industry to continue to improve its requirements, so that finally costs were driven up. Now there are many cases where the 25 per cent income limit which used to be acceptable to CMHC

cannot be met. People now pay far more than a quarter of their income toward shelter costs. All these Liberal policies worked just as well as a spanner tossed into a machine works.

I should like to draw the attention of the House to a situation right here in Ottawa. Before I came here eight years ago, the Lebreton Flats area was cleared of what was then reasonably priced housing. It was held vacant by the government for ten years before any redevelopment was started on that site.

In the thirty-first Parliament the Progressive Conservative government proposed forward-looking policies such as mortgage interest and property tax credits. Their passage was shot down by members opposite and members to my left who do not care about providing housing for Canadians who need it. Those two groups defeated the budget proposals of the Clark government. Our budget was acknowledged by millions to be the first honest budget in over a decade, one which would have started Canada on the road to economic recovery.

[*Translation*]

Well then, what is to be done, Mr. Speaker?

[*English*]

What to do?

[*Translation*]

Eight years ago, in 1973, I stated in this House that I had a quick solution to the government's problem in the housing industry: "Get out of it!"

[*English*]

Get out of the industry. At that time the minister, Mr. Basford, took my advice in a perverted kind of way. He had the now Canada Mortgage and Housing Corporation buy an industrial site in the city of Vancouver. It was 37 acres called Granville Island in the heart of his riding. He had the corporation move out the light industry which was there to make way for a park. Of course he hired the former president of the British Columbia Liberal party to be the director of that project. This island had nothing to do with housing or mortgages, but CMHC owns this island yet. The minister is looking embarrassed, I hope.

● (1640)

On this site they built stores which were rented in competition with other landlords renting stores. So we had merchants with subsidized rents, who were competing with merchants in other areas who were paying normal rents and paying the very taxes which were being used to subsidize these other merchants. We had a commercial area over there where people were paying full costs, customers were paying the full price, and over here we had subsidized rents. It is a ridiculous situation, especially for a supposed housing corporation.

This is a people place just waiting for a fire or other disaster to happen. There are stores, theatres and restaurants on this 37-acre island, which is at the end of a two-lane causeway. I shudder to think what will happen when we have a good fire going there. In Vancouver we call Granville Island "Basford's boondoggle". Mr. Speaker, that is what that housing minister did to solve the question in Vancouver.

I think it is interesting that the present housing minister said in his remarks, "Vancouver, incidentally". Mr. Speaker, I hope that was a Freudian slip. But it is a typical display of the attitude of this government—"Vancouver, incidentally". Then he bragged to the House about having provided nearly 2,000 housing units. Well, there are individual companies and individual families who have provided, through the private sector, more than that number of units. I do not think it is anything to be proud of. On his own housing starts information it is truly a drop in the bucket.

At the same time as I was telling this former minister to get out of the housing industry, my former leader, the Hon. Robert Stanfield, was urging the government to wind up the Ministry of State for Urban Affairs. Apparently they saw the error of their ways since, in fact, that ministry has now been eliminated. I do not know that all of its functions have disappeared, but that is what we can work toward.

Why is there a housing shortage in Canada, Mr. Speaker? Canadians certainly have the capacity to build an adequate supply of housing for Canadians. In fact we have an overcapacity under the present climate, and never have more Canadian entrepreneurs been building more homes for more Americans than ever before. What a situation! Now, because of even more government interference on another scale, we are watching the oil rigs following the entrepreneurs all the way to the border so that they can find oil for Americans, in greater numbers than ever before.

Affordable housing, Mr. Speaker, went up the flue with the value of the Canadian dollar. If I had more time, or if this was an economic debate, I could explain what happened with respect to housing and inflation, and interest rates and inflation. But perhaps others will contribute that to this debate.

We have the situation right now where rents are cheap in the industry. That is no accident, they are cheap because of rent controls. That was a two-edged favour that governments, in general, did for tenants. It made it easier for tenants. If you have an apartment you have got controlled rent, and it is fairly cheap. Even if your apartment is not under controls then you are probably competing with some that are. But the hooker is there are not any apartments available—less than 1 per cent in many places in Canada. So it is harder for the tenants because of these actions which governments have taken.

I say rents are cheap, Mr. Speaker. I can give as examples two apartments, one a rental apartment and one a condominium, let us say a nice two-bedroom condominium apartment in a city in Canada today priced at $100,000. If a person buys a condominium apartment for $100,000 with $20,000 down, his carrying costs will be over $1,300 a month, ignoring his $20,000 down payment. A similar apartment in comparable condition can be rented in any comparable city for half that amount because of these mixed up policies of various governments.

Ever since I came to Ottawa eight years ago people have been talking about the housing crisis. Of course it is a nice diversion for the government because it is nebulous. There is no housing problem in Canada today—there is a money problem. Mr. Speaker, if you have enough money you can buy anything or you can rent anything. You can go to Vancouver Quadra and I can show you a nice mansion you can buy for $1.2 million. I do not know if that will be in your budget. Or you can buy an adequate home for half a million dollars, or you can go into an older part of Kerrisdale and get a storey and a half older home for $280,000. The member for Vancouver East was telling us about her $160,000 house in what used to be the poorer area of town—the NDP section. They are buying 33-foot lots over there, Mr. Speaker, for over $100,000. In the western part of Vancouver Centre riding they are knocking down $240,000 houses so they can build two condominiums on those lots. Therefore, the land costs are $125,000 per unit.

I looked up to see what I had said a few years ago. I just want to quote a couple of paragraphs from a speech I made here before. Not too many people quote me, and I like to do it once in a while. It was at a time when I was telling the government it should get out of the housing business. I said that the government could help us a lot by leaving us alone in our housing problems. This is what I said:

> Disband the bureaucracies, cut taxes, and let us solve our own problems, with the interference of our local or provincial governments if we choose, but without federal interference, without federal bureaucrats taking our money from us in taxes and spending it as they want it spent rather than as we want it spent.

Later in the same speech I said this:

> If it is really our desire to raise the material standard of living of poor people, rather than push them around and run their lives, then we should abandon the government policies that impoverish them. In place of the present mess of welfare schemes and housing schemes, we should give the poor people the cash presently spent on these things and let the poor people spend the cash in the ways that give them the greatest satisfaction. To build our preferred type of housing for the poor people and to hire thousands of bureaucrats to oversee them in these ghettos is wasteful.

My friends to the left would have the state take over the job more completely. I think that is a truism. As I said in my speech:

> —the state is the great fiction by which everyone tries to live at the expense of everyone else;—

Later on I said:

> —government . . . can destroy but not create, can build nothing of itself but can seize only what others have created;—

Finally, Mr. Speaker, this government could save itself a lot of problems and it could save Canadian home owners and tenants a great deal of grief if it would get out of the housing industry. Then the government could concentrate on real federal problems which government should be considering, like inflation, unemployment, and defence.

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, I thank the hon. member for Simcoe North (Mr. Lewis) for giving a member from Quebec the opportunity to say just how pleased we are with the housing policy of this government, not that it cannot be improved, of course, but I do feel that, at the present time, as a Liberal member from Quebec, I welcome the housing policy of our government and would like to repeat the remarks I made during the debate on Bill C-20 to the effect that, according to the figures put out by the well-known organization called the OECD, Canada ranks first in terms of the ratio of people per room. Their standards are recognized internationally; Austria, Belgium, Denmark, Finland, Germany, Luxembourg and other countries are covered in that study. We must recognize as well that Canada ranked first, again according to the figure of the OECD for 1980, in terms of housing units made available to Canadians.

As far as available housing is concerned, I suspect my hon. colleague is mistaken in his interpretation of Canadian problems. There may be housing problems in some cities, some areas, but those problems are in the process of being solved thanks to the wise policy of the minister; still I feel that the problems are merely local. If we look at Canada as a whole, that is, if we look at it from the point of view of federal MPs, we realize that Canadians in fact have a very high standard of housing.

For my part, I can only rejoice in the fact that in the riding of Mercier several new starts have been made in the last few months, and that, in the Montreal area, generally speaking, the densification program, that is, the construction of 10,000 units, is now in progress; the city of Montreal, as well as the federal authorities, of course, say they are very pleased with the program that is now under way in a metropolitan area that is comparable to Vancouver and Toronto. In that respect, we certainly have no reason to complain, as representatives of the Montreal area, about the policy of the minister responsible for housing.

In any event, I take this opportunity, Mr. Speaker, to invite those of my colleagues who may be experiencing temporary difficulties in their areas, to spend some time in Montreal since we can offer them the advantage of housing that is comfortable, of excellent quality and at reasonable prices. It might perhaps foster mutual understanding amongst Canadians. I invite them to come and visit the province of Quebec. Our housing supply is quite adequate, and they could perhaps enjoy temporarily another way of life, of leisure, until such time as the situation improves in their own areas.

As members of Parliament, we must recognize that there are problems, that some developing cities actually suffer from shortages. But it must be stressed that the problem is localized and that remedial action is being taken.

● (1650)

In Quebec, we have had a few problems, it cannot be denied. My colleagues are no doubt aware of the farm zoning act; in any event, the only Quebec opposition member has certainly

heard about it and will no doubt have to speak to it in a coming election campaign. That act gave rise to certain problems with respect to housing, that is, land speculation, and has slowed down development in the outlying areas of Montreal. However, I must add that in Quebec we have not experienced the same serious and extensive land speculation problems as other provinces. I think my colleagues would be dishonest if they were to blame the federal government for such speculation. They should ask the provincial rather than the federal authorities to control such speculation.

The hon. member for Vancouver East (Mrs. Mitchell) or the hon. member for Simcoe North would be well advised, I think, Mr. Speaker, to discuss with provincial representatives the increased costs and the shameless land speculation. The greater part of the cost of these houses or housing units consists of land costs. How can a country as vast as Canada suffer from a lack of land, Mr. Speaker? The only answer is speculation.

It is understandable that Switzerland, because of its size, should experience such a situation, but as representatives of the federal government, we find it astonishing that Canada, the second largest country in the world, should be short of land. And I do not think that the answer to the speculation problem is a housing policy. Our friends opposite, the Progressive Conservatives who are also quite chummy with the private sector might be well advised perhaps to have some private talks with their colleagues especially on the matter of those reasonable profits about which my honourable colleague from Vancouver East could tell them a lot because if her property went up from $9,000 to $150,000, I am wondering if in all honesty any true New Democrat could sell his house at such an exorbitant price and make such unreasonable profits. Therefore I wonder why in those provinces with a New Democratic representation no action is taken to put an end to such activities on the part of speculators, on the part of a sector of private enterprise that sometimes takes advantage of the consumers. I do not think, Mr. Speaker, that public funds contributed to by all taxpayers across Canada should be used to quench the greed of these speculators.

On the other end, Mr. Speaker, coming back to the subject of housing and the allegations contained in the resolution of my colleague from Simcoe I must say that at the present time, the policy of this government just as before, is geared to helping people become owners of a reasonably-priced good quality home.

However, I do not believe that a reasonable policy should promote access to housing at any price, at the expense of other taxpayers and underprivileged Canadians. Mr. Speaker, we must recognize the fact that some people are less privileged than others as far as housing is concerned. As I pointed out in this House in November, 1979, there are really three groups in our society with special housing problems. These include, first of all, the Indians or the native people of Canada who have benefited from special programs. I should add that, in my opinion, the minister is well aware of this situation and in co-operation with his colleague the Minister of Employment and Immigration (Mr. Axworthy), he developed specific programs and policies on behalf of these people as soon as the Liberal party regained power. There are two more groups which are just as badly off in my opinion, namely, low-income women with dependants and senior citizens, who both have housing problems. I believe that this government is aware of their plight.

I know that considerable efforts have been made by most Canadians to help these groups. More work will have to be done, but I believe that this can come about only with the co-operation of the provincial governments. These are social measures. Therefore, if we want to stay within the spirit of federalism, I think all action in this area should be taken with the co-operation of the provinces.

In this regard, Mr. Speaker, I am pleased to report that the Mercier constituency has had a very successful experience with co-operative housing. This has allowed and will continue to allow low wage earners to purchase property at reasonable prices and to become home owners, in multiple housing projects, it must be admitted, but they can still live in their own homes even though they do not have the high incomes mentioned by my colleague.

Mr. Speaker, I would like to come back now to the question of housing needs in Canada. Should we go on building to meet the needs of industry or of the people? As hon. members are certainly aware, there has been a decrease in the birth rate, our population is getting smaller and our way of life has changed. In this regard, we have on the one hand greater mobility and on the other hand, smaller families than ten or 20 years ago, and as a result of a declining birth rate, an aging population.

Therefore I believe, Mr. Speaker, that a wise housing policy should reflect these demographic phenomena and meet a new demand, and I think that the minister is very conscious of these facts. There is no doubt in my mind that as a former mayor he will be able to meet the demand by promoting the necessary programs. On the other hand, I am somewhat surprised that my colleague from Simcoe North should mention a sudden shortage and call this debate on housing policy, even though I welcome this opportunity to provide information to the Canadian public. I would like to point out to the hon. member that, in 1978, we had just about the same shortages, the same increase, and that over the last ten years, nine of the 20 surveys which the Canada Housing and Mortgage Corporation conducts twice a year, or about 50 per cent of them, have shown the same results. The situation is therefore not unusual. It is certainly not alarming, and I would like people to know that, although we are now debating this issue quite calmly and with great interest, there is no reason to sound the alarm for the future because, considering the problems now facing the

world economy, we cannot truthfully say the problem of housing in Canada is crucial. In fact, for the sake of my colleague from Vancouver East I would like to mention that we have received encouraging figures showing that there has been a recovery in areas formerly plagued with real shortages. This means that in cities such as Vancouver, between January and December the building activity increased 40 per cent. In Victoria the increase was 200 per cent. And somewhere else where the demand is greater it was up 133 per cent. According to my colleague from Simcoe North, a greater demand is supposed to put pressure on prices, push up prices of housing units and put them out of reach of the people. It would seem that Canadians can afford to buy those houses, since in areas where few housing units are available a high level of building activity is recorded. Just the same, for the benefit of my colleague from Toronto, I would like to point out a few facts from an organization which he knows quite well, I think, since there are two members from Toronto. I refer to the Housing and Urban Development Association of Canada. I am repeating myself somewhat, Mr. Speaker, since those facts confirm our apprehensions.

● (1700)

[*English*]

Demographics, family formation . . . is predicted by all forecasters to bring about a widespread reduction in total demand for housing by the middle of the next decade—

And later:

—it's inevitable that by the mid-1980's, demand for housing will be less over all. In short, the peak has passed.

[*Translation*]

We are not the only ones to be aware of the situation which is due to a falling birth-rate, to a decrease in family sizes, new marriages and new people coming into the market to purchase new houses and I think that the department, in its wisdom, meets the demand. I did not hear my colleague suggest solutions which without increasing the deficit would not cost anything to the taxpayers. The only imaginative solution found by our colleagues, which will surely bring back to them some bitter memories, was the 18-cent tax on gas which I think was not very well received by the Canadian people. The $2 billion or $3 billion intended for the friends of the Progressive Conservative Party went up in smoke in December, 1979, and I think that their housing program did not meet the needs of Canadians who, of course, proved this assumption to be right.

Mr. Speaker, coming back to my colleague from Vancouver East who pointed out a while ago how many underprivileged groups should be provided with adequate housing and so on, I think that the government in its wisdom each year earmarks some funds, and the minister was quite explicit about it a while ago, to increase the number of low-cost housing units. The burden should, just the same, be acceptable to Canadians. We would like to provide all Canadians with first-rate housing but we will not be really in a position to do so before a few years. In the meantime, I ask her to consider the cost of her proposals.

It seems that NDP members have a lot of imagination when it comes to new policies, but they have much less when they have to put a price tag on these policies. Therefore, I suggest to them to consider, as an alternative, the solutions offered by our Créditiste colleagues who had a rather peculiar approach concerning the acquisition of funds. I do not see any other alternative, because for the time being I think our economy can in most cases meet the needs of Canadians but cannot surely provide a higher standard of living than any other country of the world. I think that our colleagues are just popularity seeking when they refer to some aid to Third World countries where people have nothing to eat and no roof over their heads. And I think that a responsible government should not incense Third World countries by spending moneys that might be deemed unreasonable in relation to the whole budget.

In my view, the Minister of Finance has proposed, with the support of the minister in charge of housing, very sound housing measures in his budget. And were I to believe that some people even outside my constituency—because I feel I can speak for the Canadian people—were experiencing a particular problem, I would be the first to rise and ask that such deficiencies be corrected. I do not think we have had that kind of shortage over these last ten years. Housing costs have increased less than the inflation rate, the existing housing supplies and the shortage are almost the same as they were ten years ago. In other words the shortage fluctuated. We have always responded to these shortages, which means that they will be made up.

In conclusion, I hope that land will become available in provinces other than Quebec at more reasonable prices. I feel that we should urge our colleagues from those provinces to look into these matters along with their provincial counterparts. I for one am ready to discuss this with them.

I thank the minister for his excellent policies and for the opportunity he has given me to exchange views with my colleagues on an issue of national significance.

[*English*]

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I rise to join in the debate today and to congratulate my colleague, the hon. member for Simcoe North (Mr. Lewis). We are debating an opposition motion which reads as follows:

That this House condemns the government for its incompetent housing policies, which have led directly to soaring housing costs, plummeting housing starts, and critically low vacancy rates.

Before I get into the meat of my remarks, I should like to touch upon a couple of items raised first of all by the minister and secondly by the hon. member for Mercier (Mrs. Hervieux-Payette). I know that the hon. member for Mercier will be pleased to learn that there is at least one constituent from Mercier watching her this afternoon. The housing starts in the riding of Mercier that she and this government were taking credit for were in fact instigated by l'Union Nationale govern-

ment in the province of Quebec which subsidized the first $7,000 of the mortgages. One of the hon. member's constituents called in about this very quickly in order to set the record straight.

I should like to thank the minister responsible for CMHC for the history lesson, much of which was contained in the organization's annual report of 1979. I know that David Mansur, the first president of CMHC, will be extremely proud of the minister and that history lesson that he gave.

I know that the housing critic for this party will echo my remarks when I say that we are pleased that a conference has been set for March. The agenda is wide-ranging and the conference is well planned. We on this side of the House hope it is successful and that the people of Canada can look forward to some very real results. I cannot support the view of the member of the NDP who suggested that the conference should be called immediately. This conference has been arranged and is ready to go, and I wish it all the best.

• (1710)

The right to own decent affordable housing has been a generally accepted principle in this country for a long time. That is until now. No one can argue that shelter is an absolute necessity. However, we are now faced with a housing problem. It could be far worse than the problems faced after World War II when CMHC was established in 1945. We are faced with policies of a government which cannot tell us that it really supports the fundamental right or freedom of every Canadian to acquire a home, to own property, a right which most Canadians have taken for granted.

At this time in our history when we are all concerned with the changes being recommended by the Liberal government, fundamental changes to our nation, the right to private ownership of property is being eroded by a government that will not give us the guarantee of private ownership in writing, but whose floating bank rate policy has skyrocketed interest rates to unprecedented heights making the purchase of a simple home virtually impossible for most young Canadians.

It was once considered government policy to encourage and stimulate housing production. I believe that was the initial mandate given to CMHC. It was once policy that CMHC should concern itself with social housing needs. To some extent, I admit that progress has been made. Over the Christmas break I spent a delightful morning at one of the senior citizens' residents put up by the Ontario Housing Corporation and financed by CMHC. Those people are well housed and enjoy their residence. I had a high regard for the role which CMHC has played in the housing field, until recently. However, in its role as an agency of federal social policy on shelter, it has failed miserably. Whether this failure is due to the added burden placed on it or whether the government just cannot decide whether the corporation should be a financial institution, a social agency or a real estate brokerage firm, I am not sure. The minister responsible for housing has repeatedly said that it is not a function of government to build houses or apartment buildings. Is it the function of the government to depress the construction and real estate industries?

CMHC is quickly becoming very large in the real estate business. As of June, 1980, by the minister's figures, CMHC had on hand more than 36,000 housing units across the country. Roughly 16,000 units were acquired just last year. If the June figures are any indication, I am sure it has probably picked up another 10,000 units by now. It makes CMHC a very large property owner, property it just cannot afford to carry or own. CMHC lost about a half a billion dollars in 1979. We do not know yet what it lost in 1980. But the lack of national housing plans just allows this condition to worsen.

Just for a moment, let us go back to the problem of affordability. Owning a home was once the dream of most Canadians. I believe it still is. Public opinion polls show that 90 per cent of young Canadians want to own their own homes, but that dream is becoming a nightmare.

For example, can a family with an average income of $22,000—obviously one with both husband and wife working—afford to buy a home at an average cost in metropolitan Toronto of $98,000—with which the minister is familiar—carrying a first-mortgage interest rate of at least 15.25 per cent? That was the lowest rate I could find today, and that is just gambling on a one-year term.

The hon. Minister of Employment and Immigration (Mr. Axworthy) in his role of housing critic just a short time ago felt that 14 per cent interest rates were high and that 30 per cent of income allotted for shelter cost was too high. How does the minister feel about 15.5 per cent and 16 per cent interest rates, and roughly 40 per cent to 50 per cent of income being spent on the most basic housing? Where is the minister now? Why is he not speaking out in favour of the young people who cannot afford a home?

There is another fellow who sits over there in the front row. I am speaking of the Minister of Industry, Trade and Commerce (Mr. Gray). He was the finance critic when he sat in opposition. I sat with him on the Commons finance committee. I was there on October 30 when he made his profound statement. At the time he was talking about a 14 per cent prime interest rate. He said:

> —it will mean the loss of thousands of jobs, increases in the cost of living, it will bring the housing industry to a halt, it will put housing beyond the reach of most middle and lower-income Canadians, it will hurt small business and it will hurt farmers, and add to the cost of food.

Where is the Minister of Industry, Trade and Commerce now?

An hon. Member: He was going to resign.

Mr. McDermid: That is right. We watched that infamous program where he said "if interest rates go up, I will resign". He is still sitting there, and I hope the people in Windsor remember that.

An NHA mortgage in 1975 averaged 10.4 per cent. If that mortgage were renegotiated today, the home owner would be looking at roughly increased mortgage payments of approximately 25 per cent. The financial shock which these increases cause on the family turns their dreams into hideous nightmares. For example, a $50,000 mortgage at 10.4 per cent

amortized over 20 years costs $483.77 per month in interest and principal. Today at 15.25 per cent, that same mortgage with the same term costs $650.54. That is a $167 increase, and this government says, "They are earning more money now. They can afford to pay". Except the government does not figure on people having families, and that is an added cost. The cost of fuel has risen along with all other costs. It just does not add up. It costs almost $200 more a month for the same mortgage.

We all know about AHOP. I have discussed this topic many times in the House, as has my colleague, the hon. member for Simcoe North who was the official opposition's critic for housing, and a number of other members in the House. It is not "a-hope". It is AHOP. The minister hopes it will disappear; I know that, but it will not. You have got it, and you will have to face it. The minister has come up with a little scheme of helping cases of hardship. Up to December, in the Toronto area, only 55 applications had been made. Each individual has to bow down to the local CMHC manager and say, "Please, sir, may I have a little grant from you?" That is very demeaning. The minister has been very careful in saying that he will handle each case on an individual basis. That is just like giving band-aids. He is not looking at the problem at all. He is not really caring about those people who are having one very tough time. We hear words such as, "Come and see me, and I will give you a little money. I will see what I have here and I will see if I can help you out on an individual basis." I have been hammering away at this with the minister for a very long time. The inaction has been very obvious.

The AHOP program looked extremely good on paper when it was brought in. But something this government continues to do with programs it brings in is to forget the human element. A program looks great on paper. It appears super when the scribes up over the Speaker's throne write about it. The press release looks fantastic. However, the government forgets the human element. It does not look at people. It takes them out of everything.

● (1720)

Earlier the minister said that they are looking at the problem, or that they are monitoring the situation. CMHC is now selling vacant units in the region of Peel, which I partially represent, for $5,000 to $8,000 less than the original home owners paid for them a few years ago. This is a vibrant real estate market in a metropolitan area. It is a suburban area where costs have gone up for those units, yet they are being sold at $8,000 less than was originally paid for them.

Mr. Siddon: Who is paying the difference?

Mr. McDermid: We know who is paying the difference. That is why they are walking away. The minister knows that. He cannot fool the people any more. There are all kinds of vacancies there. It is easier to walk away than renegotiate a loan or go on your knees to CMHC asking for a little more to help you out. Walking away is easier and much cheaper than foreclosure.

I hope the minister will come out of the housing conference with a true national housing policy, one the urban centres can latch on to. One problem is that metropolitan housing authorities cannot count on the government. They do not know if next year they will get any money. Social housing has been provided through their housing departments, but they do not know whether they will get any aid. It is at the whim of the minister. We have seen evidence of this time and time again.

Low and moderate income housing is desperately needed in this country. It has been provided in metropolitan areas up until now, but they cannot plan any longer. There is no housing planning, no program whereby they can say, "This is what we are going to do one, two, three years down the road." Until something like that is in place, we will continue with the housing mess than we now find in Canada. I urge the minister to come out of that conference with a national housing plan which makes sense.

New housing starts are down. I do not have to repeat the figure. The minister knows that in 1980 they were down to 160,000 from almost 200,000 in 1979. The estimated requirement was 260,000. There has been a tremendous shortfall. With housing starts running lower than required, the cost of housing is increasing. Property taxes are increasing. Double digit inflation and energy costs are affecting family incomes. It is time for the government to take a long hard look at how it can help these home owners.

I listened earlier to criticism of the mortgage interest and property tax credit program. I heard it said that that would not help the renters. Renters are already being helped. The landlord who owns a building can write off the interest on his mortgage now as a business expense. He can write off the property tax as a business expense. Therefore, renters are now getting that benefit, and have been getting it for a number of years. They receive a reduced rent in that way. We say let's help the young people get into housing now.

The minister says this is a program for the wealthy. That is utter nonsense. Wealthy people do not have mortgages on their homes. They have paid them off. Believe me, it is the desire of every person to pay off his mortgage. If a wealthy person does have a home mortgage, you can bet your boots his money has gone into investments and the interest can be written off as a business expense. Therefore, the rich are now being helped, so don't hand the Canadian public that baloney. They will not buy it.

I want the minister to come to the riding of Brampton-Georgetown and tell that to the young people who want to buy homes. The program introduced by the Progressive Conservatives which the NDP and the Liberals defeated, shot right down, would have reduced interest rates by 3 per cent. That would have allowed another group of young people to qualify for mortgages.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired.

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, it is a pleasure to participate in this debate this afternoon. Maybe because I

have a reputation of not always saying good things about the government, there will be some credibility to the remarks I am going to make. I personally am very proud, and I say this very sincerely, of the efforts of this and previous governments in the past 12 years in the housing field in this country.

I, as a builder and contractor, could sing the blues about the state of the construction industry today. But that does not get away from the fact that housing starts last year, 1980, and let's put this into perspective, dropped 18 per cent. The figures for December have just been released. There was an 18 per cent drop in a year when everybody acknowledges interest rates were high. Therefore, there was a deterrent to people finding mortgages for new housing. However, using the figure quoted by the previous speaker of 160,000 starts, if we compare that to our neighbour, the United States, I say thank God we are in Canada and thank God we have the policies we do in this country. Frankly, one of the reasons there may have been some reduction in housing construction in the last little while is because there was such a surge in housing construction in previous years.

There has been reference to AHOP, a program which I say very seriously I support 100 per cent. I support that program because it has provided housing for a very large number of persons who would not have been able to afford it without the support of that program. If, as a result, there has been a relatively small percentage of persons who have not been able to continue in their housing accommodation, and let's be blunt, at least for the period of time they lived in those houses they had housing they could afford. It was good housing. If they have had to walk away because their salaries have not increased as anticipated, it is one of the facts of life that we do not always get everything we want. At least we have assisted 19 persons for every one person who has had to walk away from his housing.

● (1730)

I want to come back in a minute to the cost of AHOP but, talking about availability of housing, I wish to put a few things on the record. I wonder if the opposition realizes that five miles from here one can buy a new three-bedroom house for $22,000. I am putting these figures on the record intentionally. Some will say, "But who wants to live five miles from here?" I am telling hon. members that some 30 years ago when I built my house, I had to build it some 25 miles outside Montreal because that was the only place I could find a piece of ground which was cheap enough in those days. I suggest that one of the problems today when people are looking at housing costs is that everyone expects to live in downtown Ottawa. Under those circumstances I say they should be prepared to pay the price. However, houses are there at reasonable prices if people want them.

While talking about new houses let me mention, for example, that on the south shore of Montreal one can buy a brand new pre-fab three bedroom house, equipped with a refrigerator and stove, for $34,000, with a 5 per cent down payment. What more could anyone want today? If one cannot buy the same house in Edmonton, then I say, "Too bad". I know what is going on there. We know why prices are high, but another reason prices are so high in Alberta is that there has been a surge in building which has created a shortage of building tradesmen. As a result we have to bring into this country various construction tradesmen to work in the province of Alberta. One of the problems we have is that our construction worker is not necessarily mobile. Do I not know it? I live just outside Montreal, and I have waited precisely nine months for an electrician to do work in my house. I suggest that all is not that bad in the construction industry when one has to wait that period of time to get construction help.

I also want to mention that for those who perhaps cannot afford $22,000 or $34,000 for new housing, not very many miles from where I am standing right now, one can also buy partly finished houses. The exteriors are complete, but there is interior finishing to do. The cost of these houses is $14,000 to $18,000. I remember also some 30 years ago that when we wanted to build houses most of us had to take shells and finish the interiors ourselves. Some probably even had to build kitchen cupboards themselves. I suggest that people today are not prepared to build their own kitchen cupboards. In fact most expect everything to be finished, including the painting, the tiling, and even the carpeting on the floor. It is a question of what we want. Part of the reason prices have increased substantially is that people have demanded more in their housing.

I wanted to discuss the cost of AHOP a little bit, but before I get into that I wish to talk about mortgage insurance. Mortgage loan insurance was introduced in 1954 when the National Housing Act was amended to allow the chartered banks to enter the residential mortgage lending field. The banks had previously been excluded from direct mortgage lending under the terms of the Bank Act. By protecting the lender against the risk of loss, NHA mortgage insurance encourages approved lenders to invest in mortgages. Mortgage insurance fees paid by borrowers to CMHC are accumulated in a mortgage insurance reserve fund.

I want to talk about that fund in a minute.

Mr. Blenkarn: A bankrupt fund.

Mr. Herbert: I will repeat the comment of the hon. member opposite. He said, "A bankrupt fund". I want to refer specifically to that point. Lenders may claim against the fund in the event a borrower defaults on his payments and foreclosure results. The mortgage insurance fee is usually 1 per cent of the amount of the loan, and is included in the loan amount. Various ministers responsible for CMHC over the years will be able to substantiate that, over the years, I have suggested that the 1 per cent fee was too high and that it should be reduced to one-half of 1 per cent. The reason I did that was that there was relatively no risk, and a huge fund exceeding $600 million accumulated from the insurance premiums which were being paid on mortgages.

As late as the fall of last year, in writing to the minister responsible for CMHC, who spoke earlier this afternoon, I

said that I would vigorously oppose the imposition of any additional charge for regular mortgage insurance fees which should not be regarded as a source of funds to ease a liquidity problem caused by government policy.

The point is—and I go back now to AHOP—AHOP was a social program which was brought in, and the insurance fee was 1 per cent as in the case of regular housing. There has been acknowledged a far greater percentage of walk-aways under AHOP than in relation to regular mortgages. I have stated—and I mean this very sincerely—that this is a social cost, and it must be recognized as such. As a result I have opposed the increase of the insurance fee even on AHOP housing because I believe that, if it is a social program, then the 90 per cent or 95 per cent of those who successfully have used AHOP should not be paying an additional fee to cover those who, unfortunately, do not receive the increases in income which enable them to retain their houses.

The extent of the AHOP problem was certainly aggravated by economic difficulties, regional situations, and at least to some extent by related government policies. We know that this has certainly been the case in southern Ontario, and it certainly has been in Quebec where the provincial political situation has exerted an appreciable influence on the success of the program.

I would like to read an extract from a letter which the minister was kind enough to send me about two months ago, regarding the mortgage insurance fees charged by CMHC. The extract reads as follows:

—it would be inequitable for CMHC to raise its mortgage insurance premiums to recover the losses incurred in insuring loans under the Assisted Home Ownership Program and the Assisted Rental Program. As you point out in your letter, these were social programs and accordingly, their social cost should not be borne by those seeking National Housing Act mortgage insurance, but by the government. Unfortunately, as you know, no provision was made for this at the time these programs were introduced, with the result that the Mortgage Insurance Fund has already borne this risk and is now bearing the cost.

As far as normal insured loans are concerned, it is my view that the insurance premiums charged should reflect risk and the MIF should be operated on a self-financing risk-pooling basis. I do not believe that there is justification for taxpayers at large to subsidize the cost of mortgage insurance. It was in this context that the current study on the NHA insurance fee structure was initiated.

The gentleman across the way spoke about the huge losses to CMHC resulting from the acquisitions of these properties, but even—and the hon. member should read the newspapers occasionally—the newspaper columnists, who sometimes have a tendency to exaggerate, have talked about the cost last year as being in the order of $100 million. The figure may or may not be correct. I will not be the one to say that $100 million is not a very large sum of money, but I will put it in context. Fortunately as a result of policy—and it was not originally intended to be that way—we had a fund of some $600 million which was able to be used for the very purpose of helping a good social program to acquire these properties and at the present time to return these properties in an orderly fashion to the market.

While I am on the subject—and I cannot resist poking a finger at the opposition for its inconsistency—they may recall about two years ago when Canada Mortgage and Housing Corporation was attempting to dispose of some of its portfolio on housing that there was one very large housing project in Montreal which was put up for tender. It made good sense to any one who looked at the figures that CMHC should sell that property at a loss. What was the reaction of the Tory party at that time? The spokesman for the Tory party stood up in this House and objected strongly to the fact that CMHC was trying to reduce its portfolio. The reason was simply that the spokesman for the official opposition was afraid that the rents of the persons occupying those apartments would increase when that building belonged in the private sector instead of being in the portfolio of CMHC.

I call that plain hypocrisy. As a result the taxpayer—after all, this is CMHC absorbing this loss, and CMHC belongs to the taxpayer—had to absorb unnecessary costs because of the resistance put up at that time to the disposal of the portfolio when prices were reasonably good. I suggest that if CMHC had not met resistance in those days to selling off some of its housing, it would have been in an even better position than it is in today because, after all, its problem today is not loss, its problem is liquidity, and there must be a very clear distinction between these two figures. For the opposition to talk about a half billion dollar loss is absolutely garbage, and I have no other term for it.

● (1740)

I do want to put on the record, when talking about mortgage interest, a few statistics which might be of interest, and I address these remarks particularly to members of the NDP so they can think about what direction precisely they want to suggest the government take. I wish to read one paragraph from a letter to me from CMHC. These are figures provided by CMHC in January of 1981. It reads:

The total cost of a 1 per cent, one year subsidy for all new mortgages in 1981 for new housing with loans of up to $50,000 per unit is estimated to be $75 million. The total cost of a 1 per cent subsidy to home owners for first time renewal of mortgages on housing in 1981 is estimated at $100 million. If a 1 per cent subsidy were provided to all home owners renewing in 1981, the total cost is estimated to be $125 million.

Armed with those figures we should make up our minds on whether we feel that that is a direction in which we want to move. I realize the hardships experienced at present because of mortgage rates running at 15 per cent, but also today it is possible to get a one-year mortgage. In fact the one or two year mortgages are at lower rates than the five-year mortgages, and I feel it is not particularly risky to be taking a one-year mortgage at this time, even at the higher rate, in anticipation of reduced interest rates one year from now.

When I built my house I did not have any choice because I could not get a one-year mortgage. I had to get a five year mortgage. So I was stuck for five years, whether I liked it or not. A person taking a mortgage today has the option of taking a one-year or two-year mortgage. I found it most interesting that the interest rate on a one-year or two-year mortgage is half of 1 per cent or even 1 per cent less than the interest rate on a five-year mortgage.

I want to discuss some of the efforts made by CMHC in trying to help the construction industry, and I will refer specifically to renovation work because, after all, as a builder, if I cannot get orders for new housing, I have to find something to do, and one of the things I can do is to look around for alternative construction work, and surely renovation is one of the things I can do.

The main support of the federal government to residential renovation is through the Residential Rehabilitation Assistance Program, or RRAP. Here I want to insert a remark concerning what was said by the hon. member for Vancouver East (Mrs. Mitchell). There has been no reduction whatsoever in the allocation of funds for RRAP. It is completely untrue to make that suggestion. As a result, I suggest that a little more publicity would not do any more harm.

I will read from a letter from the minister responsible for CMHC as follows:

Under that program, CMHC may lend home owners in designated areas up to $10,000 for improvements. Of this amount, a maximum of $3,750 may be forgiven. For rental properties, landlords may obtain loans from private lenders for rehabilitation work, and are eligible for CMHC forgivable loans for up to 50 per cent of the cost of repairs to a maximum of $2,500 per unit. In the current year, some $250 million has been allocated for RRAP.

Then the construction industry must make sure that those funds are used. Home improvement loans made by bankers or approved instalment credit agencies may be guaranteed by the home improvement loan insurance fund established for that purpose by CMHC. The maximum loan amount is $10,000 and the insurance fee is 1 per cent of the principal borrowed, in other words, the same percentage fee as applies on regular mortgages.

There are many other areas in which CMHC has provided invaluable assistance, not only to the construction industry but to the home owner. I want to speak for a moment about a favourite program—

[*Translation*]

—the Residential Rehabilitation Assistance Program, or RRAP. This assistance is intended for individuals, either owner-occupiers or lessors, rather than for large organizations or other levels of government. That is why the program does not lend itself to public advertising in the same way as the inauguration of a new apartment complex financed by the federal government.

The program is intended to provide financial assistance for home improvements to individuals or families of average income in designated rural areas. Assistance is provided in the form of loans of up to $10,000, of which a maximum of $3,500 may be forgiven, according to the applicant's income. In the province of Quebec, the program is administered by municipalities which are compensated for the administration costs incurred. This program has been a big success particularly in my riding where farmers have made good use of it. I commend the minister for it.

[*English*]

I should also like to make reference to CHIP because, after all, that program is also a construction program and it has been extremely successful. I received from the minister a month ago the notification that some three-quarters of a million cheques have been issued under this program. The assistance amounts to over a quarter of a billion dollars. I suggest once again that, for those of us who were in the construction industry, these are the means by which we try to get over the immediate problem of the drop in new housing construction. Since I am back to speaking about new housing construction, I should like to put on the record some rather interesting points concerning the number of houses that have been built in 1980.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but the time allotted to him has expired.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, before I commence my remarks I should like to say that I am usually happy to hear from the hon. member for Vaudreuil (Mr. Herbert). I know he was heavily involved in the construction industry. He has been out of the construction industry for some time and presumably he has been away from his own constituency for a long time, and that is too bad.

If he had talked to some of the young people who were conned into buying AHOP properties by the advertising put out by the corporation which gave them a hope and a dream that housing would go up in value and that their investment in real estate would rise in value, that it would give them a place to stand and it would give them security so that they could hold their heads high in the community, if he talked to them repossessions than I would dare to count, I wonder if the to leave them because they could not finance them because the corporation had polluted the marketplace so that the homes they bought could not be sold because there were so many new homes around because builders had received guarantee insurance on mortgages from CMHC to the extent that in some areas, particularly in the region of Peel, there are more repossessions than I would dare to count, I wonder if the would continue saying this was a great program. I wonder if he would say that it was great for these people to have homes for a short while. It is too bad we let them have their homes and their dreams for a short while and we allowed those dreams to be crushed.

The hon. member says that AHOP is a social policy. Is it the social policy of CMHC to con people into putting $2,000, $3,000 or $4,000 investment down on a property and to have that investment washed away by marketing schemes allowing builders to over build in an area and thus to destroy the real estate market in that area? Is that social policy? Is that Liberal social policy? That is exactly the problem.

● (1750)

On Saturday a man by the name of Mr. Defrates came into my office. He purchased a condominium unit in the Streets-

ville area of Mississauga. It was a single family house condominium. There are 35 units in that condominium which were originally financed by National Trust. He paid $77,900 for his unit. He put $10,000 down and financed $67,900 on paper at 9.5 per cent. There was so much overbuilding in the area that the project— and I have seen it; it is a lovely project—just did not sell. As a matter of fact, of the 35 units developed, only seven were sold. Somewhere along the line the mortgage company rented another five units but the rest remained vacant, and the keys were turned over to CMHC in May, 1980.

CMHC took possession and completed the units. They were painted and decorated, the grass was cut, and they were left vacant. The units have since been appraised at $55,000, not the original $77,900. But even at that price the corporation will not put them on the market. The corporation will not even rent them. The corporation has left those houses vacant. They are being heated over this cold winter. The corporation shovels the snow over this cold winter. It uses the money of the people of Canada over this cold winter. The corporation has no program for the proper disposal of these properties on the real estate market it destroyed by handing out mortgage insurance for various developments which took place.

We can say that people make mistakes, that businesses make mistakes, and that corporations make mistakes. Surely CMHC can be excused for its mistakes, but in March, 1977, in the region of Peel, James Crozier, the director of social services, filed with CMHC a complete dossier and brief on the AHOP problem, the condominium problem and development problems which the corporation created in that region. One would have thought that with a local social service agency setting out clearly the problems which were occurring at that time, that CMHC would have ceased giving undertakings to insure. But, no, the game was ongoing. There was AHOP and the graduated payment plan mortgage scheme; various great schemes developed. We all know how many capital letters these fellows opposite combined in the management of this corporation. I have mentioned AHOP and GMPP or whatever it is, but there is NIP, RRAP, and others. All of these schemes were put together to do something, but certainly in the region of Peel they were criticized. The problem was pointed out in March, 1977, yet the corporation went ahead and continued to finance more and more building, and more and more families wound up getting sucked in and repossessions took place.

I live in the southern part of Mississauga on the lake. Just outside the old town of Port Credit there is a development called Balsam Woods which was started back in 1974. It is a townhouse condominium complex. They never could sell Balsam Woods. They sold the homes, nice modest condominium homes, but people walked away from them. So, they sold them again. Last year I was involved with my church in placing a Vietnamese family coming to Canada. CMHC gave me the opportunity to rent one of those units for that family. The manager of CMHC gave me the keys of four units. He said, "Don, take your pick". I visited the complex and I walked among beautiful homes which were lying vacant. Some of them have been rented, some of them have been sold, but the project never got off the ground. The project had insurance undertakings in 1974 and 1975, but it did not get off the ground. Yet, in 1977 and 1978 the corporation continued to give insurance undertakings. The problem is compounded by the high interest rate policy of the government.

Yesterday in the House the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) confirmed that high interest rate policy when he confirmed his policy of directing the Bank of Canada to use its treasury marketing system to keep the rate of interest high. So, the interest rates are 15 or 15.5 per cent, and there is no government policy to reduce them for home owners. They thought that our suggestion in the last Parliament of an interest tax credit would help the rich. It was designed—and everyone involved in housing knows it—to help young couples pay the interest costs. With interest rates at 15 per cent today, it would have meant 3.5 per cent off the cost of carrying a home. That was a help, but is there anything similar from this government?

The budget of CMHC is in excess of $1.1 billion. Certainly it would carry a great deal of the cost of helping young people with the interest on their mortgages. In many parts of Canada they do not need the Government of Canada in the housing business any longer. For example, the government of British Columbia has surpluses. It can finance housing in Vancouver. I know there is a problem in Vancouver, but British Columbia can do it.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, it is my duty to inform the House that, pursuant to Standing Order 58(11), proceedings on the motion have expired.

This House stands adjourned until tomorrow at two o'clock pursuant to Standing Order 2(1).

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, January 15, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

SMALL BUSINESS

CALL FOR EXTENSION OF EXPIRY DATE OF DEVELOPMENT BOND—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the government has only recently introduced the small business development bond legislation, which now has an amended termination date of April 1, 1981, and there is very little time left for the vitally important small business sector in Canada to take advantage of any benefit under the bonds, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House urge the government to extend the expiry date of the small business development bond to December 31, 1981.

Madam Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HEALTH CARE

TROPICAL AND EXOTIC DISEASES—MOTION UNDER S.O. 43

Mr. Bruce Halliday (Oxford): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Recent reports indicate a serious threat to the health of Canadians, as evidenced by the marked increase among Canadians of tropical and other exotic diseases such as the tenfold increase in malaria during the past five years. Therefore I move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That the House encourage the Minister of National Health and Welfare to direct special attention to the problem of tropical and exotic diseases in Canada, including the concept of an institute of tropical medicine.

Madam Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN AFFAIRS

ASSISTANCE TO NORTHERN RESIDENTS TO MEET INCREASED COSTS—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. If anyone doubts that we are in an economic crisis, they should look north where inflation is rampant. As of January 5, 1981, in Gjoa Haven, Northwest Territories, eggs cost $4.30 a dozen, bread cost $2.65 a loaf and two kilograms of powdered milk cost $8.50. Considering that the Prime Minister (Mr. Trudeau) is perhaps more sympathetic to problems of isolation since his experience in Lech, letching for avocados, I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That this government take immediate steps to ensure that northerners are able to obtain nutritionally valuable food at Canadian prices.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MUNICIPAL AFFAIRS

COMMUNITY SERVICES CONTRIBUTION PROGRAM—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the serious financial burdens which municipalities in the maritime provinces are experiencing as a result of an unusually severe winter, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That this House instruct the minister responsible for housing to re-establish the community services contribution program or implement a new program to assist citizens in the region to cope with this crippling situation.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

BILINGUALISM

OPPOSITION OF GOVERNMENT OF ONTARIO—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, I should like to move a motion under the provisions of Standing Order 43.

In view of the shattering and insulting statement made by the Ontario deputy attorney-general, H. Allan Leal, to the effect that there is not a single Francophone lawyer capable of handling a civil case in French; in view of the fact that, in Toronto yesterday, the Ontario minister of intergovernmental affairs, Mr. Thomas Wells, also put forward the same stupid and absurd argument to explain his objection to the province of Ontario also being bound by section 133 of the constitution just as Manitoba, and Quebec are, and New Brunswick will soon be; in view of the statement made by the president of the association des juristes de langue française de l'Ontario, lawyer Robert Paris, and I quote:

—It's pretty insulting to be told that one is useless and incompetent overnight—

In view of the fact that hundreds of competent Francophone lawyers are being refused by the province the tools that are essential to their work in French—

Mr. Nielsen: Enough!

Mr. Gauthier: —and this, for lack of an appropriate act, I move, seconded by the hon. member for Argenteuil (Mr. Gourd):

That this House regrets and deplores the fact that the Ontario government should invoke such irrational arguments in support of its opposition to institutional bilingualism in the Ontario legislature and Ontario courts, as provided for in Section 133.

Madam Speaker: That motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

[*English*]

MEDIA ADVERTISING

"TORONTO SUN"—REFERENCE TO "GIRLS FROM PARLIAMENT HILL"—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I rise on a matter of urgent and pressing necessity, which I know members on all sides of the House will support. Yesterday, January 14, on page 50 of *The Toronto Sun*, there was an advertisement for the Hotel Brampton presented by the Centrefold Model & Entertainment Agency, which says in part "Hotel Brampton Presents The Girls from Parliament Hill". Madam Speaker, this advertisement is an embarrassment to Parliament Hill. In my opinion it constitutes false advertising and it is a direct insult to the integrity of the women who work on Parliament Hill. Therefore, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Speaker of the House of Commons undertake an investigation into this matter and, if it is found that the advertising is not accurate, that appropriate action be taken by the Speaker and a public apology be given to the women who work on Parliament Hill by the Hotel Brampton and the Centrefold Model & Entertainment Agency.

Some hon. Members: Hear, hear!

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

CALL FOR MAINTENANCE OF NATIVE PROGRAMS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the Minister of Labour (Mr. Regan), who is responsible for fitness and amateur sport, recently withdrew funding from various native recreation and cultural programs without supplying any alternatives for these programs, and whereas these programs employ native people and the disruption of these programs has the potential of intensifying social problems within Canada's native communities, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That this government take immediate action to maintain existing programs and their personnel and accept native fitness and amateur sport in the same priority and on the same basis that all other Canadians enjoy.

Madam Speaker: For presentation, this motion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

CALL FOR INCREASED SUPPLY OF LIVESTOCK CARS—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina West): Madam Speaker, I have a beef about the shortage of railway cars to ship livestock, so under the provisions of Standing Order 43, it is urgent and pressing. In view of the fact that the railways are drastically reducing the supply of livestock freight cars, even though they

earn nine times as much hauling cattle as hauling grain, and since the CPR can afford $400 million to buy a can-opener company in the United States but refuses to buy cattle cars, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That the Minister of Transport stop the railways from giving farmers a bum steer and that the minister use section 262 of the Railway Act to require the railways to increase the supply of livestock cars in Canada.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

AMERICAN HOSTAGES IN IRAN—EXPRESSION OF SYMPATHY AND CONCERN—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax West): Madam Speaker, I rise under Standing Order 43 on a matter that is, and continues to be, urgent and pressing. Since most members just celebrated Christmas with family and friends, we ought to remember the plight of those citizens of the United States of America held hostage in Iran and the suffering caused by this travesty of international diplomacy. I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That this House record our sympathy and concern for the Americans held hostage in Iran and express our solemn hope that their period of imprisonment will end so those innocent victims of international discord will be returned to their homeland.

Some hon. Members: Hear, hear!

Madam Speaker: For presentation, this motion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

EFFECTS OF PROGRAM ON INDUSTRY

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the minister of energy and it deals with his national energy policy. In spite of the evidence, which is mounting daily, that the minister's energy policy is a disaster for Canada, the minister stated in the House yesterday and also last Monday that he has no intention of changing that policy. In contrast, prior to Christmas the minister and the Prime Minister said at least a dozen times in this House that they were willing to negotiate with the provinces, the industry or both.

● (1415)

Given the now documented proof that his policy is causing the departure of dozens and dozens of rigs and millions, if not billions, of dollars, the loss of jobs on a large scale and jeopardizing of the nation's security in oil, can the minister tell the House why he has taken this new, rigid position? Is it a matter of pride, or is he not aware of just what damage his policy is causing?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would remind the hon. member that on the contrary the object of the policy we have announced is to maintain the growth rate of inflation at an acceptable level and prevent it from rising to such high levels as those which now plague a great many industrialized countries. In addition our policy is aimed at preserving tens of thousands of jobs which would vanish because of unduly rapid increases in oil prices. That is substantiated again if we look at what is going on in a great many other advanced countries. Indeed the government and I have indicated quite clearly that we were prepared to negotiate in good faith with industry spokesmen and particularly with the Alberta government. I must point out to the hon. member that the government has already amended some of the budget proposals, especially as regards exploration wells, and that certain measures will be deferred until next year, in 1982. Besides, we have already made it clear that we were quite willing to meet with Alberta government representatives at the ministerial level or at the official level. The government in Edmonton has until now refused to meet at the ministerial level but again I say that we are available. I must point out that the government is firmly committed to reach the objectives we set for ourselves in the energy program but I must say that we did show flexibility in the implementation of that program.

[*English*]

Mr. Andre: Madam Speaker, obviously the minister is not aware of the damage his policy is causing. His policy is not only wrong conceptionally, but it is wrong in detail. For example, is the minister of energy aware that the Canadian ownership regulations, based on the policy stated in "The National Energy Program", result in virtually every Canadian company, perhaps even Petro-Canada, being categorized as non-Canadian? Is the minister also aware that a policy change is required to amend this ridiculous situation? Therefore, if the minister sticks to his statement that "we will continue the present policy for 1981", which statement he made on Monday

in this House, there will be no companies in a position to utilize this proposed Canadian incentive program because there will be no companies in Canada which are categorized as Canadian under the Canadian ownership regulations which his officials have put forward.

[*Translation*]

Mr. Lalonde: Madam Speaker, I suggest that what is most ridiculous is probably the very statement of the hon. member for Calgary Centre who claims that even Petro-Canada would not qualify as a Canadian company. In fact lots of Canadian companies meet the criteria set forth in the project aimed at governing the Canadianization of enterprises. I appreciate that my hon. colleague and his party are looking askance at Canadianizing business enterprises, that his party would rather go along with the multinationals. That is their privilege. But I must say that we have made public a working document which we labelled in English—the Leader of the Opposition is once again showing concern over his future, Madam Speaker.

Mr. Clark: Oh, oh!

Mr. Lalonde: The document the hon. member is holding is called a discussion paper. Having issued a discussion paper we gave industry and all interested parties until February 9 to air their views so that we and the people concerned may review the criteria to be established. We have made that document public for discussion purposes. We have set February 9 as the deadline to submit comments and we have taken that approach because indeed we were interested in hearing comments and making the necessary adjustments.

● (1420)

[*English*]

Mr. Andre: Madam Speaker, I would suggest that the minister talk to Mr. Renouf, the official involved, because he could find that a policy change is necessary in order to make this working paper work. Currently all Canadian companies are "foreign" according to the regulations based on the policies he drafted. This is another example of the incompetence of that document and its details. Is the minister aware from information received from his officials or the industry that the 8 per cent petroleum and gas revenue tax, which is non-deductible from income in Canada, is deductible for U.S. incorporated companies operating in Canada? This means that a Canadian who wants to drill in Canada is better off to incorporate a company in the United States and have that company drill in Canada rather than do it directly. Is the minister aware of that absurd situation?

[*Translation*]

Mr. Lalonde: Madam Speaker, about the first part of the hon. member's question, I remind him that the document he refers to was published under the authority of Mr. Renouf himself. Mr. Renouf having issued that document, he is the one who will gather all comments and see to it that the changes that might be necessary are made, and the final decision will rest with the government. As to the second point raised by the hon. member, he voices concern every day over the number of drilling rigs which leave Canada, so I am surprised he should now worry about those which might come up from the United States. I would say to him that thanks to the energy program and the budget which was tabled as well as the grants to be made—

[*English*]

Mr. Andre: Based on your policies.

[*Translation*]

Mr. Lalonde: —the grants to be made as a result of the budget, Canadian companies will find themselves in an extremely favourable position as compared with the multinationals for which my hon. colleague enjoys carrying the torch.

[*English*]

EFFECTS OF PROGRAM ON INDUSTRY IN SASKATCHEWAN

Hon. Bill Jarvis (Perth): Madam Speaker, has the minister no idea that a Canadian rig produces Canadian jobs, not just in the west but in Stratford, Kitchener, Toronto and the province of Quebec?

Some hon. Members: Hear, hear!

Mr. Jarvis: That is the difference. Why do we not have Canadian rigs drilling in Canada instead of encouraging U.S. rigs that do not produce one job to come to Canada?

Let me ask the minister now about Saskatchewan. Is he aware that as a result of his energy policy in Saskatchewan—

Mr. Clark: He does not care about Saskatchewan or Alberta or British Columbia or Manitoba.

Mr. Nielsen: He doesn't know where it is.

Mr. Jarvis: —that many oil wells have become uneconomical overnight? I do not mean wells that were highly profitable, but those that were at least sufficiently marginal to keep operating? As a result of the oil policy, not just a few but hundreds are in a shut-in or a potentially shut-in position. The result, Madam Speaker, is loss of jobs, loss of productivity and more dependence on foreigners. Is the minister aware of this situation and, if so, what discussions are under way or are planned with his Saskatchewan counterpart to alleviate this very tragic situation?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I should like to point out to the hon. member that in spite of his statement the media have carried out a survey of companies, particularly in Ontario, that were supposedly going to lose many, many jobs because of the so-called statements that were issued by some individuals in the oil industry. In effect, the *Toronto Star*—

Some hon. Members: Oh, oh!

Mr. Lalonde: —has not been able to find any—

Mr. Andre: Nor has *Pravda!*

Some hon. Members: Oh, oh!

Madam Speaker: Order, please.

Mr. Beatty: That is the "Trudeau Star".

Mr. Lalonde: The *Toronto Star* has not been able to find a single spokesman for any company in Ontario that has said it lost any jobs. The hon. member knows that, according to *Oilweek* magazine, on January 6 there were exactly the same number of rigs operating as a year ago, roughly at the same time. In effect, even in Alberta, according to those figures, not a single job would have been lost compared to the same period in 1980.

In regard to the second point raised by the hon. member, I would remind him that the province of Saskatchewan has the highest rate of royalty of any province in Canada. This also has an impact on the netback that goes to the industry. I have had discussions with my colleague in Saskatchewan in the past and I intend to meet my colleague in Saskatchewan some time next week as well.

Mr. Jarvis: Madam Speaker, I hope that the minister and his department will start hiring *Toronto Star* reporters, since *The Globe and Mail* reporters obviously have not helped him very much in terms of his assessment.

In addition to the National Energy Program and its impact upon the oil industry in Saskatchewan, there are two other factors which depress the industry there. One is the government's export tax which is now pricing Saskatchewan heavy crude out of the marketplace in the United States. The minister knows how delicate and fragile that market is.

● (1425)

Mr. Clark: He doesn't know.

Mr. Jarvis: Second, our purchases of Mexican heavy crude at twice the price we pay Saskatchewan are displacing that heavy oil and the markets for it. The question is simply this: what does the minister propose to do about that?

Mr. Lalonde: Madam Speaker, I am very happy the hon. member is raising this specific question. It will show him again that it is dangerous to rely on an erroneous and outdated opinion.

An. hon. Member: That is the *Toronto Star.*

Mr. Lalonde: It is dangerous to be manipulated by some foreign companies that have strong positions vis-à-vis the purchase of heavy oil from Saskatchewan. In effect, there will be no reduction in the production of heavy oil in Saskatchewan even after the announcement by the National Energy Board of an increase in the export price, because we have found other clients in the United States and the eastern refineries in Quebec are going to take more Saskatchewan heavy crude than they ever did in the past.

Mr. Kempling: Name the refinery.

* * *

DISABLED AND THE HANDICAPPED

FUNDING OF PROJECTS

Mr. Neil Young (Beaches): Madam Speaker, my question is for the Minister of National Health and Welfare. Since the Government of Canada seconded the UN resolution declaring 1981 to be the International Year of the Disabled, will the minister tell the House, and more importantly tell 700,000 disabled Canadians, why they have allocated only $1 million to projects for the handicapped this year, which represents a financial contribution of something less than $1.50 per disabled Canadian?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I take the question of the hon. member more as a representation in favour of the handicapped. We all support and share the responsibility for the handicapped including provinces, municipalities and other institutions in the country.

The government has put aside the $1 million which the hon. member has referred to for projects which communities or groups will present to the organizing committee in Canada. The provinces are also putting aside a similar budget. It is not identical because it will depend on the order of magnitude and what possibilities present themselves in each province. That does not preclude our departments of health and welfare across the country, or other departments in the various provinces, from having ongoing projects.

Very soon the federal government will announce projects for each department. We are expecting a report from the committee on which the hon. member sits; it has not been made public yet, although we expected it at the beginning of the year.

Mr. Young: Madam Speaker, my supplementary question is for the same minister. I think the disabled community in Canada is looking to the federal government to give leadership to the provinces; it should not be following the provinces.

Because the province of Ontario is spending $12 million in commemoration of the International Year of the Disabled and British Columbia is spending $3 million, for example, will the minister not agree that the federal contribution is an embarrassment and a betrayal of the disabled and that the amount should be immediately increased to show that our concern for the plight of the disabled is real and not just plain tokenism?

Miss Bégin: Madam Speaker, of course we would all love to have more money available. I do not want to dwell on the political aspect in the question asked by the hon. member, but he knows that the provinces now have a much bigger share of the tax revenues and resources of Canada than the federal

government. His reasoning is totally upside down. As far as I am concerned, the provinces should be contributing much more in their budgets than they are for this program.

IMPRISONMENT OF THE MENTALLY ILL—CALL FOR AMENDMENT OF CRIMINAL CODE

Mr. Neil Young (Beaches): Madam Speaker, my final supplementary will be directed to the Minister of Justice since the Minister of National Health and Welfare does not seem to be taking this matter seriously.

Will the Minister of Justice undertake to present immediately a government bill to this House which will amend the Criminal Code to abolish the use of lieutenant governor warrants that permit mentally ill Canadians to be locked up for years on minor criminal charges? Will the government at least undertake to do that much for the disabled community?

● (1430)

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we have received recommendations on that subject from Mr. Fairweather, the Chief Commissioner of the Human Rights Commission. We are studying the possibility of proposing amendments to the Canadian Human Rights Act and, if necessary, to the Criminal Code, but we do not feel we are prepared to do so in the next few days. We are now reviewing the problem and we hope to reach a conclusion within the coming months.

* * *

[*English*]

BANK OF CANADA

POLICY RESPECTING SETTING OF PRIME RATE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question today is directed to the Minister of Finance. The minister will know that as a result of the auction today, the Bank of Canada rate is still within a whisker of 17 per cent, having gone down the magnificent amount of three-one hundredths of 1 per cent. The minister has organized his Bank of Canada rate on the basis of one-quarter per cent over the treasury bill rate. The minister auctioned off $1.310 billion of treasury bills. His 182 bills sold at 15.3 per cent. His one-year bills sold out at 14.4 per cent.

Why will the minister not direct the Bank of Canada to determine its rate on the basis of its average sale of treasury bills—for example, on a sale of treasury bills at 15.4 per cent—to give a Bank of Canada rate of 15.65 per cent, instead of insisting on using the highest rate to determine the Bank of Canada rate and, therefore, forcing the base rate of interest in this country to be higher than it should be?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I disagree with the conclusion reached by the hon. member. It seems to me that the auction today reflected current market conditions. That is the purpose of the auction and that is what establishes the bank rate. I am pleased, as I think the hon. member is pleased, that even though he describes the change as a whisker, it is a whisker in the right direction.

Mr. Blenkarn: The minister will remember that when the governor was before the provincial minister of finance prior to Christmas, he said that the rate was higher than we would like to see, but we do not have any choices open to us. The minister knows we have choices open to us. We have a choice of directing the prime rate of interest of the Bank of Canada. We have a right to control who gets money in terms of the minister's powers. Bearing in mind that the bank prime rate determines what the prime rate is for every single borrower, every small business in this country, and even large businesses, every consumer and every householder is going broke at these rates.

Madam Speaker: Order, please.

Mr. Blenkarn: What does the minister propose to do?

Mr. MacEachen: Madam Speaker, the hon. member states there are a number of choices open to the government to influence interest rates in a downward direction. Whatever choice he sees that would be beneficial, any alternative to the present policy in my view would result in higher inflation and probably higher interest rates in the medium term. I do not know of any alternative that would be better for the Canadian economy. Let me put it another way. Any alternative that I have heard is bound to be worse than the course being followed by the governor of the Bank of Canada at the present time.

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CANADIAN BROADCASTING CORPORATION

REPORTED STATEMENT OF PRESIDENT ON PROPOSED CBC-2 NETWORK

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I have a question for the Minister of Communications. The president of the CBC was reported in this morning's *Globe and Mail* to have said to the CRTC at yesterday's hearings that he is convinced Parliament would be prepared to put up the $30 million required for the elitist CBC-2 service if it is approved by the CRTC. May I ask the minister what commitment has been given to the CBC in support of CBC-2? May I ask whether in fact he is prepared at this time to endorse this elitist proposal being made by the CBC?

Hon. Francis Fox (Secretary of State and Minister of Communications): To begin with, Madam Speaker, I do not agree with the hon. member's premise. When we are talking about television, the greatest challenge which faces television in this country is to get a greater number of Canadian signals on Canadian satellites and have more Canadian signals available to the Canadian public in general. At the moment, in

English-speaking Canada 78 per cent of the TV programs watched by Canadians are of American origin and 83 per cent of the programs watched by Canadian children in English-speaking Canada are of American origin.

Mr. Nielsen: Answer the question.

Mr. Fox: Perhaps the hon. member might be interested in some of the background. He might even be interested in some of the facts.

Mr. Clark: Don't abuse the rules.

Mr. Fox: If the Leader of Opposition is not happy with my answer, perhaps he can write me a letter.

The major challenge facing people in the communications industry, in government and in the broadcasting sector is getting a higher number of high quality Canadian programs produced. One of the ways is the method suggested by the president of the CBC—by having CBC-2. As far as the CBC is concerned, Madam Speaker—

Mr. Clark: Order.

Mr. Nielsen: Answer the question.

Madam Speaker: Order, please.

Mr. Beatty: Madam Speaker, in all of that time the minister studiously avoided answering my question, which was whether or not the Minister of Communications has committed the government—

Some hon. Members: Order.

Mr. Beatty: I am sorry, Madam Speaker. There is so much shouting going on around the minister, perhaps he cannot hear me.

Madam Speaker: Order. Perhaps the hon. member can start his question again.

Mr. Beatty: My question to the minister, which he did not answer, was whether or not the Minister of Communications had endorsed the elitist proposal by the CBC which, according to CBC's own statistics, would require every Canadian to pay $30 million for a service that would be available to only 17 per cent of Canadians. Has he endorsed that proposal? If he is concerned about the CBC discharging its mandate, does he not believe the CBC has a responsibility to provide at least the regular basic service to all Canadians before asking for a CBC-2 network?

Mr. Fox: Madam Speaker, as far as the government is concerned it would be improper at this stage for us to endorse the proposal as it is now because the matter—

Mr. Clark: Have you acted improperly?

Mr. Fox: Perhaps the Leader of the Opposition would be interested in the answer. Obviously if a licence is issued, the matter could be appealed to the governor in council, and at that stage we would have to take a decision as to whether to maintain or not. As far as this government is concerned, we are vitally interested in seeing a higher number of Canadian quality programs being produced in this country and being made available to Canadians from coast to coast.

Some hon. Members: Hear, hear!

Mr. Clark: No answer.

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EMPLOYMENT

SUPPLY OF NURSING STAFF IN NOVA SCOTIA

Miss Coline Campbell (South West Nova): Madam Speaker, my question is addressed to the Minister of Employment and Immigration. In view of the fact that Nova Scotia lost approximately 400 nurses in 1980 and 350 in 1979 to other parts of Canada and average salaries in Nova Scotia are the second lowest in Canada, even lower than in New Brunswick where the nurses are threatening to strike, will the minister tell the House if he has signed the order for bringing 100 nurses to the province on the request of the government of Nova Scotia? If he has not signed it, will he reconsider and look into the question whether he is being asked to help keep salaries down for nurses in Nova Scotia?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the question really relates to a much broader problem. Indeed, there is a shortage of nurses right across Canada and the situation is particularly acute in eastern Canada. We are facing at the present time a dilemma between the tremendous movement of nurses to the United States and to the western part of this country, leaving extreme shortages in hospitals in eastern Canada because of the cut-backs in training which took place three or four years ago.

The application in Nova Scotia has not been signed. We are concerned that we have not proceeded with the kind of program to ensure that we will be able to supply enough nurses in the years ahead. We have signed an agreement with the province of New Brunswick, with the registered nurses and the hospital association of New Brunswick. I would be very anxious to sign a similar agreement with Nova Scotia so we can come to the cause of the problem and develop not only an application to ensure their immediate supply of nurses, but also ensure a future supply without the kind of cycle of shortages we run into at the present time.

* * *

● (1440)

NORTH-SOUTH RELATIONS

PROPOSALS IN TASK FORCE REPORT

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my question is addressed to the Deputy Prime Minister and it is on

the subject of North-South relations. The North-South question is basically a question of life and death for some 800 million people. It is particularly concerned with the world economic situation. I and many other Canadians are upset by the antics and the general misfortunes the Prime Minister is having on his trip.

Can the Deputy Prime Minister tell the House now whether he has read the task force report which has been presented to Parliament? Has he been in discussions with other world leaders in the western bloc about some movement or action which can be taken in relation to international institutions? Has he seriously discussed with them a new gearing ratio in the World Bank? Has he discussed special drawing rights for the Third World?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I must say that I share the hon. member's interest and concern with respect to the whole question of North-South relations. I assure the hon. member that I have followed the work of the parliamentary task force. I read the report. I took it with me during the Chritsmas break and found it to be a very useful contribution to the current discussions on that subject.

The hon. member's specific points with respect to special drawing rights and a gearing ratio in the World Bank are currently under discussion, and at recent meetings of the World Bank before Christmas and of the IMF both these items were discussed. I have no doubt but that certain changes can be made in the operations of the international financial institutions to improve the situation for developing countries, but I believe that changes in those institutions, though important, are not the only way by which we can contribute at the present time to the improvement of the very serious situation which prevails in developing countries.

REQUEST FOR DEBATE FOLLOWING FOREIGN TOUR OF PRIME MINISTER

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I would like to direct a supplementary question to the government House leader. After the Prime Minister's first tour he gave no report to this House. I ask the government House leader to plan now to have the Prime Minister give a statement on motions when he comes back so that this House and the people of Canada can hear about what he actually has done in the Middle East, Africa and South America and be given a chance to have dialogue, discussions and debate on the subject.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I will be pleased to convey the suggestion of the hon. member to the right hon. Prime Minister. May I however draw his attention to the fact that between now and March 26 there will be six days allotted to the official opposition parties. They could very well set one of those days aside to discuss the trip of the right hon. Prime Minister to foreign countries. I am sure the Prime Minister will be pleased to join the debate, or arrange to have certain hon. members come up with the necessary information to enlighten the hon. member on those aspects which apparently interest him more than others.

* * *

[*English*]

THE CONSTITUTION

PROPOSED CHARTER OF RIGHTS—REACTION OF BRITISH OFFICIALS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Justice, who will have read news reports quoting a British cabinet minister as saying that Canadian envoys in London were informed last year that Ottawa's inclusion of a bill of rights was unexpected and could delay the process in Westminster. Will the Minister of Justice tell the Canadian House of Commons whether Canadian representatives in London last fall were advised that inclusion of a bill or charter of rights could delay action by Westminster?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I am not aware that there was such a problem. Prime Minister Thatcher said to the Prime Minister of Canada that when the Parliament of Canada passes a resolution, the parliament of Great Britain would act according to the British tradition in the matter as it has done since 1867, and that would be to agree to the requests of the Parliament of Canada as represented by a vote of the House of Commons and the Senate.

Mr. Clark: Madam Speaker, the Minister of Justice is a little confused. My question and the press quote had to do with the meeting of envoys of Canada, the minister's colleagues, the Secretary of State for External Affairs and the Minister of the Environment, with British officials in September. It was to that that reference was made.

Perhaps since one of the envoys is in the House, he could answer the question whether there was an indication or warning given at that time, or any indication given to Canadian envoys at that time, that the inclusion of a charter of rights was a surprise and unexpected, and that it could delay the process and the speed with which Westminster could respond to a joint address. This matter had been discussed among the prime ministers in June. Could the Minister of the Environment in his capacity as envoy on constitutional matters inform the House?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, I do not think there was anything which could in any way be construed as a warning. Of course, in the general discussion there was an indication that a bill of rights was a matter of great general interest and therefore might prompt some discussion in the normal debate which would take place in the British house of commons.

An hon. Member: Answer the question.

Mr. Roberts: I think that is an answer to the right hon. gentleman's question. There was nothing which could in any way be accurately described as a warning.

Mr. Clark: Madam Speaker, I rather regret, as I am sure the House and the country regret, that we were not told the whole truth as to the nature of the conversations last autumn which had to do with the legislative timetable of Great Britain.

However, let me ask the Minister of Justice, who spoke earlier of June, about that meeting on June 25 between the Prime Minister of Canada and the Prime Minister of Great Britain. At that time did the Prime Minister of Canada specifically advise the Prime Minister of Great Britain that the joint address from the Parliament of Canada would include references to a charter or bill of rights? Was there specific advice by the Prime Minister of Canada to the Prime Minister of Great Britain with respect to the inclusion of a charter or bill of rights at that June meeting?

Mr. Chrétien: Madam Speaker, obviously I was not present, but I know the legal situation and the traditional situation in this matter. Since 1867 never has the British parliament ever overruled a resolution of the Parliament of Canada. It has always accepted resolutions of the Parliament of Canada. It has always accepted resolutions coming from the House of Commons and the Senate, and what is in the resolution of the House of Commons and the Senate of Canada is a matter for the House of Commons and the Senate of Canada, not Great Britain.

Some hon. Members: Hear, hear!

* * *

BANKRUPTCIES

CALL FOR INCREASE IN GUARANTEED INSURANCE COVERAGE

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is directed to the Minister of Finance. When my colleague, the hon. member for Burlington, requested an investigation or inquiry into the circumstances under which Astra Trust Company was incorporated and, more particularly, why it is now in the process of liquidation, the Minister of State for Finance responded rather casually to the effect that there was no need to worry because the guaranteed deposit insurance would cover most of the claimants. When will the Government of Canada take some action to cause to be increased the amount of this guaranteed insurance coverage so that it will be comparable with today's dollar and the amount of coverage which would be in place in the United States of America?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, may I say that as a result of representations made by many members in the House I have asked the Superintendent of the Department of Insurance to weigh the possibility of having the Canadian Deposit Insurance Corporation review the current $20,000 ceiling. That study is under way and it is known that we will soon have new legislation covering loan and trust companies, and I think that before the legislation is introduced the study will be completed and the government will be able to make a decision in light of expert advice received from the Superintendent of Insurance. Superintendent.

[*English*]

Mr. Reid (St. Catharines): Madam Speaker, as the Minister of Finance and Minister of State for Finance well know, their files are probably thick with requests for this increased insurance coverage and promises that studies will be made. Today's dollar value compared with when this $20,000 limit was put in place is approximately 47 cents. Since it was put in place we have adopted programs such as the registered home ownership savings plan as well as retirement savings plans. Is it not about time that the government made a decision on an increase?

● (1450)

[*Translation*]

Mr. Bussières: Madam Speaker, I did explain to the hon. member that the coverage now provided by the Canada Deposit Insurance Corporation is under review. Still I agree with some of the arguments of the hon. member. However, I would like to tell him that actuarial studies are required to determine whether the rate should be changed, according to what criteria and by how much. This cannot be done by flipping a coin in arbitrary style, it must be based on the contributions of companies and on the costs which may be incurred when companies will be faced with operational difficulties. But the hon. member and all his colleagues in the House as well as all Canadians may rest assured that the ceiling guaranteed by the Canada Deposit Insurance Corporation is under serious review and that the government will take the necessary decisions.

* * *

[*English*]

WORLD HEALTH ORGANIZATION

CANADIAN POSITION ON INFANT FORMULA FOR THIRD WORLD COUNTRIES

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is for the Minister of National Health and Welfare and it has to do with the fact that the World Health Organization executive is meeting this week and next to decide what to recommend to the thirty-fourth assembly in May. Until now, Canada has been taking the position of opposing a strict code which would deal with the promotion by the multinationals of an infant formula in the Third World. My question for the minister is whether Canada will be continuing to take this position at the meeting of the executive of the organization, or is the department considering a change from their support of mere recommendations to the support of regulations which would prohibit the multinationals from

taking advantage of Third World countries and Third World mothers in this way?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): If I may, Madam Speaker, I would like to check with the office of Dr. Maureen Law, my assistant deputy minister, who is a member of the World Health Organization executive, to which Canada has belonged since May, what are the latest developments in this regard, because the session has been going on for several days already and I would not want to mislead the House.

[*English*]

Mr. Blaikie: Lately we have had a lot of travelling hot air on the subject of the North-South dialogue, a sort of Canadian chinook coming down from the Alps.

Some hon. Members: Oh, oh!

An hon. Member: He is no schnook!

Mr. Blaikie: I said chinook, not schnook. My question for the minister is this. Are there under way in her department efforts to integrate the positions which her department has taken at these various international assemblies, with the insight of the North-South dialogue, which is to say that resolving the North-South dialogue is definitely not integrating Third World countries into the global profit strategies of multinational corporations such as Nestlé?

Miss Bégin: The team of the Department of National Health and Welfare of this government does not suffer from a split personality, and I can assure every hon. member that the fight against poverty which we are carrying on in Canada is exactly what we undertake to do when we sit at meetings of international institutions such as the World Health Organization.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

CANADIAN BROADCASTING CORPORATION

REQUEST FOR STANDING COMMITTEE STUDY OF STATEMENT BY JOURNALIST

Mr. Robert Gourd (Argenteuil): Madam Speaker, my question is for the Minister of Communications, who is responsible for the Canadian Broadcasting Corporation.

Following recent statements by a senior CBC reporter concerning the administrative incompetence at the French network of the CBC and in view of the conflict which has been going on for the last several months in the news service of this network, can the hon. minister tell this House whether he will ask the Standing Committee on Communications and Culture to check on the situation that this statement suggests since this recent statement coincides with comments made previously by another reporter who has now handed in his resignation to the CBC?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, the hon. member, who is the chairman of the Standing Committee on Communications and Culture, has asked whether I am willing to ask the committee to inquire into this matter. All I can say, Madam Speaker, is that the committee and its chairman are the absolute masters of their own procedures and that, if they want to question the officers of the CBC when the estimates of the corporation are submitted to that committee in the near future, they will have every opportunity at that time to call on these people who, I am convinced, only want to improve the quality of management within the corporation.

* * *

[*English*]

CANADIAN NATIONAL RAILWAYS

INVESTMENT IN FOREIGN SHIPPING GROUP

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Minister of Transport on the involvement of CNR in marine transportation. At a time when the government is acting to Canadianize the energy industry, allegedly to create jobs and opportunities for Canadians, will the minister explain why his government authorized a $50 million investment by the CNR in the CAST shipping group, which is controlled from outside of Canada, when the funds will be used to build six container ships in Yugoslavia and South Korea, thereby creating jobs and opportunities not for Canadians but for Yugoslavs and Koreans?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is generally recognized that the company CAST has made and is making important contributions to port development in Canada. From the point of view of CNR, this investment is considered to be a good one so far as financial returns are concerned, and that is why the government has approved it.

Mr. Crosby: Madam Speaker, if the investment is a good one, as the minister says, will he kindly explain why, when there is no projected tremendous increase in traffic in the north Atlantic transport zones, CAST and the CNR are doubling their facilities in Montreal and doubling the number of ships available for the North American routes, and what is the justification for this action?

Mr. Pepin: Madam Speaker, I do not understand the question too well because there is such a development in traffic in the container area. This is one area to which CAST has made an important contribution, and CN is part of that organization.

HOUSING

PREDICTED NUMBER OF STARTS IN 1981

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the minister in charge of housing. Can he tell this House what he predicts will be the number of housing starts in Canada in the year 1981?

Hon. Paul J. Cosgrove (Minister of Public Works): The information, Madam Speaker, which I brought to the attention of the hon. member yesterday was available to all members. It is the report of the Conference Board in Canada which sets that figure at 181,000. Personally I am inclined to believe that that figure is low, and at this time I am asking for advice from CMHC. I do not have that answer as yet.

Mr. Lewis: In view of the fact that CMHC estimates their requirements in 1981 to be in the neighbourhood of 264,000, what new policies does he have to close the gap?

Mr. Cosgrove: Madam Speaker, the figure to which the hon. member refers was prepared some months earlier. I do not believe that it is a current projection. In any event, as I have indicated in answers before, we are waiting to see what results, for example, the MURB provision in the budget announced earlier will produce. This is a figure which could introduce, for example, 10,000 to 15,000 units. As I said, when I have the information, which is current information based, for example, on the fluctuation of interest rates which impact the market, I will be happy to advise the hon. member.

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MUNICIPAL AFFAIRS

INQUIRY WHETHER COMMUNITY SERVICES CONTRIBUTION PROGRAM TO BE REPLACED

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question as well is for the minister responsible for housing. In 1979 the Community Services Contribution Program provided in excess of $150 million to assist 867 communities across Canada with various projects involving the construction of numerous utilities which otherwise might not have been available to them. In 1980 the dollar commitment was some $250 million. The government has cancelled the program. My question to the minister is whether he can tell the House what he proposes to replace this program with, and how much assistance can the municipalities expect dollarwise during the ensuing year?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, as I have indicated in an announcement to all members of the House, the program was not cancelled. In fact, the agreement which expired at the end of last year was not renewed. Notwithstanding that, the government indicated that it will continue to make payments under that agreement which expired last year until approximately March of 1982. There will be a further distribution of some $400 million to provinces and municipalities to assist them in fulfilling the traditional roles which they have had through the years.

• (1500)

We indicated as well that we did it in order to free room for new initiatives. I have indicated in the House before that one of those initiatives, for example, is the consideration of shelter allowance. This could possibly be a very expensive program, depending upon the extent of its introduction. This is one of the things we are considering as a replacement. I admit that it is not directed entirely to municipalities. The ministry and the corporation feel that our responsibility should be in more direct response to housing needs, not the needs of municipalities but the housing needs of Canadians.

Mr. Corbett: Madam Speaker, let me remind the minister that these funds have been utilized by municipalities for matters related to housing, such as sewerage projects and things of that nature which are extremely vital. My supplementary question is directed to the same minister. In view of the fact that the program has been announced as being cut off and municipalities are experiencing difficulties in the Atlantic region, the maritime provinces, will the minister consider an emergency program at this time of financial assistance to help those communities get through a very difficult and unusually harsh winter?

Mr. Cosgrove: Madam Speaker, I think the hon. member missed the import of my last answer to him. The non-renewal of the programs will have no impact on municipalities until 1982. The funding of the moneys will continue until 1982, so I am afraid the talk of emergency programs to municipalities in his region has no bearing on the action of the government.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, may I direct the usual Thursday question to the government House leader and ask him what will be the business of the House for tomorrow and next week? It is my understanding that there might be a disposition to set aside Thursday as an allotted day. As far as he can, it would be helpful if he indicated the business well into next week.

[*Translation*]

Mr. Pinard: Madam Speaker, today we will complete second reading of Bill C-48. Tomorrow we will begin the study of Bill C-54 to amend the Income Tax Act and to give the government the authority to borrow $14 billion, and since the very nature of that bill implies that the study in committee be done in Committee of the Whole rather than in a committee of the House we intend, unless due notice is given, of course, to leave that bill before the House for the next few days. So next week Bill C-54, which I have just mentioned, will take all our

time, except for Thursday which will be allotted to the official opposition.

[*English*]

Mr. Knowles: Madam Speaker, may I put a question to the government House leader regarding the House business for next week? As the government House leader must know, it used to be a tradition, when a prime minister or a secretary of state for external affairs came back to Canada from trips to other countries, that automatically a statement was made in the House. In recent times that tradition seems to have been dropped, yet I wonder if the government does not realize the importance of the North-South dialogue. Will the government House leader impress upon the Prime Minister very seriously the point suggested by the hon. member for Saskatoon East that some day next week there might be a formal statement by the Prime Minister on his North-South discussions so that there can then be responses from this side of the House?

I realize there is the usual comment that we have opposition days, but surely this is a matter of concern to the government and the whole country, and it ought to be worth a statement by the Prime Minister and responses to that statement.

Some hon. Members: Hear, hear!

Mr. Pinard: Madam Speaker, my hon. colleague understands very well that under the provisions of Standing Order 15(3) the Prime Minister does not have to make such a statement. On the other hand, he will understand that the Prime Minister has always been happy in the past and will be happy to answer questions on the subject almost every day during oral question period.

Some hon. Members: Oh, oh!

Mr. Pinard: Moreover, I am sure the Prime Minister will be happy to participate, directly or indirectly, in any debate on one of the allotted days as the hon. member just mentioned which are available to the opposition parties. I think this would be much more useful for the country than spreading some kind of panic regarding the economy when there is no reason to spread such panic, as his party did in the last few days.

I suggest that the hon. member should use question period and maybe one or two of the allotted days available to the opposition. If he undertakes to do that, I will be very happy to suggest to the Prime Minister that he consider seriously the possibility of making the statement about which the member talked. But we will take into consideration the time taken during question period on this subject, and if it has not been covered sufficiently during question period, perhaps then the Prime Minister will be happy to make a statement.

My hon. colleague just recognized that it is not an obligation, but on the other hand he will also agree the opposition will have many opportunities to ask questions of the Prime Minister on this subject. I am sure the Prime Minister will be very pleased to provide the opposition with all the answers he is willing to give them.

An hon. Member: Yes, the ones he is willing to give.

Mr. Knowles: Madam Speaker, we both understand the rules of the House and the obligations and privileges of the Prime Minister, but surely this subject is of such great importance that it ought not to be one on which the government waits for questions to which to respond. Surely it is a question on which the government should take the lead.

The government House leader has already promised that he will speak to the Prime Minister about this matter, but I hope he will put his weight as House leader behind the proposition that the Prime Minister ought to take the initiative of making a statement on motions so that, on the government's initiative, we can have a discussion of this important issue.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, I rise on the same question. It is really generated most recently by the comments of the hon. member for Winnipeg North Centre concerning the practices of the House. We have seen a quite regular and a much more frequent recourse to the use of closure by the government than had been the custom in the past. As the hon. member for Winnipeg North Centre indicated, apparently we now have a deliberate departure from the practice of prime ministerial statements on major trips undertaken while Parliament is sitting, at public expense, and presumably in the interest of public policy. In the past those have been the cause for statements on motions, of report by a prime minister on his return.

There was a rather soft undertaking to discuss the matter but a very hard indication that it was the view of the government House leader that he would prefer to have the traditions of this place changed, to have the only responsibility by the Prime Minister evidenced through questions, through the response to questions or through an allotted opposition day.

On at least two occasions earlier today matters were dealt with which obviously would have been better dealt with through statements on motions. The Secretary of State and Minister of Communications, in failing to answer a question by my colleague, gave a long statement of government broadcasting policy which should have been made on a statement on motions. The Minister of State for Science and Technology and Minister of the Environment, in his capacity as government envoy on the constitutional matters, indicated today that there had not been the full and complete reporting to the House of Commons which the House of Commons had the right to expect as a result of the consultations in Great Britain in the autumn concerning the legislative timetable of Westminster and the matters before this House.

I apologize for the long preamble to my question, but we are seeing a number of reforms and changes in parliamentary procedure by the government acting unilaterally. The government House leader will recall that the government I had the honour to lead brought in a comprehensive program of parliamentary reform.

Does the government intend simply to change the practices of Parliament by unilateral action, or is it preparing a comprehensive program of parliamentary reform which will be

brought before the House so that we can consider deliberately how we want to change this Chamber, taking account of some of the excellent suggestions made the other day during the closure motion debate by the hon. member for Winnipeg North Centre, taking account of the proposals put forward by my colleague and seatmate when he occupied the position of government House leader, and taking account of the very serious concerns about the adequency of parliamentary procedure felt by private members on all sides of the House? Will we have a full and comprehensive public, detailed proposal, or will we simply have the House traditions changed bit by bit unilaterally by the government?

● (1510)

[*Translation*]

Mr. Pinard: Madam Speaker, of course I do not expect the Right Hon. Leader of the Opposition to think that I agree with his introductory remarks because they are highly politicized and do not reflect reality at all. But still the essence of his question is serious. That is why I will go along and answer because it has to do with parliamentary reform. But when he talks about breaking with tradition, Madam Speaker, it should be recalled that it was not the government which sent hon. members performing gymnastics before the Speaker of the House on the eve of a vote last fall when we were compelled and forced by the opposition to put an end to the debate which had been far too long.

Nor was it the government which today put a question to a minister, a question altogether foreign to his ministerial responsibilities. The Minister of the Environment replied out of courtesy, because we on this side of the House are very polite and quite prepared to overlook the procedural mistakes often made by the Right Hon. Leader of the Opposition. So I want to set things in their proper perspective and suggest that the traditions of this House are being changed not so much by members on this side of the House as by hon. members opposite, in the two cases I have just mentioned.

As to the application of Standing Order 15(3) concerning ministerial statements the Leader of the Opposition knows full well that we are not compelled to make any and that we make some now and again when hon. members have no opportunity to put questions to ministers on certain subjects, say a new policy for example, or if during oral question period it was impossible to question a minister or the Prime Minister on a given topic.

In this instance, the Prime Minister will be in the House next week. There will be a daily oral question period as usual and of course hon. members will be able to put questions to the Prime Minister who will have an opportunity to reply. If it becomes obvious that his answers are not satisfactory or that the Prime Minister does not have enough time to give all the answers required to enlighten the House and the Parliament of Canada about his trip to foreign countries, then I am convinced that he will indeed consider the advisability of following the Standing Orders of the House to give more details to hon. members, either under the provisions of Standing Order 15(3) or in a statement, or again by offering his contribution during an allotted day when the opposition would have selected his trip as subject for debate. As I said earlier, the opposition will have at least six days to raise that subject if it so wishes. As to the substance of the question on parliamentary reform, of course it is important to think about it. Some traditions must be respected, others must disappear. I have said again and again that any change that might be made here will have been the object of discussions among members on both sides of the House. As far as I know, that process has been under way since I first came to this House in 1974, because our Standing Committee on Procedure and Organization has studied this question and tabled three reports on which no action was taken. And then we have the report introduced by the Progressive Conservative Party when they were in office and which features challenging ideas and other proposals that could stand revamping.

Other aspects of parliamentary reform deserve consideration since they flow from the recommendations of the Lambert report or of reports now on the order paper and issued by the Standing Committee on Regulations and other Statutory Instruments. They must all be reviewed as a whole. Once we have all the elements I think we will be in a position, within reasonable time, to come up with suggestions and arrange to have them discussed by all parliamentarians.

But it is obvious that parliamentary reform has become necessary and urgent if this institution is to reflect reality. What does "reflect reality" mean? Very simply, enabling Parliament to adopt enough legislation to meet current needs—

Mr. Clark: —adopt enough legislation?

Mr. Pinard: —adopt enough legislation to meet current needs.

I am answering the question seriously. I hope the right hon. gentleman will deign to listen because this is not a light subject.

To this day and for reasons which may be humanitarian but which we should not have to endure, the opposition has not been altogether co-operative in the adoption of legislation since Parliament resumed last fall. Unfortunate though it may be, it is the truth. Of course, we deal with consequential issues but it is also essential for the government to shoulder its responsibilities.

It was in that spirit, Madam Speaker, that earlier this week we were forced to serve notice that we would limit the debate, not impose closure as the Leader of the Opposition so liberally claims, but limit the debate. Why were we forced to limit the debate? Because the opposition parties did not want to hear anything about a reasonable length of time. Contrary to the

statement of the Leader of the Opposition, we could not possibly decide unilaterally to limit the debate without first consulting the opposition parties and offer them an opportunity to explain to us what they think is a reasonable length of time. We asked them if they wanted to sit down with us and tell us what would be reasonable as additional time to debate Bill C-48 on second reading. They said no, so we did not have any choice.

Parliamentary reform is necessary. Why? Precisely because we had constitutional problems in 1980 and now in 1981 we must come to grips with energetic and economic issues. Madam Speaker, we now have on the order paper 40-odd items about which the government must take action to answer the expectations of the people. And all of a sudden the opposition parties decide to filibuster, so we are expected to let them take over and manage the business of Parliament while we stand idly by. If we were to agree to play that game we would simply be giving up on the responsibilities which the majority of Canadians entrusted to us in the last election.

One thing I want to make clear to the Leader of the Opposition is that we do want to co-operate with members across the floor. We are prepared to discuss with them. We are prepared to sit down and talk over a reasonable schedule to implement a legislative program which will command respect for Parliament from all Canadians, so that we can show to the people that we have here men and women who can govern the country in an orderly and rational manner while respecting the full rights of the opposition to voice exhaustive but certainly not dilatory criticism. If in my capacity as government House leader I were to let the opposition have a field day with dilatory tactics I would be falling far short of assuming the responsibilities given to us by the Canadian people.

I suggest I would not be doing the opposition a service, I would be doing my share to destroy this institution. I am convinced that that is not the intent of the Leader of the Opposition but I remind him that the best way to prove that indeed he seeks what is best for this institution is to be more co-operative and refrain from filibustering. We on this side are quite willing to sit down and negotiate and to that end we are prepared to set aside every other political consideration. All we want is to respect the obligations of a modern government facing a modern opposition, but in an orderly manner.

When we realize that for partisan motives the opposition will not co-operate, then we are forced to use the Standing Orders of the House and, in this instance since my colleague refers directly to the events of this week, to resort to Standing Order 75C. In conclusion, Madam Speaker, I cannot refrain from recalling publicly that Standing Order 75C is a rule of the House and that it has nothing to do with unilateral action on the part of the government. Standing Order 75C cannot be applied and, as government House leader, I have no authority to limit the debate without first offering to the opposition parties an opportunity to negotiate with us over what is a reasonable length of time.

That is an obligation which is spelled out in the Standing Orders and I went along with it but members opposite refused to negotiate a reasonable delay concerning the length of second reading of Bill C-48. Given such obvious and systematic obstruction we were forced to assume our responsibilities. We are hoping, Madam Speaker, that in future the opposition will not force us to act that way again.

Again I express publicly our will to co-operate with hon. members opposite and grant reasonable time for debate but it has become imperative, as the Leader of the Opposition wishes to change the Standing Orders, to launch parliamentary reform so that Parliament will be modern and efficient and reflect reality. Right now we are not doing anything more than attempting to do just that and to respect fully the obligations entrusted to us by the Canadian public and the people of Canada.

Madam Speaker: Order, please, I am wondering if I, as well, might not have to set a limit on an extended debate on a simple question, which required an answer of course, but it seems to me since I have already heard the Right Hon. Leader of the Opposition I should now recognize another member on that side. It is not reasonable to listen to two speeches on the same question. We have now been on the same question for twenty minutes already.

[*English*]

Mr. Clark: Madam Speaker, I know you are running a clock with respect to the time limits, the time taken by members of the opposition and the government. I trust you will continue that practice and draw our attention to it, as you did the other day. I was quite surprised by the response of the government House leader because it did not draw anywhere near to my question, which is quite simple. I would like to know whether the government is now preparing any proposal for parliamentary reform which this House might consider.

● (1520)

[*Translation*]

Mr. Pinard: Madam Speaker, since there has been no preamble this time I will refrain as well. The answer is yes.

[*English*]

Mr. Beatty: Madam Speaker, I had not intended to intervene, but the minister in his contribution made mention of the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments which I tabled in the House in July. Each day Madam Speaker has been asking whether or not I would like to call the motion for concurrence in this unanimous report which was placed on the order paper on July 17. In view of the fact that the minister has indicated an interest in this report and that, to date, he would be opposed to calling the motion for concurrence until after the task force on regulatory reform has made its report, and in view of the fact

that the task force has now made that report, is the minister prepared to have the House debate concurrence in this unanimous report I presented on behalf of the statutory instruments committee?

Mr. Pinard: Madam Speaker, I also mentioned that we were waiting for the report of the Economic Council of Canada on the same subject, which will be in February, if not earlier. In any event, even if that report were to be completed within the next week, it is not our intention to use the time of the House now to deal with those reports because we must deal with other bills involving matters of the budget, energy, and the constitution.

What I am saying is that these reports refer to the regulations which are linked very closely to parliamentary reform. In our view it is very important that these reports be considered at the same time as parliamentary reform. We would prefer to have these reports sent in due time to those who will be looking into parliamentary reform. I am willing to discuss this possibility with the hon. member within the next couple of days, but it is certainly not our intention to use the time of the House before Easter to deal with those reports.

Mr. Rose: Madam Speaker, I would like to remind this House that how this whole debate began, and then wandered into closure, statutory instruments and all over the lot, was with a simple question on upcoming House business and whether or not the Prime Minister would be prepared to make a statement in the House on motions on his trip. I am aware that the Prime Minister has no obligation and that there is no rule requiring him to make such a statement.

We know that the government House leader cannot commit the Prime Minister at this point. All we want from the government House leader is an indication that he will ask or that he will somehow urge the Prime Minister with regard to this matter.

One of the most enlightening and interesting experiences for myself as a new member when I came to this House some years ago was statements on motions made by ministers. It was participatory democracy for the critics of the various areas, and it was extremely helpful. As observed by the Leader of the Opposition, that practice has greatly declined. Instead, we get ministers making what used to be statements on motions regarding policy and new departures and new procedures outside the House, or outside Room 130-S. I would urge the Prime Minister and other ministers to return at least partially to the practice of making statements on motions on important issues.

Mr. Pinard: Madam Speaker, I thought I answered that question to the hon. member for Winnipeg North Centre. The reason why we were discussing parliamentary reform is because I was asked a question about parliamentary reform by the Right Hon. Leader of the Official Opposition, and that is why I elaborated on the subject. But in so far as the question of statements by ministers is concerned, I believe I gave a full answer to the hon. member for Winnipeg North Centre. If the hon. member is pleased with the practice as it was in the past, that is fine with me, and I will speak to the Prime Minister when he returns. I just told his colleague that I would suggest to the Prime Minister that he consider making a statement, but I cannot at this stage confirm that he will do so, especially if question period is used for the same purpose.

Mr. Robinson (Burnaby): Madam Speaker, my question is with respect to the business of the House, and it concerns a bill which was tabled some time ago and about which I have inquired on a number of occasions. The government has indicated that this bill is one of its priorities. I refer to the legislation with respect to access to information.

Before the Christmas recess the President of the Privy Council indicated that this bill would be tabled early in the new year, and that it was a high priority bill. In the course of his statements this afternoon on the upcoming business of the House over the next few months, the President of the Privy Council made no reference to this legislation. I would like to hear from him when we will see some action on this bill. When will the government call this bill for second reading and permit us to get into the kind of clause by clause study that is sorely needed, so that the secrecy which is so pervasive in this government will come to an end? Madam Speaker, what kind of priority does this bill have, and can we get an assurance from the President of the Privy Council that it will be called very, very soon?

Mr. Pinard: Madam Speaker, the bill has in fact been tabled. The hon. member probably meant debated when he made the comment "tabled at the beginning of the new year". We consider the bill to be of high priority and we attach a great deal of importance to the access to information legislation, but because of our legislative program we cannot afford at this time to allot more than one day of debate to the second reading stage of that bill before we send it to committee.

Miss MacDonald: That is terrible.

Mr. Pinard: Once in committee, it could be discussed at length. The Tory party mentioned here in the House that it could not give us the guarantee that one day would be enough for purposes of second reading. On the contrary, their party spokesman indicated that they had many speakers on the bill. Under those circumstances I am not in a position to allow more than one day, but I am willing to discuss with the House leaders at future meetings the allocation of time for that bill. Surely, if less time had been used to discuss Bill C-48, we would have been able to send that bill to committee.

Nevertheless, like many other bills on the order paper, it is a bill of high importance. As I was saying earlier, it is necessary for us to come to some agreement on the limitations of time for some of the debates. I am willing to discuss the matter with the representatives of the opposition and I will include this bill in my discussions with the opposition.

Mr. Robinson (Burnaby): Madam Speaker, if the President of the Privy Council's excuse for delaying the tabling of this bill for second reading is that the official opposition has said that it will take more than one day, why is he not prepared to bring the bill forward for second reading and, at the conclusion of debate on that particular day, the public could judge for itself the attitude of both the official opposition and my party with respect to the bill? If the debate on second reading continues, then it is up to the government to determine when the bill will return to the House. Would the President of the Privy Council consider that possibility?

Mr. Pinard: If the hon. member's party is willing to give up one of its allotted days for that purpose, I would be glad to do so.

* * *

PRIVILEGE

MISS MacDONALD—STATEMENTS MADE BY MR. AXWORTHY

Madam Speaker: I would like to rule now on the question of privilege which was raised on Tuesday by the hon. member for Kingston and the Islands (Miss MacDonald). I listened very closely to all the arguments and the interventions made by the minister and by the hon. member for New Westminster-Coquitlam (Miss Jewett) during the debate. At the end of the debate I indicated that, on the face of it, I did not see a question of privilege, but I reserved my judgment so that I could look with ease at all the arguments which were brought forward. I have found no reasons which would make me change my mind.

● (1530)

I do not feel that there is a question of privilege. It certainly indicates that there was a very serious difference of opinion and it certainly was a very serious subject that was brought up. The seriousness of the subject alone, however, does not bring it within the purview of privileges, which would allow me to give it priority in debate.

I should like to add something with regard to my interrupting the hon. member for New Westminster-Coquitlam. I must say that the meaning of some of her colourful language at some points escaped me. I did not quite know what she meant when she was alluding to a mole and I was a bit nervous, not wanting to get up at every moment. It appeared that she was getting very close to saying something that was unparliamentary. I am sure that I interrupted her flight of oratory and I am sorry for that, but those were my reasons.

I feel we have taken the subject as far as we can under the heading of a question of privilege.

MISS MacDONALD—REPLY MADE BY MR. AXWORTHY

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise on another question of privilege. Naturally I accept your ruling on the previous one, but there is another question which I wish to raise on this subject and which I can do at this moment for the first time. It occurred during the minister's response to my remarks and I therefore was not able to raise it while the matter was being looked into by the Chair. This is the first opportunity that I have had to raise it.

Mr. Pinard: What about notice?

Madam Speaker: Would the hon. member resume her seat, please? As I understand, she is now raising a question of privilege which arose from deliberations having taken place yesterday or the day before yesterday. That makes it even more difficult. I stand to be corrected, but if the matter arose from deliberations on that day, then the member should have risen immediately after the question period. If the hon. member has another question of privilege flowing from the discussions which took place, then she could give me notice of it and bring it up on another day.

Miss MacDonald: Thank you.

* * *

POINT OF ORDER

MR. FERGUSON—INCORRECT ATTRIBUTION OF QUESTION ASKED BY MR. BLOOMFIELD

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses)): Madam Speaker, I rise on a point of order regarding comments made in this House yesterday by the hon. member for London-Middlesex (Mr. Bloomfield) which were attributed to me by United Press International and which went out over the national networks. The error arose from the press using the "blues" which had not been corrected. My name was listed as the person who asked the question of the Minister of Justice (Mr. Chrétien). Although the *Hansard* that was distributed today is correct, I would respectfully urge that extreme caution be used to ensure that unedited copies of the "blues" are not used as the basis for news stories.

Madam Speaker: The point of the hon. member is well taken. I think the "blues" are used and I suppose there was a mistake in the transcription. I will investigate to see what measures we can take to avoid this kind of mistake in the future.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,493, 1,568, 1,602, 1,648, 1,713, 1,762, 1,779 and 1,784.

I suggest, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

CBC—LISTENING AUDIENCE

Question No. 1,493—**Mr. Cossitt:**

1. In each city where a CBC radio or television station is located according to the latest audience listening statistics possessed by CBC, what is the average daily percentage of the total listening audience for each such station?

2. What are the percentages of the average daily listening audience of all other stations, including their call letters, serving the same area whose percentage is higher than the CBC outlets?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows: 1. According to the latest comprehensive bureau of broadcast measurement reports (averaged over a typical fall week 1979), shares of audience obtained by CBC-owned and affiliated stations in those urban centres where CBC-owned stations are located are as follows:

Television		Per cent
St. John's	—CBNT-E	36
Corner Brook	—CBYT-E	40
Charlottetown	—CBCT-E	33
	—CHSJ-TV-E-A	4
Sydney-Glace Bay	—CBIT-E	22
Halifax	—CBHT-E	24
Moncton	—CBAFT—F	2
Matane-Sept-Îles	—CBGAT-F	45
	—CJBRT-F	3
	—CHAU-TV-F-A	1
Rimouski	—CJBRT-F	40
	—CBGAT-F	1
Quebec City	—CBVT-F	36
	—CKTM-TV-F-A	1
	—CKMI-TV-E-A	4
Montreal	—CBFT-F	22
	—CKTM-TV-F-A	1
	—CBMT-E	7
Ottawa-Hull	—CBOT-E	15
	—CBOFT-F	9
	—CHRO-TV-E-A	3
	—CKWS-TV-E-A	1
Toronto	—CBLT-E	14
	—CBLFT-F	/
	—CKVR-TV-E-A	2
	—CHEX-TV-E-A	1
Windsor	—CBET-E	15
	—CBEFT-F	/
Winnipeg	—CBWT-E	21
	—CBWFT-F	/
Regina-Moose Jaw	—CBKT-E	21
	—CBKFT-F	/
Saskatoon	—CBKST-E	22
Calgary	—CBRT-E	18
Edmonton	—CBXT-E	18
	—CBXFT-F	1
Vancouver	—CBUT-E	15
	—CBUFT-F	/
Radio		
St. John's	—CBN-E	17
	—CBN-FM-E	2
Gander-Grand Falls	—CBT-E	11
	—CBG-E	3
Corner Brook	—CBY-E	16
Happy Valley	—CFGB-E	26
	—CBN-E	1
	—CBY-E	1
Charlottetown	—CBC-FM-E	10
Sydney-Glace Bay	—CBI-E	8
	—CBI-FM-E	/
Halifax	—CBH-E	12
	—CBH-FM-E	2
Moncton	—CBA-E	10
	—CBAF-F	2
Saint John	—CBD-E	14
	—CBZ-FM-E	1
Fredericton	—CBZ-E	14
	—CBZ-FM-E	2
Matane-Sept-Îles	—CBGA-F	16
	—CJBR-F	1
Rimouski	—CJBR-F	21
	—CJBR-FM-F	4
Chicoutimi-Jonquière	—CBJ-F	13
	—CBJ-FM-F	2
Quebec City	—CBV-F	12
	—CBV-FM-F	2
Montreal	—CBM-E	2
	—CBM-FM-E	1
	—CBF-F	5
	—CBF-FM-F	1
Ottawa-Hull	—CBO-E	9
	—CBO-FM-E	3
	—CBOF-F	1
	—CBOF-FM-F	1
Toronto	—CBL-E	6
	—CBL-FM-E	2
	—CJBC-F	/
Sudbury	—CBCS-FM-E	6
	—CBON-FM-F	1
Windsor	—CBE-E	8
	—CBE-FM-E	/
	—CBEF-F	/
Thunder Bay	—CBQ-E	13
Winnipeg	—CBW-E	6
	—CBW-FM-E	2
	—CKSB-F	/
Regina	—CBK-E	8
	—CBK-FM-E	1
	—CBKF-FM-F	/
Saskatoon	—CBK-E	13
	—CBK-FM-E	1
Calgary	—CBR-E	8
	—CBR-FM-E	1

Key:
E-English
F-French
A-Affiliates
-less than .5 per cent

NOTE: CBC-owned television and radio stations operate in very competitive broadcasting environments. In the past decade the introduction of many new television choices, by cable TV and new local stations being licensed, has made Canada the most fragmented TV marketplace in the world. The CBC has also changed in this period, offering more Canadian programming than ever before, and thereby seeking to provide more distinctive TV programming than is found on other channels, at times to reach the mass audience and at others a more selective audience. In radio, a similar process has been going on for

some years. TV and FM radio have dramatically changed the radio medium and audiences have become extremely fragmented. Today a station usually attempts to reach only a segment of the total population by programming a particular format. CBC AM radio, in English and French, attempts to provide the highest quality news and information programming, while CBC FM radio offers classical music and arts-science commentary, and these specialized services compete for audiences with a host of other radio station formats in most Canadian cities.

2. Since the requested information is provided by a syndicated ratings firm, the bureau of broadcast measurement, statistics required on non-CBC-network stations should be requested from the stations themselves.

CENTRE D'ACTIVITÉS FRANÇAISES OF PENETANGUISHENE

Question No. 1,568—**Mr. Lewis:**

1. For the year (a) 1978 (b) 1979 (c) 1980 to date, under the Official Languages Minority Groups Program, how many grants has the *Centre d'activités françaises* of Penetanguishene received and, in each case (i) on what date (ii) in what amounts (iii) for what purpose?

2. Of the $45,000 grant announced by the Secretary of State on September 25, 1980, what amount was allowed for (a) social activities (b) cultural activities (c) administrative costs (d) program costs (e) salaries?

3. What were the social and cultural activities being carried on at the centre and what was the enrollment in each?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

1.

(i)	(ii)	(iii)
September 1, 1978	$40,000	The furtherance of French culture in the Penetanguishene region; the development of the centre as a meeting place for Francophones.
September 18, 1979	$40,000	To encourage participation by young people in the activities; to continue the development of the centre, specifically in the cultural area.
February 14, 1980	$17,100	To make the public aware of, and interest them in, centre activities; to train young people as specialists in the activities.
August 20, 1980	$45,000	To make the minority community aware of the French language and culture; to pay for the costs of administration and social and cultural activities.

2.

(a)(b)(c) Programs:	cultural activities and social activities:	$13,600
	shows:	$10,900
	workshops:	$ 2,500
(c)(e) Administrative costs (salaries and office expenses)		$18,000
	Total	$45,000

3.

Social and cultural activities organized by the Centre	Number of persons involved
Shows by singers and plays	1,157
Organized trip (Sudbury)	50
Youth club	20
Film club	5
Photography workshop	17
Silk-screen printing workshop	15
Theatre workshop	11
French conversation workshop	7
General art workshop	24
Culinary art workshop	5
Weaving workshop	3

Activities planned

Winter carnival
Traditional get-togethers
Youth dances

GREEK SHIP "POSSIDONIA"

Question No. 1,602—**Mrs. Mitchell:**

1. Was the captain of the seized Greek Ship *Possidonia* charged for violating the Immigration Act under sections 53(2)(3) and part 6 95(m) when he refused to take back on board the three seamen whom he brought to Canada and, if not, for what reason?

2. Was the government notified, by wire, of the irregularity on September 5, 1980, by T. McGrath, president of the Canadian Brotherhood of Railway, Transport and General Workers, local 400 and was action taken to investigate the situation and, if not, for what reason?

3. Did senior immigration officials take the side of the foreign ship owners in the dispute without undertaking an immediate investigation and, if so, for what reason?

4. Were certain pertinent immigration documents left unsigned and, if so, for what reason?

5. Was the interpreter used in the hearing clearly on the side of the Greek ship owners and, if so, for what reason was the interpreter used?

6. Will the Minister for Employment and Immigration take action before the ship *Possidonia* leaves Canadian waters and will he instruct his officials to lay charges against the captain if the investigation now under way shows this to be necessary?

7. Will the minister take steps to prevent this kind of situation happening in the future?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Consideration was not given to prosecution under paragraph 95(m) because there was no evidence that the master had taken any action that might be construed as an offence described in that paragraph. In addition, there was compliance by the master of the ship with the provisions of regulation 53(2) and (3). Penalties, therefore, could not be applied.

2. Yes. An investigation was carried out by immigration officials.

3. No.

4. Yes, due to administrative oversight.

5. No.

6. No. There was no evidence of any violations on the part of the master or the transportation company.

7. No. The "situation" resulted from a pay dispute between the crewmen and their employer and, as such, was a civil matter—outside the commission's jurisdiction.

CEIC FUNDING TO FOREST INDUSTRY

Question No. 1,648—**Mr. Herbert:**

Has the Department of Employment and Immigration funded in the past five years, as a direct assistance to the forestry industry, summer student employment programs?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): The Canada Employment and Immigration Department has funded student summer employment projects over the past five years, related to the forestry industry, but not as a direct assistance to the industry. There have been some 1,829 projects related to forestry funded over this period of time at a cost to the federal government of $18.27 million, which have created over 10,000 jobs. Projects were approved as follows:

Young Canada Works program

Cycle	Projects	Jobs	Work Weeks	Contribution ($)
1977	31	199	1,802	294,065
1978	510	2,829	28,671	4,416,089
1979	626	3,398	33,852	5,498,002
Total	1,167	6,426	64,325	10,208,156

Summer Youth Employment program

Cycle	Projects	Jobs	Work Weeks	Contribution ($)
1980	662	3,821	47,970	8,062,119
Grand Total	1,829	10,247	112,295	18,270,275

STATISTICS ON LANDED IMMIGRANTS

Question No. 1,713—**Mr. Stewart:**

How many landed immigrants (a) had as a mother tongue (i) English (ii) French (b) were proficient in both English and French?

Hon. Lloyd Axworthy (Minister of Employment and Immigration):

	1975	1976	1977	1978	1979	Total
(a)(i)	113,746	84,636	68,707	50,040	49,215	366,344
(ii)	9,138	10,115	7,091	4,904	5,592	36,840
(b)	5,513	6,033	4,345	2,920	4,068	22,879

ADVERTISING EXPENDITURES

Question No. 1,762—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of the Secretary of State for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): (a) $679,669, (b) $717,600, (c) $600,000.

Order Paper Questions

Question No. 1,779—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Atomic Energy of Canada Limited for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited reports as follows: (a) media advertising—$126,100, (b) free or subsidized publications—$273,600, (c) other information—$143,900.

Question No. 1,784—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Eldorado Nuclear Limited for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Eldorado Nuclear Limited reports as follows: (a) media advertising—$10,000, (b) free or subsidized publications—$10,000, (c) other information—nil.

[*English*]

Mr. Cossitt: Madam Speaker, I rise on a point of order. I should like to draw the attention of the parliamentary secretary to certain questions which remain unanswered and which would take hardly any research whatsoever. I therefore find it difficult to see that there could be any reason for delay.

I refer first of all to question No. 136 which was placed on the order paper last April. It concerns the rental of a DC-9 aircraft by the Liberal Party of Canada which has not paid its bill to Air Canada for the use of that aircraft. It asks if Air Canada has received payment and, if so, when and how much did they receive. It seems pretty straightforward, but it is almost a year since that question was placed on the order paper.

I refer also to question No. 115 which inquires in a broader sense, in regard to the election campaign of February 18, 1980, what political parties rented aircraft from Air Canada, what they paid, if the bills were paid, etc. It is a very simple question, yet it has gone unanswered since the beginning of the session last April.

I find it hard to accept that these questions remain unanswered after hearing the President of the Privy Council (Mr. Pinard) say a few minutes ago that he believed in responsibility toward the Canadian people and that that is why he wanted progress on the items on the order paper. If he does, why does he or his parliamentary secretary not answer these questions a little faster? He also said that he was willing to set aside all political concerns in regard to major items on the order paper. I think he should be prepared to set aside political concerns in regard to questions placed on the order paper by the elected representatives of the people. We have a right to know, as the people of Canada have, what the answers to these questions are.

May I conclude by referring to another series of questions, without going into detail. Question No. 29 concerning Michael Pitfield and the Taschereau papers on national security; ques-

tions Nos. 672 to 675 inclusive concerning Michael Pitfield, and question No. 678 concerning Michael Pitfield are all on the subject of the money he received and apparently did not return, other than a small portion, during his brief absence from his office in the Langevin Block. Question No. 724, which is very simple, asks if the Minister of Agriculture (Mr. Whelan) on June 2, 1979, stated, "Pitfield and those guys killed me on that".

I do not know what Michael Pitfield is, in the sense that he runs this country or is some mighty person behind the scenes, Madam Speaker. I sometimes begin to wonder if Michael Pitfield is Edgar Bergen and the Prime Minister (Mr. Trudeau) is Charlie McCarthy.

I think it is about time that Michael Pitfield became accountable to Parliament and accountable to the committees of Parliament before which he has refused to appear, and the Prime Minister has refused to summon him. These questions on the order paper concern the mysterious Mr. Pitfield, holed up in the Langevin Block, who is the senior public servant of this land. He should be told that he must not hold up questions put by members of this House that are legitimate, and that the information should be given. Is this country being run by Michael Pitfield or by the elected representatives and the Prime Minister of Canada?

Mr. Nielsen: Michael Pitfield.

Mr. Collenette: Madam Speaker, perhaps I should answer a couple of the comments made by the hon. member for Leeds-Grenville (Mr. Cossitt). The Prime Minister (Mr. Trudeau) did appear before the Standing Committee on Miscellaneous Estimates, before the end of last year. Unfortunately, Mr. Pitfield was abroad at the time making arrangements for the summit conference which will be held in Ottawa this year, and therefore could not attend on that day.

Mr. Cossitt: Who sent him out of town?

Mr. Collenette: That was a long-standing commitment. I should also like to draw the attention of the hon. member for Leeds-Grenville, who has a particular interest in the activities of the Clerk of the Privy Council, to the fact that he himself was not at the meeting that day, and had some of his colleagues ask questions. I thought the Prime Minister's answers dealing with Mr. Pitfield and severance pay were quite adequate, as did some of his colleagues who did not pursue that line of questioning with the Prime Minister.

I have to take issue with the comments of the hon. member for Leeds-Grenville. If he reads some of the answers we have made available to the House, especially to questions he has posed, he will see that we have answered them irrespective of their political nature. Some of the questions put on the order paper by the hon. member for Leeds-Grenville are highly political in nature, but that does not concern the government in answering them. In answering we try to get answers to all questions whether they are highly motivated by political concerns or not. I shall do my best to get answers to the questions that he enumerated a few moments ago.

• (1540)

Mr. Cossitt: Madam Speaker, I rise on a point of order concerning a statement just made. The parliamentary secretary said that when the miscellaneous estimates committee met—and I will quote his words as I remember them, subject to being a little bit out—I was absent from that committee meeting when the Prime Minister appeared and "I had some of my colleagues ask questions". I would like to assure the House that I did not arrange to have anyone ask any questions on my behalf. As a matter of fact, I certainly would have been there to ask my own questions but that happened to be the day for my annual checkup at the Kingston General Hospital for a heart condition. I have no hesitation in saying that is why I was not here. I think even that is a little more important than listening to the garbage from the Prime Minister of Canada.

Madam Speaker: As the parliamentary secretary asked that all of the other questions be allowed to stand, shall they stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA OIL AND GAS ACT

MEASURE RESPECTING OIL AND GAS INTERESTS

The House resumed, from Tuesday, January 13, 1981, consideration of the motion of Mr. Lalonde that Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to resume debate in opposition to Bill C-48. I am also pleased to see that the Minister of Energy, Mines and Resources (Mr. Lalonde) is here so that he can hear some of the environmental concerns which have been expressed to me by people around the country in relation to Bill C-48, even though we are not being given much time to debate it.

When I began speaking on Tuesday night, I, along with many other members of this House, eastern, western and northern maritime Canadians, were under the illusion that the Minister of the Environment (Mr. Roberts) and the Minister of Fisheries and Oceans (Mr. LeBlanc) had their portfolios of public interest entrenched in Bill C-48.

It is abundantly clear that the Minister of the Environment may not long uphold his parliamentary and Crown responsibility to keep the environmental moratorium in place on the west coast. I think that became quite clear as a result of questions I raised yesterday during question period both with him and with the Minister of Energy, Mines and Resources. Much worse though, he and the Minister of Fisheries and

Oceans have failed totally to incorporate the sound policies put forward to them by their own respective departments.

I shall quote briefly from a study done by the Department of Fisheries and the Department of the Environment called "A Study of Environmental Concerns—Offshore Oil and Gas Drilling and Production." I am sure the minister of energy is aware of this but he went to great lengths to keep some of the concerns raised for those two ministers out of Bill C-48.

Some of the concerns found on page iv of this document are:

Toxic compounds are used in drilling fluids without justification.

Effluent controls are developed and applied unevenly in offshore areas.

Impact assessments of effluent discharges are inadequate.

Operators sometimes do not deal realistically with the spill containment and clean-up problems likely to be encountered.

Field testing of containment and clean-up equipment and procedures is often inadequate.

Oil spill liability and compensation provisions are inadequate.

I will deal with that specifically later on. I know the minister of energy is touting the absolute liability section as being the main way of dealing with this issue, and I have some interesting comments to make about that.

The concerns listed continue:

Most offshore drilling and production accidents, including spills, are caused by human error, yet efforts to respond to the situation are unorganized both in Canada and United States.

Safety and anti-pollution equipment is being used without standards; those that exist are written in excessively general terms.

I might comment about this latter one. I have seen the Neels program. I notice that some areas supposedly in possession of large quantities of oil-spill equipment list it right down to having two or three pairs of gum boots, and having toilet paper on hand.

The concerns listed in this study continue:

Standards for old equipment are lacking. Data on failed equipment are lacking.

Detailed logistical and environmental information on relief well drilling capabilities are often not provided by operators.

Logistical provisions which could reduce the relief well drilling time are often not made. Environmental impact assessment information is often collected with little or no clear idea of how it can or will be used to influence those who make the decisions regarding offshore oil and gas drilling and production operations.

I would remind the Minister of Energy that he has specifically written the bill entirely into his own hands and, in an occasional situation, to his cabinet.

The next concern:

People having environmental concerns or expertise (including the public-at-large) are not given effective access to the policy and decision-making processes of regulatory authorities.

I am sure the minister is well aware that the regulatory authority is himself basically in cabinet. The concerns continue with:

The lead time for conducting environmental assessments is too short. Many proponents provide only a superficial, unevaluated review of the impact literature; they do not seek to profit from the environmental mistakes already made by coastal zone developers around the world.

I would draw the minister's attention to the fact that there is absolutely nothing in the bill to deal with very serious blowouts such as the Ixtoc blowout in the Gulf of Mexico last year.

The concerns continue:

Proponents draw inappropriate analogies between the proposed project and ones that have already been carried out and fail to uncover gaps in the literature.

Acreage releases are not planned over the long term to provide a focus for environmental assessment work.

Information on sensitive areas is either not presented in impact assessments or is left unlinked to key decisions relating to offshore oil and gas activities.

Development plans for production rigs do not make provisions for outside review.

The environmental assessment requirements in the draft Canada Oil and Gas Production Regulations do not indicate how assessment results are to be linked with the key decision milestones involved in offshore production.

There is no reference to the federal Environmental Assessment and Review Process in the draft production regulations.

I would draw that one particularly to the minister's attention. It is of concern to environmentalists around this country. The minister pointedly made sure that that reference was not in Bill C-48.

The concerns continue:

There is no requirement that proponents provide alternative pipeline routes to shore in their development plans or that these alternatives be considered by the public and by others having environmental concerns.

Problems encountered in the United States and the North Sea during the development and production phases of offshore operations have not been adequately addressed in this country.

Those concerns are just in the first couple of pages of this report.

In my view the Minister of Energy has gutted the Minister of the Environment and the Minister of Fisheries and Oceans of their responsibilities. If they have any intention of having credibility on maritime issues in Canada, they had better attend committee meetings, at least, beginning next week, and assure that amendments are made and passed to deal with those items I have listed and with those that no doubt will be raised by witnesses in the coming days. At this point I will certainly put the Minister of Energy on notice that our party intends to pursue the statement made by the Minister of Finance (Mr. MacEachen) acting as Deputy Prime Minister, that we will be allowed to call as many witnesses as we please on Bill C-48. We certainly intend to do that.

Surely it is the role of the opposition to map out weaknesses. However, there is a public responsibility that has not to date been upheld by these two particular ministers of the Crown. They have at their fingertips intelligent, scientific expertise that has been muzzled in the interests of partisan industrial expediency.

What is offered and clear for all Canadians to see is a blueprint for environmental disaster, the destruction, perhaps by insignificant increment, but ultimately the biological disruption of Canada's marine environment—as a direct result of failing to legislate, not to regulate, not to force British Columbians, maritimers, and northern Canadians to come and beg the Minister of Energy for the proper environmental studies, and that the proper studies be legislated and a sound regime for offshore oil and gas be put in place in Bill C-48.

I have here The National Energy Program for 1980. I am sure many members of this House and Canadians in general have taken the time now to read it. The minister is continually touting it as a great move in terms of Canadianization. I refer all members of this House to page 45 of that document. We find that the purpose of the bill is to:

Ensure active development of oil and gas rights.

At page 47 of "The National Energy Program" we find:

—vigorous and sustained exploration and development efforts should be expected. This has not always been the case—

Further down in the same paragraph we find:

This is no longer appropriate,—

It continues:

A main feature of the new system, therefore, will be stiffer work requirements,—

In the same paragraph we find:

Other means will include drilling orders, production orders,—

From page 48 we find a little section which I am sure the minister is sending out to environmentalists and those people concerned with the fishing industry around Canada. I quote:

Among the changes will be more rigorous requirements for environmental protection, particularly as regards responsibilities of operators and their absolute liability in case of pollution-causing accidents.

● (1550)

That sounds great. However, it falls apart pretty quickly. It is clear for all to see that the cumulative escape clauses which the energy minister put in this bill make absolute liability unlikely at best. If a billion dollar blowout were to occur off Newfoundland, Melville Island, or off the Queen Charlotte Islands, I can tell Canadians that under this bill as it stands, their recovery for lost fisheries, damaged beaches and so on is not even remotely guaranteed.

What is to stop every drilling rig from becoming individually incorporated? I am sure the minister is abundantly aware of the corporate loopholes which are available to avoid the absolute liability clause and to reduce and fractionally take it down to the point where a billion dollar blowout would in fact be carried on the backs of Canadians and the Canadian environment, and hardly on the backs of those responsible for the spill.

Looking at clause 62(1) of this bill, I note that the Crown is specifically indemnified from almost everything. In fact, I would go further and say the Crown is indemnified from everything, regardless of how or where it occurs.

I point out to the Minister of Energy, Mines and Resources and the Minister of the Environment, who is in his place, that there are plenty of Mack truck loopholes in this bill. I trust the two of them will see eye to eye long enough to put at least the basic regime for environmental protection into this bill.

There are abundant rumours already that the absolute liability clause will not only, as I already pointed out, get into the fractionalized state but will turn out to be no more than sleight of hand when this bill returns from committee stage. This was one of the very few potential incentives to good post-exploratory stewardship of the environment. However, the following is revealing.

I pointed out a moment ago a quotation that I am sure the Minister of the Environment and the Minister of Energy could send to those people concerned about the environment. Here is one they can send out to the energy industry, just one page further on. I quote:

The new legislation for the Canada lands makes oil and gas rights available for development and hence is not directly concerned with pollution prevention per se.

You cannot have it both ways. You cannot send a little out here and a little out there. I would encourage Canadians to read this bill because it is the greatest jurisdictional grab of the century anywhere in the world. This is an area three times the size of the ten provinces combined. That once again says it all.

The dangers to the Arctic environment were laid out well by my colleague, the hon. member for Nunatsiaq (Mr. Ittinuar). This includes areas such as Lancaster Sound where only a tiny fraction of the required scientific work has been done to understand the complex and fragile biological systems of that area. Yet every day there are announcements of nuclear powered icebreakers, LNG tankers three times the size of football fields moving through an area that I remind both ministers is so incredibly fragile that the tiniest mistake could disrupt the biological system and we would end up with little or almost no life in that area which is so crucial.

Where in this lengthy Bill C-48 is the requirement for scientific environmental study and evaluation by independent scientists? It is simply not there. Where is the clause to provide for mandatory public hearings? Gone. The interests of the Inuit, the maritimers, northerners and citizens of British Columbia are not given one paragraph or even one line in this document that I would describe as being greedy.

The people of Canada can take little solace from this document that their interests have been upheld or that the biology and environment of Canada will be protected as they can and must be. Canadians are environmentally conscious, and are sick and tired of corporate Liberal party apologists. This bill is a recipe for get bucks quick, regardless of the costs to the environment and future generations.

I would stress to the two ministers sitting here, avidly reading, that they speak to some of the senior scientists who are well aware of the costs which can be saved by having proper, long-term, broad based environmental studies done. If you disrupt the salmon fishery, you may cost the economy billions more dollars than simply rushing headlong into a rash program trying to grab gas and oil to buoy up a sagging Canadian economy.

The minister touts the 25 per cent Crown share as the outstanding benefit to all Canadians, but under a little pressure in this House on December 11 he admitted to the nymphomaniacs from the oil industry boardrooms to my right that the 25 per cent Crown share is nothing but a hollow promise. He said, as reported at page 5669 of *Hansard*, that the 25 per cent federal cash incentive grant would be made

available to all explorers to offset the 25 per cent Crown share. Here you have it, and there it goes.

What consolation is there in this bill for maritimers for protection of the environment? I can tell everyone in maritime Canada, including maritime British Columbia and the maritime Arctic, that there is absolutely nothing. There is no ownership or protection, just the big Liberal corporate hand ripping off some profit.

What of the offshore in British Columbia, in particular relating to a question which was put to the Minister of the Environment yesterday? He said he knows of no reasons at this point why he should not continue supporting the environmental moratorium. I understand that outside of the House he indicated that perhaps the lifting of the moratorium in relation to gas and oil drilling would not affect the tanker traffic.

I have done enough investigation into this situation to know that there is only one moratorium that was put in place. I have a letter from the Minister of Energy dated September 24, 1980, where he lays out quite clearly that the environmental moratorium was put in place in 1972 during Canada-U.S. negotiations to deal with the risks and liabilities of oil tanker traffic carrying Prudhoe Bay oil down to the continental United States. The moment it was brought in to deal with tanker traffic in Canada-U.S. negotiations, at the very same time it shut down gas and oil exploration. I am sure both ministers know that. I am glad to know that the Minister of the Environment at least will stand up for that environmental moratorium to stay in place until there is some reason for it to be lifted. I am sure the House will have the opportunity to debate those reasons when they come forward.

What of the offshore in British Columbia, an area of crucial importance for the production of food, not only salmon, halibut, cod, herring, shellfish and so on, but an area just awakening to the vast potential of marine farming and aquaculture, something we will need not only in Canada but to feed the hungry millions of the world, as pointed out yesterday by my colleague from Saskatoon East during question period?

I challenge any Liberal in this House or any Liberal who will come to this House, and I am confident that not one will rise to accept the challenge to put on the record what broad based environmental studies have been done or will be done, studies that deal with the impact of oil drilling or exploration on Pacific salmon and groundfish, studies on the impact of oil and gas blowouts on the estuaries of such massive rivers as the Nass or Skeena, studies on the impact of spills on kelp beds, algae, beaches and so on.

The Minister of the Environment attended the National Survival Institute in Toronto quite recently and listened, as I did, to the chairman of the United Nations environment program where he pointed out the damage being done by toxic and other forms of pollution to the oceans. It is one of the greatest concerns we could possibly have. It is in that final area that we may find the solution to the problem of food for the world and also the production of oxygen to keep us all alive. This sudden, rushed plan is like building a skyscraper without ever having an architect or engineer draw up plans or test the ground for stability.

Bill C-48 is the trademark of a group of greedy, careless, quick buck artists prepared to take the profits and run, but not prepared to evaluate the true costs or to involve the public anywhere in monitoring, evaluating or determining the fate of the environment which provides their livelihood and the livelihood of every creature on this planet.

Unbelievable though it may seem, planning can in fact save money, as I pointed out to the Minister of Energy. It may take a little more time, but it is extremely important in the strategy of this country. Since the Minister of the Environment is here, I might point out that it is peculiar that north of 60 in this country the federal government only sees fit to have eight professional biologists doing all of the work related to an area much larger than most countries in this world and far more fragile than the majority of this planet. I would certainly urge the minister to increase dramatically the number of biologists in the north.

● (1600)

The rights of fishermen not only in British Columbia but also in the maritimes, and of Inuit fishermen, are eroded in this bill. The rights of coastal residents and native people are beaten back. Every Canadian can wave goodbye to another area of democratic rights if Bill C-48 is passed in its present form.

Let us take a look at who really benefits from Bill C-48 in British Columbia. First and foremost is Chevron. As I think the Minister of Energy, Mines and Resources knows well, it is in the final stages of having Sea Consult prepare its initial environmental impact. The minister and his officials have indicated to me that shortly after that the environmental moratorium will be lifted so that Chevron can get on with its drilling when the new regime of Bill C-48 is in place. I am sure the Minister of the Environment will get in touch with the Minister of Energy, Mines and Resources and make sure that there are public hearings and publicly funded interveners so that there can be coast-wide environmental studies before that moratorium is lifted.

Let us take a look at what interests Chevron has in British Columbian waters. Its present permit acreage is close to three million acres plus another million it has just farmed in from Shell. Lochiel Explorations, more commonly known as Mobil Oil, has 243,000 acres. Ranger Oil, which is again Mobil Oil trying to hide its name a little bit in terms of absolute liability, as I pointed out to the minister, has 197,000 acres. Union Oil has 112,000 acres. Shell Canada Resources has 50 per cent of 12 million acres, and Shell Explorer Limited has 50 per cent. The operator of Shell Explorer Limited is Shell Canada Resources. Here we find a little corporate trickery which very quickly undoes the absolute liability clause which the minister is touting to environmentalists as being the way of obtaining good stewardship of the environment from oil and gas companies.

Let us take a look briefly at the letters I have received from the Minister of Energy, Mines and Resources. I think they are well worth having on the record. The one I have in my hand is dated December 18. I received it from the minister.

> With the passage of the forthcoming new Canada oil and gas act implementing a new regime for Canada Lands, as described in the new National Energy Program which was tabled in the House on October 28, the confidential period for geological and geophysical data will be reduced to five years, or when the lands on which the work was carried out revert to the Crown, whichever is the earlier. In other words, when the act is passed, all results of industry oil and gas exploration acquired to date off the west coast can then be available for examination.

The bottom paragraph states the following:

> As you are no doubt aware, there has been no exploration for oil and gas off the west coast since 1972 (a survey in 1974 was experimental only)—

Perhaps the minister at some point in this debate will take the time to rise and tell us how, with an environmental moratorium in place, that 1974 activity took place, and since in fact it did take place I wonder if he would explain to us how much confidence we can put in the regulations under Bill C-48 when he has all the power to regulate in his own hands so that he can change them any time he wants. If there is a gas or oil blowout somewhere in the Hecate Strait, or somewhere off Melville Island, or somewhere off Hibernia, he has the power to decide whether that is a good spill or a bad spill, or whether someone pays or does not pay. I really question, and I think most Canadians question these days, whether this Parliament should be passing bills which do not have very strong environmental clauses within them under which the government and industry must jointly pursue a proper public involvement, proper hearings and proper studies in order that we know the true costs of what some of these proposals are.

The minister also said the following:

> Initial steps are now being taken to clear the area for renewed exploratory activity, including drilling, following the undertaking of appropriate environmental studies. Although the results of the 1967-69 drilling campaign by Shell were largely negative, subsequent geological and geophysical studies indicate that the west coast area may have a significant potential for hydrocarbons, particularly gas—

At this point in time I think the minister knows as well as I do—I am sure both ministers know—that touting gas, as Chevron is touting gas, is not really the potential they are interested in finding out about out there. The Geological Survey of Canada in its results released last fall made it quite clear that it expects a one in three chance of 300 million barrels of crude off the B.C. coast and a one in ten chance of perhaps as much as four billion barrels. It estimates again a possibility of as much 90 trillion cubic feet of gas. However, the point has to do with oil, and I think it is somewhat hypocritical, to say the least, of the Minister of Energy, Mines and Resources to be touting gas or for Chevron to be touting gas when in fact the main economic ventures out there will be for oil. Most people around the world are very aware of the damage because of the Ixtoc experience, the North Sea experience and experiences around the world of damage which comes from oil spills either from tankers or from blowouts. This matter requires extensive environmental study and examination so that at least those most sensitive areas can be protected, if it is decided by the public that it is in the public interest to have those drilling programs.

In concluding, let me say that this bill is one of the hollowest promises of Canadianization ever put together in Canadian history. There is nothing to protect the environment either in terms of scientific study to reduce or eliminate dangers of exploration and drilling, or in terms of study and technical preparation to deal with blowouts and spills. This brings me back to another letter from the Minister of Energy, Mines and Resources. I hope my quoting from his letters does not stop him from writing to me.

Mr. Lalonde: I am just signing a letter to you now.

Mr. Fulton: Good. If the minister will send it over right now, I will read it into the record.

Mr. Lalonde: I would be afraid of being misquoted.

Mr. Fulton: We will see whether the minister can speak about the environment. The letter I have in my hand is dated September 24, and reads in part as follows:

> There is as you suggest, a moratorium respecting offshore exploration activity on the Pacific coast. This moratorium was established during the period of Canada-U.S. negotiations respecting the risks of and liability for, any environmental damage that might result from tanker traffic carrying Prudhoe Bay oil south along the west coast.

I encourage both ministers to read and re-read that section so that when they come into discussions of whether or not to lift that environmental moratorium they remember this day, and that it was put in place for that reason and to stop both tanker traffic and gas and oil exploration.

Let us look briefly at the Ixtoc blowout in the Gulf of Mexico just a year ago. Well in excess of $1 billion has been spent so far simply to deal with the blowout. That is in terms of drilling recovery wells and for the actual capping of the blowout area. There are yet hundreds of millions of dollars more to be spent to deal with the damage and the cleanup. In addition there will be unknown future costs because of the relatively limited environmental studies done beforehand so that some sort of measurement or mark point could be found whereby it could be determined what biological systems were seriously endangered by the gas and oil in the water.

The U.S. coast guard made a very important statement, of which I know both ministers are aware, that all of the technical knowledge of the United States at the time of the spill would not have filled a thimble because of the lack of environmental data there was to deal with it. Let not any member of this House forget that fossil fuels have an absolute finite limit to them. Someday soon they will all be gone. We must very soon take the alternative energy path which was laid out so well by my colleague, the hon. member for Mission-Port Moody (Mr. Rose).

This bill contains the seeds of the philosophy of burning down one's own home to find that last lost dime. That is something I would state in this House that the Minister of Energy, Mines and Resources is clearly pursuing by not listening to the comments so well put by his colleague to his

immediate right and by the Minister of Fisheries and Oceans. I encourage the Minister of Energy, Mines and Resources to go to the library, get a copy and at least read the first part of it with respect to how to deal in a real way with the environmental concerns surrounding offshore oil and gas drilling production.

I am certain there is gas. The Geological Survey of Canada is seen around the world as a very credible organization in terms of looking at various geological formations and deciding whether there is likely to be gas or oil, and I think in relation to the Mist finds off Oregon, the finds in Cooke Inlet in the Gulf of Alaska and the very substantial recent leases given to Chevron and other companies in Alaskan waters that we should be very careful with how we deal with this issue. We should be very careful because it is almost inevitable—as a matter of fact, many scientists say it is absolutely unavoidable—that there will be a spill somewhere on the west, east or north coast of Canada in the very near future. We have very limited resources in terms of oil spill cleanup equipment.

I am sure the Minister of the Environment recalls a letter he sent to me recently indicating that there is inadequate oil spill cleanup equipment on the coast of British Columbia now to deal simply with a tanker spill. There we are only talking about, at most, a few hundred thousand barrels. When we are talking about a blowout like the Ixtoc or the North Sea blowout, we are talking about millions of barrels and we are talking about very sour crude, as we know. It mixes in different conditions. There are some very worth-while studies for the Minister of Energy, Mines and Resources to look through.

● (1610)

As I pointed out earlier, the 25 per cent Canadian provision is simply taken away by grants. The 50 per cent Canadian ownership is a joke, as was pointed out by my friend and colleague, the hon. member for Vancouver Kingsway (Mr. Waddell). As every industry boardroom knows, profits and technology will still flow out of Canada at an alarming rate, and in ten years Canadians will simply have less to say about a much diminished resource. Canadians know that oil and gas belong to every one of us, and wrapping up in different paper corporate and political rip-off, as it is in Bill C-48, may impress the Liberal backbenchers but certainly does not impress anyone in this party.

The fake screams of the oil industry, which are constantly echoed by the boardroom nymphomaniacs to my right, along with the hysteria which we frequently witness from members such as the hon. member for Calgary Centre (Mr. Andre), do not fool many Canadians. The oil companies still have the say. This bill makes them squeak only because they have to pay a little more, not very much, and all of their screaming is just smart business because, if somebody is going to tax you a little more, you scream. If you are moving a few rigs down to make better money in the States, you scream, and you try to get a political party to get a point across so that you can get back to the status quo where you have the biggest rip-off in the world, whereas now they are paying a little bit less but it is still in the same category.

As the critic for this party, I believe that it is in Canada's interest, certainly in terms of the environment, for the minister to rewrite the absolute liability clause, which I think has already fallen apart in the way it is written because it leaves all kinds of options which allow corporations to get around it. Having the amount drop to a specific figure, I think, is something the industry is, no doubt, trying to get the minister to do, and I certainly hope he does not do it. If he does, this bill will rate an absolute zero.

I should like to say, in summing up, Mr. Speaker, that having read this bill very carefully—I am sure the two ministers present in the House who have direct responsibility in relation to this bill know this—I find there is absolutely nothing here for the environment in terms of having broad based scientific research done beforehand so that we know in what areas they cannot drill. For example, Chevron has indicated to me that they plan to start drilling in Queen Charlotte Sound very near my home, and I know that winds there frequently exceed 100 miles an hour. I have been out there when there have been 50 foot swells and 20 foot chop. If the minister is going to try to impress on me that that is a safe area in which to drill, I think he should speak to some of the scientists who have been to the North Sea and know that the Queen Charlotte Sound area is considerably more dangerous.

I encourage the Minister of the Environment and his officials to come to the committee to propose the amendments which they have already taken the time to put in print at public cost, and to make sure that there is some relevant regime of environmental protection contained in this bill so that six months from now, six years from now, and perhaps 60 years from now, we will not have to say that Bill C-48 was the biggest environmental disaster that ever occurred in Canada.

[*Translation*]

Mr. Pierre Deniger (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, it is with great pride that I rise once again in this House in order to take part in a debate on a widely discussed bill which, fortunately, has the support of most Canadians. Last October 28, Mr. Speaker, the government tabled its budget and submitted its energy policy the aims of which cannot be reiterated often enough. First, security of supply, and ultimately energy self-sufficiency for Canada; second, the opportunity for all Canadians to be involved in the energy industries, especially the oil and natural gas sector; and, third, fairness in pricing and revenue-sharing between government and industry.

Naturally, Mr. Speaker, energy self-sufficiency for Canada, which is our aim for 1990, combined with a reasonable pricing policy, may only be achieved through considerable government intervention. We must not forget either, Mr. Speaker, that here in Canada multinational corporations operate in privileged conditions compared to what they have to cope with in other countries, and by other countries, Mr. Speaker, I mean

those in which they are still allowed to enter. We all remember, for instance, that just before Christmas Prime Minister Thatcher of Great Britain decided to impose a heavy surtax on all multinationals drilling for oil in the North Sea. But it is south of the border, in the U.S.A., that companies are definitely getting a good deal. The United States policy of deregulating the energy industry is a political scheme which, according to U.S. politicians, corresponds to their specific needs, which are not necessarily the needs of Canadians. To compare our energy policy and wish that it were identical with the American policy is, to my mind, like comparing apples and oranges.

However, Mr. Speaker, this deregulating policy in the United States is certainly very interesting for energy contractors and this is precisely one of the reasons a move to the south is attractive on the very short term. To my mind, Mr. Speaker, that self-sufficiency we want to attain by 1990 would mean nothing if we went from a dependency on the OPEC members to a dependency on multinationals whose boards of directors and shareholders have absolutely no roots in Canada. This is why it is imperative that we should intervene immediately within this industry, in spite of the upheaval that this implies. I am convinced that the Canadian people support an increased participation by government agencies and public corporations in the energy industries, but I am also convinced that if there is a shortage one day, the federal government would also be blamed. I believe that the Canada oil and gas bill will bring some relief to Canadians because we will have greater independence and security of supply.

Bill C-48, whose second reading was moved on December 11, shows that, as a responsible government, we want to find solutions to the problems of future generations of Canadians since it will allow all Canadian citizens, wherever they live, to share in the wealth of their country. To provide a better understanding of this bill, I would like to point out immediately that it does not affect the territory of the provinces, but only Canada lands. The territory included in the Canada lands is defined as follows in section 2 of the bill:

—lands that belong to Her Majesty in right of Canada, or in respect of which Her Majesty in right of Canada has the right to dispose of or exploit the natural resources, situated in

(*a*) the Yukon Territory or the Northwest Territories, or

(*b*) those submarine areas adjacent to the coast of Canada and extending throughout the natural prolongation of the land territory of Canada to the outer edge of the continental margin or to a distance of two hundred nautical miles from the baselines from which the breadth of the territorial sea of Canada is measured, whichever is the greater;

Mr. Speaker, as the previous speaker noted, we are speaking about a very vast territory which includes an offshore area of 2.5 million square miles and 1.5 million square miles of land on the continent, which is more than twice the territory of our ten provinces. As the Minister of Energy, Mines and Resources (Mr. Lalonde) said so eloquently, and I quote:

The potential of this vast frontier region is comparable to its size.

Mr. Speaker, all these Canadian territories and the oil fields, which will no doubt be found there, can only enrich Canada. Mr. Speaker, with this bill, the Canadian people will certainly come out on the winning side.

● (1620)

[*English*]

It is with pride that I take part in this most important debate. The new legislation before the House represents one of the most important steps announced in "The National Energy Program" to increase the level of Canadian ownership and control of the petroleum industry to 50 per cent by 1990 on Canada lands. In effect, this legislation represents an affirmation of the government's view that these resources on Canada lands, including offshore resources, belong to all the people of Canada.

I have always tried—and my record speaks for itself—to emphasize that Canadian federalism is and must be based upon the concept of sharing. One of the most important ways to make that concept a reality is to ensure, as this legislation ensures, that all Canadians working through their federal government have the opportunity to participate in the oil and gas industry and thereby share in the benefits of its growth and development. We would be deluding ourselves if we thought for one instant that such sharing would be actualized and such an equilibrium obtained in the absence of direct intervention by our national government.

It is precisely this fact which underlies the 50 per cent ownership requirement with respect to the granting of all new production licences for oil and gas in the Canada lands. Also it is this fact which underlies the 25 per cent interest provision about which I should like to comment in further detail.

By way of review, and so as to refresh the minds of my colleagues opposite, this new Canada oil and gas bill provides that the Crown may carry a 25 per cent share in acreage where production had not started prior to January 1, 1976, in respect of all Canada lands in the offshore and in the territories.

Some hon. Members: Oh, oh!

Mr. Deniger: I have heard members opposite try to qualify what we are doing. I will get to that, but first I want to give a message to my colleagues from the west. This package goes beyond this particular aspect; basically it goes to the concept of a country itself.

Some hon. Members: Oh, oh!

Mr. Deniger: As the House will recall, carried interest, which does not involve any sharing of past or present exploration costs, can be transferred by the Minister of Energy, Mines and Resources to Petro-Canada or to any other designated Crown corporation which must convert the carried interest to a working interest where costs would have to be shared. This conversion must take place no later than the point in time at which a production system is approved for the relevant lands. Normally this would be in the form of a working interest at a point in time prior to the expenditure of some 85 per cent to 90 per cent of the total costs involved from the exploration to the production stages. If the minister chooses not to transfer the

Crown share to a Crown corporation before the specified time, then this share will be made available by public tender as a working interest to Canadians, or to Canadian companies with a 75 per cent or more Canadian ownership rating.

This bill is very complex, very detailed, and very global.

Some hon. Members: Oh, oh!

Mr. Deniger: I cannot imagine how one can talk intelligently about this bill and not basically refer to the bill as such; it is simply stupid. I have read the bill and I am quoting from it so that members opposite will not put in doubt any of the words I am saying, or any of the objectives of the bill. Our objectives are quite clear. We want the industries on the Canada lands to belong to Canadians, not to the multinationals. The multinationals in this country are privileged compared to the way they are treated in other countries.

Similarly if the relevant Crown corporation chooses not to convert the share to a working interest before the specified point in time, the share would return to the Crown and be made available by public tender to Canadians or Canadian companies having a COR of 75 per cent or more.

Much has been said of this 25 per cent interest provision on our new energy program. Indeed, one of the more esteemed members on the opposite side called it "confiscation". Members opposite, as well as certain oil interests, cry that we are expropriating lands which will scare investors away from new development projects. I have received letters, as have many of my colleagues, indicating that we have now changed the rules after the game was played. I disagree with members opposite and I disagree with the multinationals; I do not accept those arguments on the basis of several facts.

First, let us make no pretentions about the poor reception granted our National Energy Program by the private sector. This reaction is understandable, given the fact that the National Energy Program and its various provisions are perhaps against the immediate interests of the multinationals. Of course it is to be expected that oil companies will object to relinquishing a share of their oil interests to the Crown. However, as I have emphasized in all my speeches, our programs and policies must go beyond serving the specific interests of any one sector or region of our economy. For this reason we have attempted to initiate legislation which is fair to the industry, to the federal government, and to all the various provinces and regions of our country.

More specifically, we do not accept the arguments propounded by industry spokesmen and by my colleagues opposite to the effect that any aspect of our National Energy Program—more specifically the legislation concerning the Canada lands—is unfair to the oil industry or is detrimental to its future stability. Central to this position is the assumption that the petroleum industry will lack the needed cash for exploration and development of new sources of supply. Nothing could be further from the truth. In addition to the new pricing schedule increase in producer netbacks per barrel of conventional oil and the provision of a direct cash flow to the industry as a whole, the generous new system of exploration incentives, whereby companies will be able to obtain up to 80 per cent of their exploration costs dependent upon their COR, provides ample initiative to the private sector to invest in high risk oil exploration and development ventures. Surely no oil company or investor will lose any capital or the profits it might yield in the face of such extensive government subsidies.

It is true that the 25 per cent share provision in oil projects on the Canada lands being retroactive represents a change in prior policy that may alter the conditions under which some oil exploration projects were begun. But, is this really such an unusual move? Is it not so, each and every time a government announces new restrictions or controls deemed necessary to protect and enhance its national interest, that the conditions or rules upon which investors originally committed their capital will be modified as a matter of course?

As for the corresponding argument that the Crown is unfairly snatching something away from these investors, some such critics seem to have conveniently forgotten that the Crown, on behalf of Canadian citizens, in effect is taking possession of what it has already paid for. That is to say, in the absence of the complex system of tax incentive provisions, oil depletion allowances and so on which were in effect in the past, such exploration might not have begun at all, for, through those tax provisions, the federal treasury and all Canadian taxpayers have paid for approximately 90 per cent of oil exploration and development projects undertaken by the private sector in federal lands. Is it now so unusual for the Crown, as an investor like any other, to demand its due, namely, a reasonable share of the profits?

Some hon. Members: Oh, oh!

Mr. Deniger: I have heard the arguments of members opposite, but I simply cannot agree with them. I understand the feelings of uneasiness and annoyance in the west, especially with the recent budget position on energy. These have not abated to any significant extent. All of the historic injustices which westerners have complained of for decades are being dusted off and discussed again. One frequently hears comments of western pride of economic achievement, coupled with statements of irritation over the perception that the tangible results of this achievement will be diverted to support central Canada, that is, Ontario and Quebec. This is an area of the country which has, from the western perspective, consistently been the economic winner at the expense of the west.

● (1630)

The quid pro quo for increased taxation in the west is not in evidence. The national government profile is low in western Canada and it is difficult for people to accept a lower level of regional participation in economic well-being without a greater sense of return from Ottawa.

I believe that the talk of separation by a vocal minority reflects the feeling of being dealt with unfairly, frustration over an absence of representation, a lack of knowledge about the contribution and the presence of the national government

in the west, and a basic reluctance to assume the national obligations of regional economic success.

Mr. Hnatyshyn: Because they know too much about what you are doing.

Mr. Deniger: Faced with the attitudes described above, and I am sure the hon. member opposite will be interested in my solution, it will be difficult for the federal government to obtain an objective hearing for its goals. The population will be more likely to follow the lead of provincial governments which are, in an electoral sense, more representative, and possibly more responsive—again also in a politically pragmatic context—to regional concerns.

I believe that if western Canadians were aware of more of the ways in which national government activity positively influences their lives, there would be considerably lower levels of irritation with this energy policy. It is also important to convey the fact that there are some important activities which only a national government can handle. In the west, it is important to reinforce the reasons for a national government, where the provincial governments are proclaiming the positions they would take if only they had the authority. I ask members opposite to convey this message. I believe this bill is a good example of an appropriate way to start.

In summary, Mr. Speaker, this new oil and gas bill before us today replaces all the current ad hoc legislation now in effect, with one clear, concise policy. This policy affirms the 25 per cent minimum federal incentive grants, in the case of future exploration, available to all explorers on Canada lands. These grants, to repeat, can amount to as much as 80 per cent in the case of Canadian companies with a COR of 75 per cent or more. In effect, this legislation is, in the case of past exploration, an all-encompassing version of, and replacement for, the PetroCan back-in provision. This change reflects the federal government's continuing contribution to frontier exploration through such tax incentives as the super-depletion allowance.

Finally, and most important, this legislation concerning the Crown share concept affirms our convictions concerning the Canadian public's right to ownership of all federal resources on Canada lands. It affirms our conviction that it is the people of Canada, from east coast to west coast, who must be heir to the benefits accrued from our dynamic, ever-growing oil and gas industry.

In conclusion, Mr. Speaker, I would recommend all members opposite, before making comments out loud which I find quite rude and offensive, to take the time to read the bill to talk to the people who were involved in the drafting of this policy. As members of Parliament, I recommend they look beyond their very local and regional approach, since this country will only grow, be one and united, when members from all parties in this House of Commons can see Canada as a whole, instead of biting off their noses to spite their faces, as they say in English.

[*Translation*]

Mr. Lambert: Mr. Speaker, I should like to ask the hon. member if, by any chance, he could share with us the name of the author of that speech on a very complex subject since it concerns an industry of which the hon. member has absolutely no knowledge. It was obviously prepared by the Department of Energy, Mines and Resources for publication this afternoon.

Mr. Deniger: Mr. Speaker, I am really very pleased that this question is being put to me because this is not my first speech, as you know, Mr. Speaker, and as the members opposite are aware. But some bills, as the hon. member knows, are obviously very complex. When I discuss with the Minister of Transport (Mr. Pepin) a subject with which I am thoroughly familiar, I can say to the hon. member opposite that I do not then need any notes to make my speech. I am well aware that according to the British tradition in the House of Commons, the use of written notes is forbidden in the House. The hon. member may rest assured that when circumstances allow I never use notes. However, in dealing with as complex a bill as this one—a look at Bill C-48 proves that it is a jumble of all past laws on energy, of complex tables, graphs, facts and figures—I must say to the hon. member, through you, of course, Mr. Speaker, that it is absolutely impossible to address the House responsibly without checking the accuracy of every word that is being said with the text held in one's hand.

As for respecting the traditions of British legislators, I fully agree with the hon. member opposite. Of course, it would be better by far if we were all, as the hon. member is, I am sure, able to make speeches on any topic whatsoever without holding a sheet of paper in front of us. Unfortunately, I have not been sitting here in this House as long as he has. I can assure him, however, that I would certainly rather be sure of what I am saying, by having the text before my eyes, and have confidence in what I am saying. As for the author of this speech, I want to assure him, once again, as well as all hon. members opposite, that not a single line of it was written by anyone other than my staff and myself. Not a single word. In closing, may I say that my speeches at least are neither written, suggested nor prompted by the multinationals which the hon. members opposite take such pride in representing.

[*English*]

Mr. Gordon Taylor (Bow River): Mr. Speaker, the only thing that amazed me in the answer which was given to the hon. member for Edmonton West (Mr. Lambert) was the pride which the hon. member took in his speech, which he read completely. To my mind the contents of it were so contrary to the bill that he should have been ashamed to admit that he wrote it.

He did say one or two interesting things about the energy package. I wish to refer to one of them. He says the energy package goes much further. Yes, that is right, those are his words—the energy package goes much further. I think this is one of the first bills which is preparing for the ultimate kill in

this country. It will go much further. I also think it is one of the first steps in the grabbing of the resources back from the provinces, indirectly, if not directly. So the hon. member is right, it is only the first step. That is what we are afraid of—it will go much further. To me it indicates not sharing the wealth of the people of Canada but, rather, a greedy grabbing of the resources of this country.

Some day we will have provinces where we now have territories. If this government is in power when that happens, these resources will not be returned to those provinces. It took 25 years for the province of Alberta to get its resources back. It will take 75 years before the provinces of the Northwest Territories and the Yukon will ever get their resources back, if this government is around.

This bill represents the greatest power grab in the history of Canada. There are two words which predominate when considering this measure—totalitarian and stupid. It is so red that even the socialists oppose it, and properly so. This legislation goes far beyond what any democratic government should present to the people of Canada. I would like to deal with some of its clauses to see what the Liberal members who support this legislation think of them. We only need to look at the results to see what this total package is doing to Canada. These results have been outlined by a number of members, newspapers, and people all across the country.

● (1640)

The evidence of what is happening as a result of the legislation should give the minister and the government some indication of the impracticality of the energy package or policy of the government. Syncrude is cutting back. Texaco is leaving Fort McMurray. Suncor is in jeopardy. The AlCanadian Oil Sands project has stopped. The Union at Hibernia cannot go into production. Husky Oil is cutting back in Lloydminster and the Cold Lake project has cut down. Every major oil project in the province of Alberta is either in trouble, has shut down, or has left entirely. Is this government trying to destroy the country?

The government merely needs to look at the evidence. Surely there could not be such havoc in any industry of this country if the government were introducing good policies. The people of this country are mature. They are willing to risk their money if there is a reasonable chance of a reasonable return. But people will not take any risks when the government introduces policies which forewarn them that the government may greedily grab their endeavours. The government calls it Canadianization, but it is really nationalization. It wants to nationalize such operations as the tar sands in Alberta or anything that is being well done.

The people of Alberta know, and the people of Canada are becoming aware of the government's intent. All they need to do is look at the totalitarian principles which are being put into effect. For example, there is the government's unilateral action on the constitution. It does not seem to care about the beginnings of this country. It was the provinces which decided that they would come together and form a federal government. But this federal government presumes that it can tell the provinces what to do.

The federal government should realize that this country was formed through co-operation. This co-operation has continued over the years. There was not the divisiveness between the French and the English and the east and the west that there is now. This divisiveness is due to the policies of the Prime Minister (Mr. Trudeau) and his government, and it is disturbing the people of Canada. This energy policy is merely one more example of the dictatorial attitude and the desire of the government to control everything.

Let us take a look at some of the clauses in this legislation. If there is to be competition in any responsible democracy the people must have a reasonable chance of a reasonable return. The fact that this is not happening is disturbing many of the smaller companies. The multinationals are not bothered by the situation because they can withstand the four years which this government will hold power, but the small companies are being driven out. The government has decreed that it will fix oil prices at the wellhead at less than half the value for a certain number of years. The proposed increases will not even cover the costs of inflation. These increases are being fixed by the government and not the marketplace.

Alberta does not have an industrial base and relies on non-renewable resources. If we do not use the money from those non-renewable resources properly, we will not have anything and we will be back in the same position we faced during the depression when hunger was rampant all across Canada. Surely the government can understand that we are trying to make Canada stronger, that if Alberta is stronger Canada will be stronger, and that this country is as strong as its weakest province.

The government has taken one province and said that it will weaken it, take over its resources and whatever it wants, or it will destroy it. This policy is destroying the oil industry. This policy will destroy not only Alberta but the entire country. The oil price at the wellhead will be fixed by the government, not negotiated or determined by the marketplace. The practice in this country is that prices are determined by the marketplace and competition. The result of competition is the price the consumer receives, but in this case the price will be fixed by the government. The great big granddaddy government knows best.

The government has also decided that the domestic price of natural gas will be fixed at even a lower level than the price of oil. It has imposed an export tax on natural gas which will have the effect of removing the chance for the industry to improve our balance of trade and to create jobs. The government has said that it will be the Americans who pay, but really the export tax will be paid by Canadians. But the point I am arguing is that the prices are being fixed by the supposedly free enterprise government. Its actions are really that of a totalitarian government.

Not only has the government imposed an export tax on natural gas, but it has also imposed a domestic wellhead tax. It is no wonder that millions of Canadian dollars are leaving this

country. No businessman will invest his money in this kind of situation. Even if they made good in spite of the taxes, they face the possibility of the nationalization of their investments. The government is destroying the very fabric which built the economy of this country, under the guise of Canadianization, but it is really nationalization.

When hon. members and newspapers from coast to coast outline the adverse effects of the government's policy, the minister does not believe what they say. The minister said today that not one single person in Ontario has lost a job. I recently spoke in the town north of North Bay, and a lady there informed me that her son had lost his job. That is one single person. Even in that statement the minister is wrong. People are coming back to Ontario because they have lost their jobs in Alberta. How can the minister stand up in the House and say that not one single person in Ontario has lost his job because of the government's energy policy? It is complete nonsense.

The minister also said that not one single person in Alberta has lost a job. Does he think that the people of Canada are so stupid that they would quit their jobs in the middle of winter and walk away from a chance to earn good money? I suppose all is yellow to the jaundiced eye. The Minister of Energy, Mines and Resources (Mr. Lalonde) has made up his mind that he will not look at the facts because they will disturb his conclusions. So he says that not one single person in this country has lost a job. How ridiculous can a minister of the Crown be? This legislation is the forerunner of a package which will go much further, and that frightens us very much.

• (1650)

If the federal government would examine how this industry developed, maybe it would learn something and be able to put in place a policy to do the same thing for Canada.

The development in the province of Alberta did not come about easily. It is not by some lucky chance that the industry there is supplying oil and gas to vast regions of the country. A definite policy was set up that would encourage investment. Many years ago, before there was even one oil well, Alberta pleaded with eastern Canada, with the Canadian government and the Bank of Canada, to help in the development of the resources there, but no help was forthcoming. Then it sought help in England and in France, but none was forthcoming from them either. After that it applied to the United States, which was interested. Their people came up and dug thousands of dry holes, spending millions of dollars, before Leduc came in. They believed that there was oil and knew there was a reasonable chance of getting their money back, in time.

At that time there was a climate which invited people to invest their money, and they did. The provincial government did not invest, but it set up a fair policy whereby companies that made discoveries would get a share and the balance would be sold to other companies at the highest price. Before spending money investors knew what the policy was. As a result, today we have an industry, today we have oil and gas, and today we have the Heritage Fund. This did not come about by chance, Mr. Speaker, but is the result of free enterprise policies. The industry knew what the policy was going to be and it did not fear nationalization.

The province of Saskatchewan was slower to act than Alberta but eventually, as the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) said a few days ago, the former premier, the hon. Tommy Douglas, finally offered the companies a fair share if they would come in. They did, and that started the industry in Saskatchewan. All the industry wants is a fair share. It is not asking to avoid taxes altogether.

I was amazed to hear the Prime Minister say the other day that the rigs leaving Alberta were doing so because of taxes. That is not why they are leaving, Mr. Speaker; they are afraid of nationalization. They must have enough to live on. If the government is going to grab greedily more than its fair share, the companies will just go somewhere else in order to get a fair deal.

The minister can smile and laugh at this. Let him smile and laugh when he goes into the homes of the people who have lost their jobs, the people of Fort McMurray, where the whole kit and caboodle is going to pot because of the energy policies of the government. The minister tries to pretend that he is negotiating, but he knows in his heart that he is not. The Government of Canada made only one offer to the government of Alberta, and that was the first one. One complete offer is all this government made.

Mr. Lalonde: Five.

Mr. Taylor: The other offers were made piece by piece, and the hon. minister knows that.

Mr. Lalonde: How many were there from Alberta?

Mr. Taylor: The minister did that deliberately, and he knew what he was doing. He knew that Alberta would not accept that first offer, with the conditions it contained. It was a complete offer, but after that there was no other complete offer and the minister knows that. It was all done piece by piece.

If I were to going to sell my property and offered to sell my house today and then, after I received my price for the house, I said I would sell the land as well without saying what I would charge for the land, I would not have many takers, but that is what the Canadian government is doing. No one would enter into an agreement like that, Mr. Speaker, because it is ridiculous. Yet that is what the Canadian government has, in effect, been saying to the Alberta government. Time and time again in this House the government has said that it is offering to negotiate and that Alberta refuses. That is nonsense, Mr. Speaker; it is a fabrication; it is not true.

Mr. Lalonde: Read what Merv Leitch says.

Mr. Taylor: Alberta is prepared to negotiate as soon as the Canadian government is willing to meet it. But the Canadian government is not willing to negotiate, Mr. Speaker. It has offered the world price for the oil in the Fort McMurray area

but has not said anything about the conventional oil. It must think the people of Alberta are stupid, but they certainly are not. They built the industry with the sweat of their brow and with hard work, so they will not give it up easily. They want a complete deal, Mr. Speaker.

Premier Lougheed made a complete and fair offer to the Prime Minister, an offer that was good for all of Canada. He did not ask for world price as some Liberals would have the people of Ontario believe. The offer was for 75 per cent of the North American price, not the world price, but the federal government wants to keep the price down to less than half the world price which would destroy this country's chances of building an industry.

As a result, Mr. Speaker, oil rigs are leaving the country and companies are cutting down on their investment. Every major project in Alberta has halted or is in trouble because of this energy policy. What must we do to persuade the minister that his energy policy is destroying the country, for that is what it is doing?

I wish there was a handful of people on the other side of this House who would look at the facts. If they went to Alberta they would see the oil rigs heading south and the 150 that are standing idle today. Someone told me that the Prime Minister said that only three or four oil rigs went across the border. People at a meeting I attended the other day laughed about that, Mr. Speaker, and wanted to know who is advising him. More than 40 or, I believe, 50 oil rigs have crossed the border already.

Why does the government want to mislead the people of Canada? Not everyone can go to Alberta to see what is happening, but I think members of the Liberal party should go. We have heard some talk about twinning, but where are those twins today? Why do they not go to Alberta to see what is happening so that they would know the facts?

An hon. Member: There has been an abortion!

Mr. Taylor: That is the only time that I would believe in abortion. I do not believe in the twinning policy, but perhaps it would have a good effect if they could go out there and look at the facts and, then tell the minister about them. He will not believe anything he reads in the newspapers and he does not believe members of this House. All is yellow to the jaundiced eye! He has made up his mind that no one is losing jobs, not one single person. He will be eating those words for many days to come.

I see it is five o'clock, Mr. Speaker.

The Acting Speaker (Mr. Blaker): It being five o'clock the House will now proceed to the consideration of private members' business, namely, private bills, notices of motions (papers), and public bills.

• (1700)

PRIVATE BILLS

[*English*]

PRESIDENT OF THE LETHBRIDGE STAKE OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

Mr. Blaine A. Thacker (Lethbridge-Foothills) moved that Bill S-16, respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints, be read a second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

He said: Mr. Speaker, Bill S-16 was given third reading by the Senate on December 11, 1980. The purpose of this bill is to grant a new charter to a religious corporation that is responsible for the management and control of the property, affairs and interests in Canada of the Church of Jesus Christ of Latter-day Saints, commonly referred to as the Mormon Church.

I should explain to you at the outset the meaning of the word "stake". A stake is a territorial division of the Mormon Church. As such, it is roughly the equivalent of what would be a diocese in other churches. Within a stake there are generally about ten congregational units known as wards, each of which is headed by a bishop. A ward is roughly the equivalent of a parish as generally understood in other churches.

In 1927, by private act of the Parliament of Canada, namely, chapter 112 of the Statutes of Canada, 1926-27, the President of the Lethbridge Stake was incorporated as a corporation sole. A corporation sole is a corporation consisting of one person only, together with his sucessors in office, who are incorporated by law in order to give them the legal capacities and benefits of a corporation, which they do not enjoy as natural persons. One particular advantage is that of perpetuity.

One of the principal purposes of the corporation sole that is the subject of this bill is to manage and control the property, affairs and interests in Canada of the Church of Jesus Christ of Latter-day Saints. The corporation, in addition to managing the affairs of the Church in the Lethbridge area, acts in effect as a holding company for the property and assets of the various missions and stakes of the Church in Canada.

Hon. members may know that the first Mormons in Canada were pioneers who emigrated from Utah in 1887. These pioneers were agricultural settlers and settled in southwestern Alberta. In fact, they have a temple in Cardston, Alberta. The Mormons were responsible for the irrigation of southern Alberta and they began the first sugar beet factory there. The major contribution of irrigation is to food production in Canada.

Since its enactment in 1927, the original act or incorporation of the President of the Lethbridge Stake has never been amended. It contains, for instance, certain limitations on the holding of property that are now archaic and that can only be corrected by Parliament.

The purpose of this bill, therefore, is to repeal the original act of incorporation and replace it with a more modern, up-to-date charter. The bill contains a provision stating that, for all purposes, the new corporation, created by this bill, is deemed to be a continuation of the corporation created by Parliament in 1927.

Since this is a private bill it will be necessary for a committee to examine the allegations of facts set out in the preamble. I would propose, therefore, if second reading is granted, to ask that the bill be referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders, which is the committee of the House which normally examines private bills.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, as is normally the custom, we are pleased to see this bill go to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

Motion agreed to, bill read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Motions nos. 1, 4, 5, 22 and 28 allowed to stand by unanimous consent.

[*Translation*]

FRESHWATER FISH MARKETING CORPORATION

The House resumed from Thursday, December 18, 1980, consideration of the motion of Mr. Siddon:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, telegrams or other documents exchanged between the government, its departments and agencies and the governments of Ontario, Manitoba, Saskatchewan, Alberta and the Territorial Council of the Northwest Territories, since January 1, 1978, relating to the review and restructuring of the Freshwater Fish Marketing Corporation.

Mr. Michel Veillette (Champlain): Mr. Speaker, I wish to proceed with the statement I was making before Christmas, when I was interrupted by the clock. I was quoting among other things part of a working paper tabled at the First Ministers' Conference on the Economy held from the 27th to the 29th of November in Halifax and I was quoting the following statistics on fisheries:

The main species taken throughout the country are: whitefish (6,803.8 metric tons), pickerel (3,855.6 metric tons), great northern pike (2,721.7 metric tons), cisco (1,769 metric tons) . . . Locally, some species such as carp (Saskatchewan and Ontario), arctic char (Northwest Territories), sunfish, smelt, pike, lake perch and eel (Ontario) make up a substantial part of the catches.

The author of the paper then deals with the fishing gear, the accessibility of some lakes, transportation problems, parasites peculiar to some species and the impact of some contaminants, such as mercury, which have led to highly controversial restrictions and have resulted in lower catches of some species.

In addition to stock management, all matters dealing with the protection of the habitat, with processing, transportation and preservation, on which the quality of the product depends, and all marketing related activities have a direct influence on the income and standard of living of freshwater commercial fishermen. Incidentally, at this point I want to mention that according to the 1978 report, in 1972 most freshwater fishermen earned $3,700 and the average annual income was $5,900 whereas the national average in the fishing industry was $6,900 annually. The fact was stressed that, in central Canada, fishing was mainly a part time occupation and in the higher income brackets, only half was derived from fishing.

● (1710)

For all those reasons, in 1965 the federal government asked Mr. George McIvor by order in council to look into the matter and report on the situation of freshwater fishermen in the provinces of Ontario, Manitoba, Saskatchewan and Alberta, as well as in the Northwest Territories, with special emphasis on product marketing. The resulting report, the McIvor commission report, led to the setting up, on February 27, 1969, of the Freshwater Fish Marketing Corporation.

The corporation, created by the Freshwater Fish Marketing Act of 1969, was established for the purpose of marketing and trading fish, fish products and fish byproducts in and out of Canada, to ensure the most rational marketing at every level of the industry, and the best and most stable prices possible for the fishermen's catches.

Initial costs in setting up the corporation were subsidized, but it is now financially self-sufficient and does not receive any financial assistance from Parliament. The corporation is financed through bank loans guaranteed by the Minister of Finance or even direct loans. It consists of a board of directors composed of a chairman, a president, one director for each of the participating provinces and four other directors each of whom is to be appointed by the governor in council for a term not exceeding five years. The corporation is accountable to Parliament through the Minister of Fisheries and Oceans. By its very nature and because of its terms of reference the Freshwater Fish Marketing Corporation is an easy target for complaints.

Let us be fair. The corporation does not have but one customer, it has 3,500 of them in the sense that, in a position of monopoly, it serves some 3,500 fishermen spread out over a vast area consisting of four provinces and the Northwest Territories and which are as many partners whose interests are quite strongly differentiated. The corporation must buy all fish caught in fresh water by commercial fishermen, a task

which it accomplishes directly or indirectly through designated agents.

The corporation sets an initial price to be paid to the fishermen. It sees to it that the fish is processed, packed and sold either on the domestic market or abroad, mostly in the United States which buys 90 per cent of our catches. It later pays a refund to fishermen as a final payment. Assuming everything proceeds in a normal way, it would be a miracle if all those involved in such complex dealings, on their own admission, were to be totally satisfied.

Therefore it was no surprise, on December 4, 1979, following a meeting between the federal Minister of Fisheries and Oceans and his counterparts of the provinces and territories involved, to learn that they had looked into the role played by the corporation and wanted it defined for the future, and that a federal-provincial committee of officials was given the task of preparing an in-depth analysis of the processing and marketing activities of the corporation, as well as its administrative, financial and operational structures. The interested partners were to be informed of the results of such a study at a meeting to be held in Winnipeg before the end of April last.

The April, 1980, meeting was never held. On the one hand, the study was pursued and, on the other hand, there was an election and the former government, which had commissioned the study, experienced certain problems. The study was finally completed and the report, we are informed, was recently tabled. What more can we ask? That we undertake a further study over the head of the committee which was set up for the very purpose? Personally, I do not see the need for it and I am sure hon. members agree with me on that point. The press release of December 4, 1979, which was over a year ago, stated, and I quote:

> In the meantime, the cabinet ministers unanimously recommended that the corporation pursue its activities as usual until the findings of the Winnipeg meeting are known.

But the Winnipeg meeting, for reasons that we already know, never took place. Since then, the report was tabled and it is there for all to read. Therefore, unless there are new issues of which we are not aware, I do not see why we should force hon. members to consider correspondence between interested parties relating to a matter which, to all intents and purposes, concerns only one department and the corporation it is responsible for.

Mr. Speaker, all that has been said until now leads me to think that some undoubtedly well-meaning people wanted and still want to broaden the social role of the corporation. To be quite frank, it appears some would want to turn it into a social development agency. I shall reserve judgment on that proposal and on the purposes of those who hold that view. I think that the issue before the House today does not go that far; it concerns essentially the current role of the corporation which is that of a sales and marketing agency. The correspondence asked for does not concern us in any way. That is why, Mr. Speaker, I do not think we should grant this request for papers and I ask my colleagues to vote against it.

[*English*]

The Acting Speaker (Mr. Blaker): Under the provisions of Standing Order 48(2) which governs the debate on the motion now before the House, the time for the debate has now expired, with the exception that the Standing Order provides for the right of the minister to intervene for five minutes and the mover of the motion to intervene for five minutes, after which the Chair will put the question.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Mr. Speaker, when the Freshwater Fish Marketing Corporation was first formed in 1969 at the request of the provinces involved, the objectives of the new body were quite clear and straightforward; first, to market fish in an orderly manner; second, to promote international markets and increase interprovincial and export trade in fish; and, third and most important, to increase returns to the fishermen in that one and a half million square mile territory. That was a formidable task and, I might say, it was generally achieved.

The first objective was met. The corporation has been able to market fish in an orderly manner by investing in capital assets such as fish packing stations and filleting, scaling, grading and freezing equipment so that the fish can be held until the best market is found for it.

On the second objective, international markets have been created. In the early years, some 80 per cent of the fish was sold in the United States. That percentage is now 61 per cent with some 23 per cent going to the European markets and 16 per cent to the Canadian market.

The third objective, and this is the most important, is the returns to fishermen. Before the corporation was formed, the freshwater fishermen were pretty well at the mercy of the buyers. They could not speak as one voice as they do now, and were compelled to accept what the companies were willing to offer them for their hard work. Frankly, it was pretty meagre at times. That situation has changed.

Before Christmas the corporation sent out the largest payments in its 11-year history to the fishermen under its jurisdiction, final payments for the year 1980 that total $5.7 million shared among 3,500 fishermen from the prairie provinces, northwestern Ontario and the Northwest Territories. Those payments are a far cry from the small and unpredictable amounts they received for their fish prior to the establishment of the corporation.

These latest payments are only part of what has been received by the freshwater fishermen this year. If we compare the figures, we find that the figure for 1975-76 was $10 million. In 1976-77 it was $14 million. In 1977-78 it was $15.3 million. In 1978-79 it was $17.2 million. Then there was a phenomenal rise, to $25.5 million in 1979-80.

● (1720)

I think those are impressive figures. They mean that the corporation is doing its job and is ensuring fishermen steady incomes.

The hon. member for St. John's East (Mr. McGrath) has asked why the report was not tabled sooner. I can tell him that it required a longer time to prepare than had first been expected. I may also say that there are no fundamental changes recommended and no requests from the provincial ministers for a meeting with them, and I remind this House that this is an area of the fisheries which is under the management of provincial governments. Certainly if a request were made for a meeting, I would be happy to accept.

Now that the corporation is successfully carrying out its mandate, there are members of the opposition who say there are many faults with its operations. How can they come to such a conclusion in the face of such a success story and still claim that it is not a good operation? Frankly, I simply ask them to look at the evidence.

It has already been pointed out that the report of the review committee of the Freshwater Fish Marketing Corporation has now been tabled in this House. The general conclusion of this review committee, composed of provincial and territorial government representatives as well as representatives of the fishermen themselves, is that the fishermen are better off with the existence of the Freshwater Fish Marketing Corporation than without it. The report contains several recommendations to improve the operation of the corporation, and I am informed that some of these recommendations are already being implemented.

I tried to get the hon. member to narrow the request he made for the production of papers. He did not accept my suggestion, and I regret that because the reality is that other than the normal confidential documents which are exchanged between governments—and I would have been ready to approach the provincial governments if a more precise list of documents requested had been submitted to me—I am fully in favour of full information being given to this House or to the general public. The fact remains, however, that because of the broad definition and because of the back dating of the documents which were requested by the hon. member to such an extent, I find myself in the position of having to ask the House to reject the motion of the hon. member.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, in presenting this motion to the House early in the present session my objective was to request of the minister a sharing with this House of a variety of concerns of which he is well aware, which have been made known to his ministry since the beginning of 1978. In fact the request for production of papers was to go back only as far as January 1, 1978, so I am rather surprised that the minister should suggest that we wanted to go back a great distance in time.

The purpose of the motion was to help bring before this House the sentiments which were expressed, and indeed are still being expressed, by some of the provincial governments and the territorial councils—most especially the territorial councils in recent weeks—pointing out a number of faults and anomalies which have crept into the Freshwater Fish Marketing Corporation which have led it to become something quite different from what was initially envisaged.

The FFMC is no longer a marketing board as originally envisaged. It is a vertically integrated monopoly. It is not democratic socialism, which involves private and public sector competition. It is much more pervasive than that in the manner in which it has destroyed community industries and particularly the community lakeside fishing industries of northern Manitoba, Saskatchewan and the Northwest Territories. It has virtually destroyed Co-operative Fisheries Limited, a socialist co-operative in Saskatchewan which operated successfully for many years. It has bankrupted many buyers and processors of fish over the past decade.

Fishermen no longer have a yardstick of comparison in order to know whether the corporation and its chairman, who goes flitting around the world securing buys and deals—and the chairman should not be doing that at all—are getting an adequate price for fishermen. There is a history of sleight of hand in the management and the announcements of the economic state of the corporation. There is the question of payments to fishermen which have been adjusted by docking the transportation charges first in order to create the illusion that the payments to fishermen were 60 per cent of the gross return on fish when in fact they were only 50 per cent. There is the question of $10 million worth of loans. Who knows how much additional deficit has been incurred to allow those higher payments to fishermen this year, of which the minister and his chairman are so proud?

Has anything improved? I have here a copy of the Hay River newspaper dated December 3, 1980, which says "Fishermen pay for FFMC loss". At this very moment this winter the fishermen of the Northwest Territories are being docked an additional eight cents a pound from their final payment, an additional eight cents which the territorial government feels it has no obligation to pay, yet the chairman of the corporation is going around the western provinces bragging about the fact that the final payments are much increased this year and that all the fishermen are doing better.

What about the native fishermen of the Northwest Territories and of the western Arctic? My hon. colleague to my right knows full well the implications of this corporation, some of the questions of mismanagement and the impact these have upon the people he represents.

There was a number of positive recommendations in the report filed by the committee of officials. The next stage would have been to reconvene a meeting of first ministers and to act on those recommendations to which the minister has referred. I will read one final sentence from the general conclusion of the report, as follows:

> However, several modifications to the present marketing system appear to have merit in that they could generate new revenue to the industry without decreasing fishermen's incomes, or, in some cases, by increasing fishermen's incomes.

That suggests a recommendation for action, and I can only ask at this stage what action the minister plans to take next. I urge him to meet with the first ministers.

With that said, I hereby move that the question be put.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the motion will please say yea.

Some hon. Members: Yea!

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

Some hon. Members: Nay!

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

There not being five members who have stood in their places, I declare the motion lost.

Unless there is an indication by some hon. members that the House—

Mr. Collenette: Mr. Speaker, I am probably going to say just what you were going to say. In view of the hour and the fact that we are not voting, I suggest we call it six o'clock.

Mr. Knowles: Let us make it unanimous.

The Acting Speaker (Mr. Blaker): It being unanimously six o'clock, I do now leave the chair until 8 p.m.

At 5.29 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CANADA OIL AND GAS ACT

MEASURE RESPECTING OIL AND GAS INTERESTS

The House resumed consideration of the motion of Mr. Lalonde that Bill C-48, to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

The Acting Speaker (Mr. Ethier): When the debate was interrupted at five o'clock p.m., the hon. member for Bow River (Mr. Taylor) had the floor.

Mr. Gordon Taylor (Bow River): Mr. Speaker, in dealing with Bill C-48 I should now like to refer to some of the clauses to show that the allegation made at the beginning of my remarks that this is a gigantic grab for power can be confirmed in the clauses of the bill.

One clause in the bill states that the bill would permit the minister or his nominee to enter into exploration agreements without prior public notice where he does not consider it to be in the public interest to give such notice. A bill which provides such power to a minister is a dangerous bill. Under this bill ministers are given power to enter into exploration agreements without even giving prior public notice. That is not the democratic way of carrying on business and it is not the way in which business has been carried out for many years in Canada. The public is notified before the minister enters into agreements with anyone, and in the case of contracts everyone is given an equal chance. That is the way it should be.

Again the bill states that while the Crown share of 25 per cent interest does not require the Crown corporation holding the share to pay its proportional share of the exploration and development costs, the Crown corporation will have a full 25 per cent vote in all decisions of the operating committee. Why should Petro-Canada have special privileges? Surely it can stand on its own feet. In a democratic society, particularly a free enterprise society, a Crown corporation should compete with the other companies and not have a monopoly, because a government monopoly is no better than any other kind of monopoly. It is just as dangerous and it does the very same thing. So we are going to give special consideration to this Crown corporation. This discourages private industry and thus drives money out of the country. In a free competitive society people go where they have an equal chance to bid.

In clause 44 it is stated that the minister can declare that a significant discovery has been made and can then order the drilling of additional wells wherever he wants by any party under whose lands the discovery may extend. Surely if a company has spent several million dollars, and that is not unusual, and then makes a discovery, the minister can simply ask up to a maximum of three others to drill. Why is there not a proper plan so that when someone makes a discovery, they will know what to expect? The industries came into Alberta to search for oil because they knew they would get a fair deal. They knew what they would have and what they would not if they made a discovery. Those matters should all be laid down before the people invest their money. It is a logical and sensible way to do it. When people came to Alberta to invest their money, they knew the result might be a dry hole, but if they made a discovery, as was the case in Leduc, Redwater and Mildred Lake, they knew a certain portion of it would be available for others to bid on so that anyone, including them, would have a chance to bid and the highest bidder would get the particular land. They knew what was what.

• (2010)

One of the reasons for the Heritage Fund existing in the province of Alberta is that Alberta has been fair with industry. Because the industry knew that the government would be fair, they were willing to bid thousands and sometimes millions of dollars for some of the areas which had been proven to have oil or gas. Surely that is a sensible way to do it, rather than simply telling them in the act that if they make a significant discovery the minister can create a Crown corporation to take the rest of it or give it to other people. The minister may do it without bidding or purchasing the rights.

Why does the government want such power? Why is it not done above the table or out in the open so that industry knows what is going on? The minister can declare that a commercial discovery has been made and order the drilling of additional wells at the time and place of his choosing without limit on the number of such wells. A typical offshore well could cost $25 million to $50 million. Will the minister order the drilling of additional wells? Will the minister tell a company to drill one or two more wells at a cost of another $50 million? Why is it not done by open bid or giving companies an opportunity to bid? The money will come into the public treasury that way. In fact, millions of dollars came into the Alberta treasury from companies prepared to take a risk because of the chance to make a profit. They were willing to do the work and make a profit. They have done that, and there is nothing wrong with profit.

What are the penalties under the act if a company indicates it cannot drill? Well, let me outline the penalties for non-compliance with the act. It can be fined up to $1 million or imprisoned up to five years for each day on which the offence is committed. Why are those penalties included for someone who does not or cannot obey the direction of the minister?

Surely there should be some freedom of choice in the country. We are not living in Moscow, Russia. We are not under a communist regime. Why have they included this type of communistic legislation? That is what it is; that is what it is. When the minister orders a company to drill and it refuses to drill, it can be fined $1 million or be subjected to imprisonment up to five years. What kind of a country are they developing?

Under clause 59 any corporate officer who acquiesces to the offence is liable. Without going into any more clauses of the bill, I want to ask why any minister should have such power. Why do the backbenchers, particularly on the government side of the House, want the minister to have such power? Why are these things not done above the table by open bid so that everyone will know what is going on? The money would come into the treasury; the highest bidder could go out under government legislation.

I have only one or two other matters I should like to raise because I would like to leave some time for other members. This is a fight with one section of the industry, the multinationals. I have no particular love for the large companies, but they have done a job in this country. They came in and risked their money. Do hon. members opposite know the number of dry holes? I hear hon. members opposite laughing; I would like to see them invest some of their money when there is only a slight chance of finding oil or gas. The large companies risked millions of dollars. They spent millions of dollars before they even found anything. In fact, there are hundreds of dry holes. It is okay to sit back and laugh now that they have spent their money and have proven up wells, and then like some communistic government say, "We will take it over now that they have been found." That is not the kind of country Canadians want.

We should not forget that hundreds of good Canadians are working for these multinational companies. The multinationals can stand anything the government can do; they have the money to withstand anything. But, what about the small Canadian companies? I know the minister received a letter from a small Canadian company because I have a copy of it in my possession. As a matter of fact he received several letters which he did not read when he gave his speech; he read the other ones. Small Canadian companies are being forced to cut back; they just cannot keep up. The minister said there is not one unemployed person. He does not read his mail because that one letter indicated that 19 people were let go. There will be more let go if the government continues its ridiculous and nonsensical policy.

Mr. Lalonde: Mr. Speaker, I rise on a point of order. I have shown a lot of patience with the misleading statements of the hon. member for Bow River (Mr. Taylor) including statements attributed to myself. He said that I stated in the House there was not one unemployed person in Alberta. I never said that. I said that the same number of rigs were operating on January 6, 1981, as there were on January 6, 1980, or the reverse. I indicated that there were 482 rigs and therefore the same number of people were employed on those rigs as last year. That is what I said, and I hope he respects the record.

Mr. Taylor: It is not a point of order. The minister said—and the record will prove it—that not a single person lost his job. I do not know why he wants to change his mind now. He did not tell the whole truth when he said that because hundreds of persons have lost their jobs.

Mr. Lalonde: Name them.

Mr. Taylor: It is this policy which is putting people out of work, it is killing the industry, it is not doing the country any good. The minister should withdraw his policy and implement one that is above the table and out in the open, rather than the under-the-table one contained in this act. This bill is not appropriate for a democracy. It might be acceptable in Moscow but it is not the kind of legislation we need in Canada.

I should like to continue with the points I was mentioning before I was so rudely interrupted. We need a climate which will encourage investment. Hon. members opposite can laugh; perhaps it is very funny but it is not funny for those people who are losing their jobs.

Mr. Lalonde: You are funny.

Mr. Taylor: It is not funny for the people of Alberta whose industry is being killed and all the things they have worked for are being thrown aside. The hon. minister is not losing anything over it. He is not even losing any sleep; he laughs about it. I do not think it is funny at all and my constituents who have lost their jobs and are losing their investment money do not think it is funny.

If the government of the day had done something similar to this when his father was in business, the Prime Minister (Mr. Trudeau) would not be a millionaire today. His father had a chance to develop his business, and now the government wants to take that chance away from other Canadians. People only want the chance to go out and work and invest their money. If they lose their money, that is fine, but they want a reasonable chance to make a gain, and they should have that chance. The government should not deny Canadians that chance. The government talks about Canadianization but it means nationalization; that is its whole theme.

The other point I should like to mention, is that we should encourage investment. We must encourage investment. Not only that, we need some equity capital in this country. It is all right to continue borrowing but there comes a time when you must have some input capital. It is the foundation of the investment program in this country. If we have no equity capital we will not go very far.

• (2020)

What we need in this country is a climate in which the people can have confidence in their government, where they can invest in equity capital, where they can get out and work, develop this country and be able to make a profit. There is nothing wrong with making a profit. If we could get this bill withdrawn, bring in a bill which will show industry the government is above the table and that they will have a chance if they invest their money, then you would find Canadian dollars being retained in this country. We would find jobs starting up and we could get this country back on its feet again.

I hope the government will reconsider and throw out many parts of this energy policy. They call it a policy, I call it a totalitarian concept.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my contribution this evening will be short, since some 26 speakers have already spoken on this bill. This bill saw the light of day over a month ago and its predecessor, Bill C-20, saw the light of day about three years ago. Therefore, it seems to me it is time for this proposal to proceed to committee as quickly as possible.

What this bill does has been described by many already. I will limit myself and describe five areas in a very brief manner. The first one has to do with the fact that under this proposal the Crown will have an interest position of at least 25 per cent in all Canada lands, including all existing and future grants to be made.

The second thrust of this bill is that it will provide for a minimum acceptable level of Canadian ownership in frontier Canada oil and gas resources to be 50 per cent, with a provision in case of deficiency to be reserved by the Crown. That is in the name of the Canadian public.

The next major direction of this bill has to do with the fact that a Crown corporation will have the right to demand from relevant operators geological, well or other proprietary information.

The fourth area has to do with the revolving fund provisions for regional environmental studies by assessing holders of rights in proportion to their acreage holdings. I will return to this measure in light of the remarks made this afternoon by the hon. member for Skeena (Mr. Fulton).

The fifth area I would like to describe, which the preceding speaker made reference to at great length, is that there are many provisions in this bill for ministerial discretion. I support this. One area of ministerial discretion has to do with the authority given to the minister to prohibit the proposed transfer or assignment of interests on grounds of public interest, therefore, in the name of Canadians.

The question which comes to mind after having looked at the major points contained in this bill is: Where will this legislation apply? It will apply to all the so-called Canada lands, which to me is a new term, and a very interesting one. It includes all the lands in the territories and the offshore, which together total an area of almost 2½ million square miles in the offshore and about a million and a half square miles in the Yukon and Northwest Territories. I find those figures staggering. They total an area of almost twice as large as that of the ten provinces combined. This vast area will represent Canada's best prospects for large new reserves of conventional petroleum.

Let us look for a moment at what Bill C-48 really represents. I do not think we should look at it in isolation. I submit to you it represents another step on the road initiated many years ago when Parliament approved the National Energy Board Act, when Parliament established the Panarctic, approved the Petro-Canada Act, I believe in 1975 when it approved the Petroleum Administration Act and the Petroleum Corporations Monitoring Act. What we see here is a series of desirable steps stretched over a number of years to develop a situation whereby, in Canada, the public sector will be put into a position to compete and co-operate with the private sector. That will be a good balance when established in the long run. We cannot yet say we have achieved this balance. To those in this debate who have said this bill provides for confiscation, we say that about $3 billion of the taxpayers money, in the form of deferred tax write-offs, have already been made available to the private sector in the oil and gas industry.

In addition, what this bill will do once enacted is give Canadians, by means of the 25 per cent public share I mentioned earlier, something which was very well expressed by the parliamentary secretary to the minister in the debate on December 17. I quote his remarks from page 5868 of *Hansard*: "the 25 per cent Crown share is in fact a long overdue catch-up for the Canadian people." I could not think of a more fitting and effective description of what this 25 per cent public share really means. I am surprised to see why members

opposite, like the member for Bow River (Mr. Taylor), cannot see the importance of this measure and what it really represents when put into historical terms. Contrary to what some have said in this debate so far, while this legislation will geographically apply in the north and the offshore, its impact will be felt in the boardrooms of western Canada and eastern Canada. It will be felt in Calgary, yes, but in Toronto, too, by Imperial, Gulf, Texaco, Shell and Suncor. It will be felt in the boardrooms of Montreal as well, at Petrofina and BP. Let us once and for all put to rest this red herring of an east-west confrontation. It is not fair, it is not right, it is not there. It will affect the whole nation in a variety of ways. It certainly is not to be interpreted as one which fires and fuels the tensions that already exist.

What is left here for me is to look at the position taken by the opposition parties. Since this debate started on December 11, inevitably one must have a look at what has been said. Let us start with the position of the Conservative party. On December 11, 1980, the member for Etobicoke Centre (Mr. Wilson) on page 5671 of *Hansard* is reported as having said:

> The broad objectives of this legislation are worthwhile and are certainly acceptable. One might go so far as to say they are motherhood; they are intended to increase production and Canadian ownership, as well as to provide a very stable tax environment.

● (2030)

I wonder how this sounds to the hon. member for Bow River. The hon. member went on to say:

> I agree with the minister when he says that it is important to have this legislation. We have been waiting for it for about ten years now.

But this afternoon, as we all heard, the hon. member for Bow River spoke violently in opposition to this bill. We just heard him comparing us to a communist dictatorship. How does he square that with the statement made by the hon. member for Etobicoke Centre. The hon. member for Bow River in his outrage—and I do not know whether it was synthetic or spontaneous—in effect has indicated that the Tories are divided among themselves. The only conclusion which we on this side can draw is that it is business as usual as far as the Progressive Conservative Party is concerned. But when the hon. member for Bow River says he is strenuously opposed to this bill because it gives the government the power to set prices, I would invite him to tell us which government in the world today does not set prices for oil and gas.

When the hon. member rejects strenuously the notion of government intervention and says it is a very bad practice, he forgets, and I am sure since he comes from Alberta that it is inadvertent, the Alberta industry was saved in the 1960s by virtue of the Borden line, an initiative which was taken by the Government of Canada. If I remember correctly, it was taken by the second former leader of the hon. member's own party. It would be fair to conclude that all of the 100 Tory members of Parliament, minus one, seem violently opposed to this bill. They say it is bad and that it goes too far. I feel comfortable when they say so because I know then that we are on the right track.

Let us look at the NDP for a moment. The NDP says something that is rather curious. They are opposed to the bill and at page 5676 of *Hansard* we find this general reasoning flowing from the lips of their guru on natural resources, the hon. member for Vancouver-Kingsway (Mr. Waddell), who said:

> Suddenly the minister proposes a new program of Canadianization. Essentially this is why we oppose the bill.

His reasoning as outlined in his speech seems to flow along three main lines: (1) suspicion of the government; (2) by saying that the legislation does not go far enough; and (3) accusing the government of claiming it is doing something progressive when there is really no change. I could not help but conclude upon reading the speech of the hon. member for Vancouver-Kingsway that his logic is inspired by the rather peculiar principle that no loaf is better than half. That seems to be the inspiration and guiding principle of the NDP in its approach to this bill.

How is it that on the one hand the NDP can say there is nothing in this bill and, on the other hand, the Tories get upset and say that there is too much in it. I am at a loss to understand their attitudes. Are we witnessing here a case of mass psychology where 100 Tories, minus one, think one way and the NDP thinks diametrically opposite? It seems that is a classic case of an urgent need for group therapy for these politicians because there is no other explanation. For one group the legislation is so bad and for the other there is nothing in the legislation, but they both come to the same conclusion, that they will oppose the bill. The NDP oppose the legislation because their logic is that it is better to have no loaf than to have half a loaf.

In conclusion, I express my regret over the speech made this afternoon by the hon. member for Skeena, for whom I have the highest respect. The hon. member who is the NDP saint for the environment spoke this afternoon from an environmental point of view. If I heard him correctly he described the bill as an absolute zero. He went on to challenge any Liberal backbencher in this House to show that this bill makes provision for environmental studies. The bill in fact does make provision for environmental studies. Section 49, from page 27 to page 29, of the bill is devoted to such studies. It spells out in detail how and by whom an environmental studies fund is to be established and administered, including 11 subclauses with one subclause on regulations and one subclause indicating the fund is not to exceed $15 million. Instead of making silly challenges, the NDP critic might take the time to read this bill and do his homework.

We on this side of the House take a position which is between the Conservatives and the NDP. We think this bill is another important step forward in Canada's history. Whenever one goes outside the borders of this country today he learns that there is not a person who does not speak with envy of Canada and describes it as the world envy because of its natural resources. Generations of Canadians in this and the next century will benefit from the implementation of the ideas contained in the bill; of that I am absolutely certain. In the

same way we now say it was a good idea to create Panarctic some 15 years ago; in the year 2000 they will say it is a good idea that we pushed ahead with Bill C-48, for the benefit of generations of Canadians, with its principles of public ownership Canadianization, and strong powers in the capital of the nation in the interest of the full community from coast to coast, from east to west and from north to south.

It is too bad the NDP does not have the guts to support the bill, and it is too bad the Tories once again, as at the time of the bill establishing Petro-Canada, have to be dragged so recalcitrantly into the twentieth century.

Mr. Crouse: Mr. Speaker, before the hon. member for Davenport (Mr. Caccia) takes his seat, would he answer a question?

Mr. Caccia: Yes.

Mr. Crouse: Mr. Speaker, the hon. member expressed concern about our stand on this bill. As he is aware, the bill seeks to obtain legal control in right of Her Majesty the Queen of the resources off the east coast of Canada which go out 200 miles. I am sure he is aware that in 1621 King James I granted the Royal Charter of Nova Scotia to Sir William Alexander. In recognition of the utter dependence of the early colonists on the sea for food and transportation, the King included as part of our territory a band of sea stretching about 120 miles southward from our coast. That band easily covers the area which is known as Sable Island and it covers part of Georges Bank as well as most of the Scotian shelf. I should like to ask the hon. member how this government can legally, in the name of Her Majesty, the Queen, take away from us as Nova Scotians, this territory which was granted to us by the King in the year 1621?

● (2040)

Mr. Caccia: Mr. Speaker, I am not aware of any clauses in this bill that deal with that particular question but it seems to me what could be done in the name of the King in 1621 can be done in the year 1981 in the name of the Queen of Canada!

Hon. James A. McGrath (St. John's East): Mr. Speaker, I believe this is the first time, and it is certainly the first time in my memory, we have concurrently before Parliament two government measures that are operating under the invocation of closure, under the rule of Standing Order 75C.

I refer, of course, to the government's constitutional package as contained in the joint resolution now before the joint committee of the House and Senate. We know that the parliamentary guillotine will fall on that committee on February 6, even though we have just commenced clause by clause study of the 59 clauses. We started on clause 1 yesterday. We know that under the order the House invoked by closure, that measure has to be reported back to the House and to the Senate on or before February 6.

When that measure was going through the House the point was made repeatedly, especially by those of us who had the opportunity to participate—and indeed, it was made dramatically by those who were denied the opportunity to participate—that the constitutional package was probably one of the most important bills to come before Parliament. We said that in the context of putting forward arguments on why the time for debate on that important measure should be extended.

It is interesting that Bill C-48, which is now before us, has had closure invoked on it at this stage. We know that the parliamentary guillotine under rule 75C will come down on second reading of this bill in less than an hour.

I heard the hon. member for Davenport (Mr. Caccia), for whom I have great respect, and I am sorry he is not in the House at the moment but I understand he had to leave, participate in the debate a few moments ago. Some members may ask what is wrong with that. On the face of it there is nothing wrong, except when it is remembered that the hon. member for Davenport also participated in the debate last night which invoked closure on this bill. Indeed, I believe he was the last member to speak on the closure motion, putting forward arguments of why it should be invoked.

It would seem logical and fair to me that if he were to speak in support of a motion to invoke closure, a measure that would limit severely the time left to debate this important measure—a measure, I submit, almost as important as the one now before the committee in terms of its impact on the country—he should not then deprive somebody else of the precious right to speak in the few hours we have left by virtue of the invocation of closure, notwithstanding how important the message the hon. member felt he had to deliver in the debate.

I would say to the hon. member for Davenport that in a parliamentary sense that just is not fair. He is responsible for closure. He has to assume his collective share of responsibility for closure. By speaking tonight he deprived another hon. member who opposed the imposition of closure of the right to speak.

This bill brings a new element into the constitutional debate in terms of the Canada lands. It is that feature of the bill I want to address for a few moments this evening.

It is well to recall that the issue of resource ownership which is now a question seized by the constitutional committee and the debate surrounding the constitution in the country, was raised during the First Ministers' conference, particularly with regard to the offshore dimensions of that resource question. It has been raised in the House in the form of questions. It has been raised because the province of Newfoundland and the province of Nova Scotia have put forward claims to the ownership of the offshore. We have been told by the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Prime Minister (Mr. Trudeau) in the House that this is a question for the Supreme Court of Canada to decide. If the federal government claims ownership and if the provinces claim ownership, then I submit it is not unreasonable for the Prime Minister and the Minister of Energy, Mines and Resources to suggest that this matter should be settled by a third party, namely, the Supreme Court of Canada.

They also said during the meeting of first ministers that the package on the table, and presumably the package we are dealing with tonight in the constitutional committee, was merely the first phase of the government's constitutional proposals, and that the resource question would be included in the second phase.

Here we have two positions: one taken in the House by the government saying that the question of who has claim to the offshore is to be settled by the court and another position taken at the First Ministers' conference by the same government saying that the question of the offshore and the resource question will come in the second phase of the ongoing constitutional package.

What I find strange is that we now have this bill before us which will get second reading tonight by the use of the government's majority which makes a complete mockery of any suggestion that this matter should be included in the second phase of constitutional discussions or that it should be settled by the Supreme Court of Canada.

The bill assumes that the legal ownership of the Canada lands in the maritime provinces and Newfoundland belongs to the federal jurisdiction of Canada. That seems to me to fly in the face of what we have been told in this House and to fly in the face of the constitutional process that started this summer in which the first ministers were told that it was to be the second phase of the government's constitutional process.

Is the government now saying to the premiers who attended that conference in September that it has taken the offshore question off the list? Is that what it is saying by this bill? Is that the message going to the Atlantic provinces tonight? Or is the federal government telling the House and the Canadian people that there will be no second phase to the constitutional process, that the phase we have now is the final and irrevocable process.

● (2050)

On the one hand the federal government admits that the ownership of the offshore resources is a question for the Supreme Court of Canada, and now the government is asking Parliament to pass an act to give the rights of the offshore to the federal government.

I am not a lawyer, sir, but it would seem to me that given the due process in this country and the separation of the judicial process from the parliamentary process, the government would have waited until this matter was settled by the court. That is what we would expect and that is what the provinces had every right to expect.

Bill C-48 assumes that all the offshore area off the east coast of Canada is Canada lands owned by the Government of Canada for the people of Canada. My friend from South Shore (Mr. Crouse) put forward an argument on behalf of his province. My province has put forward another argument. I suppose this will have to be ultimately decided by the courts, the passage of this bill notwithstanding. But what that does to the process, I do not know. My province makes the case, and rightly so, and I have made it in this House, that we brought with us into the federation, into the union, our jurisdiction intact over the offshore lands, which is the continental shelf.

The government disputes that, and that is its right. I say that dispute should not be on the floor of this House in the form of a bill put through by the invocation of closure with the use of the majority. That should be settled by due process before the Supreme Court of Canada.

It assumes considerable importance for some of us because we are dealing interestingly with what the bill calls Canada lands. That means, of course, land under the sea on the continental shelf. We should take a look at what has happened to Canada land in the past. Prior to the Canada we now know there were lands which were Canada lands. We know, for example, that as a result the face of Canada has changed, not only with the creation of new provinces, but with the expansion by the federal government of the existing boundaries of existing provinces. I might say this has had the effect of placing the Atlantic provinces, by this bill, at an all time disadvantage because the only place we can expand our lands is by the lands which the government is now claiming in this bill.

It is well for us to remember what the Government of Canada did in extending the boundaries and what it meant for Quebec. It meant an addition of 379,000 square miles to the territory of Quebec in 1912, without which the province could not have the tremendous James Bay hydro development and all the vast energy that will mean for the province and people of Quebec.

The province of Ontario had its boundary extended by 237,000 square miles to the north and to the west to what is now the boundary of Manitoba. We have seen the boundary of Saskatchewan and Alberta each given an additional 250,000 square miles which were northern lands—Canada lands—under the jurisdiction of Canada and belonging to all Canadians.

Simple justice would indicate that the only boundaries of our region to be extended are those on the continental shelf. That is a natural extension of our land mass. The continental shelf is recognized by international law as the natural extension of a land mass of a coastal state. That simple justice is being denied to us by this government. We know. There is a good reason for it.

Off our own coast, Hibernia basin has a potential of 1 billion barrels of recoverable oil. It is there in commercial quantities. Unfortunately, I am sorry to say, the development of it is being held up because of this dispute. It is not being helped, I might add, by the passage of this kind of legislation. We know there is natural gas and probably oil reserves off the coast of Nova Scotia. The natural gas is there. Whether or not the oil is there in recoverable quantities has yet to be determined, but it is probably there. We know there is natural gas in commercial quantities off the coast of Labrador, all of which is included in the Canada lands in the bill now before us.

Coming from a province with only 53.6 per cent of the earned income of the average Canadian and with unemployment insurance in terms of our economy representing one-twelfth of the personal income in Newfoundland as compared to one-fortieth in the rest of Canada, we are being denied the right by this kind of legislation to be able to stand on our own feet economically as a result of what that tremendous oil resource would mean to us. That does not mean the Government of Newfoundland wants to grab it all and keep it all. The government of Newfoundland has made the case as to why it is so concerned with exercising its claim. First it wants to control the rate of development. That is very important to an old culture like ours. We know what has happened in other jurisdictions. We have a precious fishery resource, not only a social resource in terms of our people and our way of life, but we have a fishery resource on which that social resource depends. We must protect that and hence control the rate of development. The only way we can control the rate of development is if we control the resource. Let no one think that we claim that because we want all of it to ourselves. We are prepared to share with the rest of Canada. The Government of Canada will get its share from its tax powers. The developer will get its share from its royalties and Newfoundland will get its share. From our share we will be able to contribute in terms of the equalization formula to the rest of Canada. Is it wrong or is it fair that we should look for our place in the sun by something which we feel is justifiably and rightfully ours?

I was proud when we sat on that side, albeit for a short time. We had a policy in place which provided that the province of Newfoundland would own the mineral resources of the continental shelf. The ownership and legislative jurisdiction would be consistent with and subject to the division of legislative competence as between Parliament and the provincial legislatures under the Constitution of Canada; that the Government of Canada would continue to have legislative jurisdiction in certain areas such as environment, shipping, and so on. Those principles would be confirmed by the signing of an agreement which we agreed to enter into between the two governments and by appropriate legislative action and constitutional change. All that stopped with the change in government last year.

I submit to you, Mr. Speaker, that the passage of this bill with the government claiming upon itself these Canada lands and so denying the right of the Atlantic provinces to extend in the only way they can is an act of grave injustice to the people of Atlantic Canada and one which hon. members opposite will have to account for when they face the people.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State, Small Businesses): Mr. Speaker, Bill C-48, an act to regulate the oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, is an act designed specifically to safeguard the interests of the people of Canada and their energy resources on our Canadian-owned lands, sometimes referred to as Crown land. In simple terms, these are lands owned by Canada as a nation or Canadians collectively and we all have an interest in the development of those lands and the resources on those lands.

● (2100)

I want to stress that this act does not in any way infringe upon the rights or ownership of mineral rights of the provinces, but in the interpretation of the bill, Canada lands are defined as lands that belong to Her Majesty in the right of Canada or with respect to which Her Majesty in the right of Canada has the right to dispose of or exploit the natural resources. It is for this reason I indicated earlier that we as individual Canadians have a vital interest that must be safeguarded for our future generations. It is intended to ensure Canada's energy resources for the eighties and to upgrade and update existing legislation currently applied to these lands.

In simple terms, its intent is to ensure that the 300 million acres of land currently under lease in these regions is developed, bearing in mind the best interests of Canada and of Canadians and, in particular, ensuring that Canadian-owned companies are involved in the development and accrue the benefits from this development. I believe, however, before we go into the specifics of this legislation, in this debate on second reading, we should recap or compare in a very brief way similar legislation and regulation and returns to other companies in other nations.

Oil companies would lead us to believe that we in Canada are asking too much, but in England there is one state-owned company empowered to purchase 51 per cent of all oil production, and another one with a monopoly on gas production. In Norway, a Norwegian state enterprise established since 1973 is empowered to carry a 50 per cent interest in oil and gas rights in the exploration stage, and that rate can go as high as 80 per cent. Similar stringent state involvement also exists in Indonesia.

Mexico completely nationalized its oil industry many years ago, from the exploration and development stage, through processing, distributing and retail sales.

Venezuela has taken similar measures and, although several multinationals had been extensively involved in the Venezuelan petroleum industry, the industry is now totally nationalized under PetroVen and four subsidiary companies. But these four subsidiaries work very closely with the multinationals such as Exxon.

In the Middle East, in Saudi Arabia there are two state-owned companies, Iranco and PetroMin, and again these companies are working in the interests of the country and in co-operation with the multinationals. This same situation exists throughout the Middle East and it is worthy of note that the multinationals now handle less than 50 per cent of world trade. If the multinationals are willing to work closely with state-owned companies in other countries, under far more rigid controls and rules than we propose, why can they not work with Canadians in Canada?

It is not our intention to nationalize the oil industry. We have only one Petro-Canada at the present time. Some

Canadians and members of this House would lead us to believe that the National Energy Policy is creating undue hardships on the multinationals operating in Canada, but when you compare the stricter controls and lower allowable involvement imposed in other countries, naturally they will complain. A negative reaction was to be expected here in Canada as we Canadianize our industry, through a more direct involvement of Petro-Canada and the involvement of Canadians investing in and securing our energy supplies for the years ahead.

One other interesting aspect of the energy policies of these other countries is the fact that very few of them charge world prices to their own consumers. In other words, they charge world prices for their exported oil and another price for oil and gas used for domestic consumption. Some of the comparisons are as follows: in Mexico gasoline is 20 cents per litre, in Venezuela 4.4 cents per litre, in Saudi Arabia 5.5 cents per litre, England 76.2 cents a litre, Canada 31 cents per litre, the United States 37 cents a litre, in France 90 cents per litre and Italy 100.08 cents per litre. This is all quoted in Canadian dollars.

This act is intended to replace the Territorial Lands Act, and Public Lands Act and includes amendments to the Oil and Crown Production and Conservation Act. But the basic objective is to provide security of supply for Canadians and to provide the vehicle for Canadian participation in energy development and revenue sharing.

At the same time, we intend to pursue the development of frontier oil and gas, while ensuring that Canadians receive a fair return for these oil and gas resources, optimizing the employment of Canadians and the use of Canadian goods and services in frontier gas and oil exploration and development.

Our proposed legislation and the National Energy Policy is the best in the world. It respects the needs of the oil companies and protects the heritage and interests of Canadians.

To those members who would suggest that a 25 per cent share in oil and gas rights for Canadians on Crown land is unjust, I would remind them that as a citizen and landowner who holds title to his land and the mineral rights, I personally would receive a 12½ per cent share of any oil or gas discovered on my lands in Ontario. Why should it be any different for all Canadians, on all Crown land that is owned by Canada and Canadians?

I remind the members of this chamber that it was in my constituency of Lambton-Middlesex where oil was first discovered in North America, at Oil Springs, Ontario. In fact, Imperial Oil Company was first established in the town of Petrolia, later to move to Sarnia and then expand to its current status. Some of those old wells are over 100 years old and are still producing. Further exploration is continuing and seismic work is being done. I witnessed a rig that was moved to a new site in Sombre township last Sunday morning. The point I am making is that this region, very small though it may be, in comparison to the vastness of the area that would be under the jurisdiction of this act, this original oil field has been producing for more than 100 years, and exploration work is still going on.

There is continuing interest in the Silerian Reef formation that covers the eastern part of the state of Michigan and southwestern Ontario. New wells are being found at varying levels and pinnacle peaks and salt domes are being sought. One particularly interesting area is the offshore regions in Lake Erie, and, although natural gas was discovered there many years ago, new wells are being discovered in new areas where it was previously thought none had existed.

But like other offshore discoveries of greater magnitude, such as Hibernia or the Beaufort Sea, new technology has enabled the drillers to locate those fields by using shock waves or seismic. On land, small shallow holes are drilled, small explosive charges are placed and listening devices wired in sequence. As these explosive charges are detonated in series, shock waves echo back from rock formation below, indicating depths of domes and basins far below. Similar apparatus is towed behind ships, and by using small compressed air explosions in the water, science has enabled us to identify similar domes and basins below the ocean floor.

When an abnormal formation is discovered, a grid pattern of seismic sounds is applied to identify the extent of those structures below and to determine the best location to drill a well.

In the act before us today, there is a definition included to ensure it is clearly understood that a significant find or discovery is one well, but a commercial discovery is more than one or a series of wells. Provision is included in this act in clause 44 to give the minister authority to make a declaration of that significant discovery in respect to these lands, and any adjacent lands where he has reason to believe the significant discovery may extend.

In clauses 45, 46 and 47 the minister may make declarations of commercial discoveries and order additional wells to be drilled on the relevant Canada lands at such time and places as the minister should indicate. In other words, if a company finds an oil or gas field on Crown lands, this gives the authority to the minister to ensure that Canadians know the size of the discovery and the extent of the region and the potential production.

● (2110)

This legislation relates to the minister. Most acts do relate to ministers, but while they do have authority, it is usual that that authority is delegated to other bodies. In spite of the fact that those other bodies may make decisions, the ultimate responsibility rests with ministers. It is not unusual in legislation to relate authority to those who have responsibility. Even though they may have other bodies under their jurisdiction, ministers still have the responsibility and have to live up to it.

Clause 48 ensures that the power is included in the act to order that production commence at the times and places and in the quantities specified in the order and that sales are made to specified persons and at prices specified in the order. By the same token, power is included to stop or suspend production for periods of time specified in the order. This provides an assurance to us that a large discovery will be brought to the

attention of the Canadian people and that some large company cannot sit on a large discovery and say, "When you increase the price by so much we will start producing" or in other terms, "If you do not do certain things we will cut back by 15 per cent". We want to protect the people of Canada against such actions as this.

The last clause upon which I want to touch is clause 49 and the establishment of a revolving fund to ensure that proper environmental studies are conducted prior to the start of exploration work on the impact on our ecology during the drilling, development and producing stages in these highly sensitive regions of our environment.

I am well aware of the consequences in my own constituency when a dry hole is drilled and not properly plugged. There are hundreds of these in Lambton county. There are old wells from the 1800s which are no longer producing and which have been abandoned but left unplugged. They have since contaminated surrounding water wells because oil has come up to the water level in those wells and spread out through water veins. These unplugged abandoned wells have made it impossible to use modern further recovery techniques in these fields, and I refer to the fact that it is no longer possible to pressurize these rock formations. If we could pressurize these old formations, we could force out tens of thousands of barrels of oil which still exist in these fields. I am also aware of the damage this can cause to lands adjacent to a well or an oil field not only because of oil spills but also because of mud pits used in the drilling process and because of pipeline construction.

Just recently a constituent came to me regarding three very large gas transmission lines which cross his farm. Not only was there a tremendous displacement and loss of topsoil during the installation of these lines, but my constituent's whole underground tile drainage system was affected. Mr. Miseck lost a strip of land. If proper procedures and studies had taken place prior to that installation, the result would have been known and the land would have been restored to its productive potential. This was as recent as the 1950s, 1960s and early 1970s. This was in the province of Ontario. This type of environmental damage is much different from that found on Crown lands. We must be ever cognizant of the fragility of the ecology of the north, of the marine life in our offshore waters and the impact on our fishing industry, not just next year or the year after but ten or 20 years from now.

I have a particular interest in this area because of another situation in my own neighbourhood. A well was being drilled last summer and, in spite of all normal precautions and additional expertise flown in from western Canada, as the normal depths were approached a salt dome was penetrated, and the ensuing flow of brine saturated the site and may result in soil damage to land around that rig which may take years to recover.

In spite of modern technology and normal precautions on two of the best farms in Canada, which are less than five miles apart in my own neighbourhood both Mr. Miseck and Mr. Williams have incurred damage which may lower the productivity of the land for years to come. While these two cases do not come under the jurisdiction of the National Energy Board or the Department of the Environment, I am pleased that the Minister of Energy, Mines and Resources (Mr. Lalonde) has the foresight to ensure that this does not happen on Crown lands, or, if it does happen, that absolute liability is assessed against the operators.

Naturally I am interested in ensuring that adequate precautions are taken, and I will be watching with interest what happens this spring as drilling resumes in my own area. I understand that five wells have been planned for my area for this coming year. These will be drilled by Canadian drilling companies which have not been discouraged or affected by the national energy policy and which have chosen to remain in Canada as responsible corporate citizens to work toward Canadian self-sufficiency. In fact, some of the preliminary work was a joint effort by a very large multinational company and a very small Canadian company.

If five of the very largest multinational companies can accept the restrictions placed on their operations by some of the nations to which I referred earlier, then I can see no reason why they cannot operate here in Canada as we work toward our objectives in the interests of all Canadians. Of course, very large corporations—I refer to Exxon, Shell, British Petroleum, Mobil, Gulf, Texaco and I could go on—would object to any change in direction of Canadian policy or any policy which would lower their profits in any country. As we are all aware, these profits have increased dramatically over the last few years. A policy which would increase Canadian control and ownership of our resources had to be implemented to secure these resources for our future.

It has been ten years since the industry was advised that the regime for the disposition of oil and gas rights in the frontier regions, the offshore and the territories would be extensively revised. This new Canada oil and gas act was originally introduced in the House as Bill C-20 on December 20, 1977. The bill before us tonight for second reading is needed both from the industry's standpoint and from the regulatory standpoint. From the industry's standpoint we must establish certainty as to the tenure of gas and oil rights in the fiscal regime, thus providing for a stable investment climate. The industry will know precisely where it stands. From a Canadian standpoint this legislation is required to lay down more specific rules and guidelines as we move toward our objective of increased Canadian ownership and security of supply.

I indicated earlier that I come from the oldest oil producing region of North America. I have grown up in the midst of that industry. I saw the phasing out of the old Canadian Oil Company refinery at Petrolia, Ontario. It built a new facility at Sarnia which was later bought by Shell just 15 or 20 years ago. Then we saw the establishment of the Sun Oil refinery at Sarnia next to the Imperial Oil refinery. This region became known as the "Chemical Valley", and a fleet of tanker trucks collected the oil from the surrounding oil fields and delivered it to these refineries.

Since those earlier pioneer days pollution has been a problem. Tremendous strides have been made to correct this, to

eliminate the possibility of oil spills, to locate and plug old abandoned wells and to fill in old underground storage pits where crude oil was originally stored while it awaited refining. But this has happened over several decades. Now, as technology has advanced and people have become aware of environmental damage the same risk is not there. This legislation provides the necessary power to conduct environmental studies. As I indicated earlier, we intend to avoid the mistakes made by the early pioneers. We are placing total liability on the shoulders of the operator. In this context the legislation is clear, concise and simple. I endorse and support this legislation. It does not impose the stringent financial burdens on companies as the other oil producing nations to which I referred earlier do. This legislation reflects and fulfils the needs of the people of Canada. It has placed the emphasis on an early assessment of the oil and gas potential of our frontier regions, but this requirement will not be fulfilled at the expense of the fisheries or the environment. It is the intent of the legislation that proper assessments be made of environmental damage potential and then that the recommendations and findings of those assessments are adhered to. This legislation will be of benefit to all Canadians.

● (2120)

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to speak on Bill C-48, an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, because of the impact of this legislation on my native province of Nova Scotia.

When the Minister of Energy, Mines and Resources (Mr. Lalonde) introduced this bill on December 11, 1980, he called it a key element in the successful fulfilment of the government's national energy program. In his words, this bill:

—will establish a new and modernized regime to govern resources development activity in those immense frontier regions of our country known as the Canada lands.

He went on to say:

Our offshore regions cover an area of some 2.5 million square miles. The territories alone comprise another 1.5 million square miles. Together this is what we call the Canada lands, an area which is almost twice the size of the ten provinces combined.

Then the minister, warming up to his subject, claimed:

The promise of this vast frontier region is as enormous as its size. It represents Canada's best prospects for large, new reserves of conventional petroleum. It holds the key to our energy security . . .

Oil and gas rights have already been issued for 350 million acres in the Canada lands. Virtually all the area is considered promising in terms of potential reserves. Bill C-48 will convert these existings rights to the new land management regime thereby establishing it in a meaningful way.

We must ask how is this rich prize to be taken over. The minister left nothing to the imagination as he outlined his government's plans under seven major headings. I think it is only fitting that I repeat them because there is some misunderstanding as to why we are objecting to this legislation. The minister stated:

First, there will be stiffer work requirements through negotiated exploration agreements which include firm drilling commitments. Second, we will reserve to the Crown a 25 per cent share of oil and gas rights in the Canada lands, to be exercised through Petro-Canada or some other designated Crown corporation.

I guess that means more bureaucracy, Mr. Speaker, and more Crown corporations. The minister went on:

Third, there will be a minimum requirement of 50 per cent Canadian ownership, through the private or public sector, of production from the Canada lands. Fourth, we will ensure optimum employment of Canadians, and the use of Canadian goods and services in oil and gas activities carried out on the Canada lands. Fifth, we will provide ministerial authority to order production to commence and be delivered to Canadian markets in quantities and at prices specified in the order. Sixth, we will be providing a greater degree of control in the timing, direction, rate and level of exploration, development and production by various means. These would include drilling and production orders, earlier release of proprietory information, prior approval of transfers and assigment of rights. Seventh, we will ensure that Canadians receive a fair return for their oil and gas resources through a basic royalty of 10 per cent, with an additional royalty of 40 per cent of the net profits of a field.

This is, of course, a very tall order. The minister also stated:

—the Canada oil and gas act will bring existing oil and gas rights into line with the new regime, but in such a way as to ensure that if these rights are not actively developed they will be relinquished to the Crown. Existing permits, leases and agreements will either be converted to new leases and agreements within a year—

Only one year, Mr. Speaker.

—or will be surrendered to the Crown. Under the new regime, all exploration rights will lead to one type of production right only, namely, a production licence.

I have listened attentively to many of the speeches that were made, as well as to the minister when he made his initial speech, and I say to you, sir, that this bill makes a mockery of parliamentary democracy. You will note that when I listed the seven major headings as stated by the minister in the House, he kept saying "we will do this", "we will do that", "we will ensure", "we will provide". It is not Parliament, not the private sector that will do this, nor the peoples' representatives but the minister, whose background in the oil industry leaves much to be desired and is far from impressive, who will decide. Is it any wonder that when these proposals became known to the public, the oil, gas and well drilling companies started to leave Canada in droves? Instead of welcoming the minister's national energy plan, the Independent Petroleum Association of Canada, in full page advertisements in several of our daily newspapers right across the land levelled forceful criticism at the minister and the government saying that his proposals will only hurt Canadians by raising fuel prices, by making Canadians more dependent on expensive and insecure foreign oil. They said it will delay essential frontier exploration as well as oil sands plants and heavy oil development, it will cost Canadians more for gasoline and heating oil in the long run, and it will cost thousands of jobs which would be created by the oil industry right across Canada. The independent Canadian companies stated "we are the people your program was supposed to help, but it doesn't help us at all, it has stopped us in our tracks".

This policy, Mr. Speaker, has not only stopped the independent oil companies in their tracks. I say through you, sir, to the minister, that it appears to have stopped development and progress in all of Canada. All you need to do is look

at the daily statistics that are being supplied. The minister, however, only laughs off these criticisms saying they are nothing to be concerned about, they are merely the big crocodile tears of the vast oil interests in Canada. I ask the minister, who is in his seat in the House today, whether he shares the opinion of Mr. Rowland Frazee, chairman of the Royal Bank, who stated in Montreal, on January 8, 1981, that the federal government should scrap its national energy program and concentrate on drawing up a new policy rather than worrying about the constitution. In the words of Mr. Frazee: "It seems abundantly clear by now that the national energy program is so seriously flawed as to be a non-starter, which should be withdrawn and reconsidered! Canada's number one energy priority should be self-sufficiency in oil, but 'high noon' confrontations between the federal government and the provinces are blocking progress". These are the words of the chief executive of one of Canada's biggest banks, but I doubt whether his advice and his suggestions will meet with any more acceptance by the minister than do the carefully worded suggestions and recommendations made by members of Parliament from this side of the House. It is somewhat like the words of the mother watching the parade go by, turning to dad and saying, "You know, dear, everyone is out of step but our John." That is the attitude of this minister. Obviously, the moves being made by the minister against foreign investment in his attempts to gain great Canadian ownership of the oil industry can only further damage Canada's reputation abroad and cause wasteful bickering at home. I say to the minister, through you, sir, that if he continues to pursue the policies as outlined in this bill, we will continue to see more projects delayed or go down the drain or, more accurately go down south. We will see the Canadian dollar fall still further. We will see the price which we paid for our imports increasing and our inflation continuing its upward spiral.

The clauses and proposals in this bill will never, I submit, help us to settle our domestic problems or our international difficulties. In my opinion, this government's inability to see the tremendous potential of this nation is undoubtedly its greatest weakness. This government, with its preoccupation for the acquisition of still greater power, with its determination to still further socialize Canadian industry and build an even greater bureaucracy is, unfortunately, causing all Canadians to forfeit their opportunity to build on our strengths for the future. That is the crime of this type of legislation. The minister has carefully detailed the powers and the privileges which he considers essential to be retained by the federal government under this bill for control of the Canada lands. Some still ask, "What are these lands?" In fact only a moment ago I placed a question, at his consent, before the hon. member for Davenport (Mr. Caccia) for whom I have a great deal of respect. In his answer he seemed to state that there was nothing about the ownership of lands to which I referred in the bill. I regret that he has not read his own government's "National Energy Program" of 1980, for, if he had, he would see what the minister is talking about when he speaks of Canada lands. They include all of the Yukon, all of the Northwest Territories, the Labrador Shelf, the Grand Banks, all of the Scotian shelf which includes Sable Island and the area adjacent to New Brunswick and Prince Edward Island. That is what they intend to take, to rape from the rest of Canada through this type of legislation.

● (2130)

As a Nova Scotian I believe it is my duty and responsibility to place on the record the position of those I represent so that the minister and the government can evaluate the different points of view and hopefully through debate and discussion resolve the different problems facing both governments on this matter.

The exploitation of offshore oil and gas could be the most important commercial development of the twentieth century for Nova Scotia. Offshore oil and gas could give Nova Scotians the financial resources to attack deeply-rooted economic problems and strengthen weaker sectors of the economy. In our view it is a real chance for those of us who live in Nova Scotia.

Oil and gas production from our own fields would also provide badly needed independence from our presently insecure supply of increasingly costly oil imports. At present all the oil consumed in my province of Nova Scotia is foreign-produced and large federal payments are needed to maintain a uniform Canadian oil price to consumers. Reducing or eliminating oil imports would improve Canada's balance of payments and stabilize the cost of oil to Canadian consumers.

We realize as well that offshore oil and gas developments could also present problems if they are not properly managed and controlled. Experience in other jurisdictions shows us that large oil and gas developments can be highly disruptive. They can lead to inflation because the funds involved are so large in relation to the rest of the economy. They can disturb living patterns, for example, by causing real estate prices to soar. They can also harm the environment, a fact which has been mentioned earlier in the House and is well-known to all Nova Scotians who sadly remember and will never forget the disastrous *Arrow* and *Kurdistan* spills off their shores. Offshore oil and gas developments can overwhelm long-established local industries and small businesses, unless these firms can plan carefully with government guidance and protection to get their share of the action.

As Nova Scotians we believe strongly that the regulators and decision makers must have the closest possible direct links to the communities involved and be responsible solely to the jurisdiction most affected. This is one of the key reasons Nova Scotia insists it would be folly to allow the control and management of the offshore resources of the province to slip away from provincial hands.

Nova Scotia has already passed legislation to ensure that oil and gas activities, on and off the shores of the province, will provide the optimum benefit to Nova Scotians. In four separate acts provision is made by the government of Nova Scotia to determine the extent of employment of Nova Scotian workers and the use of Nova Scotian goods and services in all

phases of exploration, development and production. Provision is made for regulations regarding education and training of Nova Scotians to enable them to participate in the many job opportunities which these developments will generate.

Finally, provision is made for the establishment of compensation funds to reimburse individuals who might suffer loss as a result of exploitation and development as well as pipeline or gas utility activities. I hope the House will realize that Nova Scotia has a strong and positive legal claim for ownership and control of its offshore resources. I repeat what I stated a moment ago in the form of a question in the House. Our claim goes back as far as 1621 when King James I granted the Royal Charter of Nova Scotia to Sir William Alexander. In recognition of the utter dependence of the early colonists—and of course this applies to the people who settled in my home town of Lunenburg—the water adjacent to our shores was granted to the province since the food the colonists required and the transportation mode was all by sea. In recognition of this dependence the king included as part of our territory a band of sea stretching about 120 miles southward from our coasts. This band easily encompasses Sable Island. That is why if Your Honour lived on Sable Island and an election was called—I am not certain how you would vote—you would be required to vote in a Nova Scotia constituency and your ballot would be counted in the Halifax riding. This band which the king granted to Nova Scotia in 1621 includes Sable Island, a large share of the controversial Georges Bank, as well as most of the Scotian shelf. These boundaries were observed for many years despite numerous conquests and treaty settlements. In fact, Canada's constitution, the British North America Act of 1867, provided that Nova Scotia's limits would be exactly the same after as before Confederation.

I think it only fitting that I remind the House the international boundaries of Canada have remained fairly constant since Confederation, but within Canada there have been many changes. As federal territories in the west and north acquired value, either through settlement or mineral development, they were regularly and without question granted to the appropriate provinces. In fact Nova Scotia, as a result of its pre-confederation division into Nova Scotia and New Brunswick, is perhaps the only province in Canada which has grown smaller over the years.

For many years Ontario has asserted ownership and control over its minerals, as we have just heard from the last speaker, including oil and gas under the waters of the Great Lakes, and for the last two decades it has benefited from natural gas production in Lake Erie. These gas fields stretch southward nearly to the international boundary which exists between Canada and the United States. Nova Scotia sees no reason whatsoever why it should not have similar ownership of the resources which exist on its offshore banks. However, Nova Scotians believe that legal confrontation over the offshore jurisdictional question should only occur as a last resort. Once our views are fully known and understood, we are hopeful that our differences over these problems can be resolved through negotiation with the present federal government.

So there can be no misunderstanding, I wish to spell out the essential rights and powers which Nova Scotia must have to ensure that offshore development will be directed toward the benefit of Nova Scotia as well as Canada. These rights are exactly the same ones which are exerted by the provinces with respect to onshore resources. First, we believe Nova Scotia must have the power to control the pace of the development of its offshore resources in order to balance the possible formidable industrial expansion with the preservation of traditional social values and patterns. This requires that Nova Scotia have exclusive right to issue and set the conditions of all licences, leases and permits of all kinds, which relate to the exploration, development, production, transportation, refining and marketing of petroleum and petroleum products, subject only to the normal jurisdiction of the federal government in extra provincial trade.

• (2140)

Nova Scotia must have the right, sir, to a fair offshore resource royalty, rental and other revenue in order to fund education and training programs, to support administrative and regulatory agencies, to reverse the equalization payments system and to ensure that industrial activity in Nova Scotia is sustained after the offshore resources are depleted. Because of our high unemployment rate, Nova Scotia must have the ability to provide preferences for qualified Nova Scotian workers in the early years of development. This will be coupled with an intensive program of education and training, to bring as many as possible to the high standards required by this industry. Given moderate success offshore, it is expected that the need for these preferences will disappear within a very few years.

We also believe that Nova Scotia must be able to determine the conditions under which goods and services are supplied to industry operations, in order that Nova Scotia can obtain a share of these business activities—something we have sorely lacked for many years. Without some temporary preferences in the early stages of development, Nova Scotians will face extreme difficulty in entering the field against competition from large international firms. These rights and powers, when taken together, may seem to be comparable to ownership—without doubt, they constitute very substantial control of our offshore resources. However, ownership is not a precise term and there are many aspects of control other than those I have mentioned. Some are undeniably federal responsibilities; some are undeniably provincial responsibilities; and, of course, some are controversial, therefore, open to negotiation.

I believe prompt resolution of the controversial responsibilities is necessary in order to prevent delays in petroleum exploration off Nova Scotia's coast. I believe it can be achieved, either through constitutional amendments or within our existing constitutional framework. The Parliament of Canada, with the consent of Nova Scotia, has the authority to confirm by statute that our seaward boundaries are co-extensive with the boundaries of Canada for the purposes of resource exploration and development. The statute may

include whatever terms and conditions are agreed to by the federal and provincial governments.

We in Nova Scotia hope our oil and gas potential can be developed; not through a process of confrontation, as appears to be the minister's position as outlined in Bill C-48, but rather through a process of consultation, which is the original manner in which the strength of our provinces was achieved and our nation developed. After all, sir, a chain is only as strong as its weakest link. Surely this government must eventually realize that legislation, which strengthens the economic position of our individual provinces, cannot help but strengthen the central government—and the nation. Unfortunately, Bill C-48 falls far short of its required goal. Instead of strengthening the provinces it seeks to take away more of their powers and concentrate that power in Ottawa. I say to you, sir, in conclusion, that this is a bad bill, an unjust bill. It does nothing to strengthen Canada and confederation. If the provinces are robbed of their resources they have nothing—nothing to work with, nothing on which to build. This is why I am opposed to this bill and why I intend to vote against it.

Mr. Deputy Speaker: The hon. member for Gloucester.

Mr. Murphy: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The hon. member is rising on a point of order?

Mr. Murphy: Yes, Mr. Speaker. It is my concern that if the hon. member for Gloucester wishes to speak he should not have been the last Liberal speaker before the motion on closure.

Mr. Deputy Speaker: The hon. member for Gloucester.

Mr. Herb Breau (Gloucester): Mr. Speaker, I want to make two points in the couple of minutes which I have and then I will leave the rest of the time to the hon. member from the NDP.

The first point I wish to make, Mr. Speaker, is that in this bill we are not dealing with any lands—

Mr. Murphy: You denied us the time, why should you be able to speak?

Mr. Breau: —within a province. Clause 2 clearly says that we are dealing, first of all—

Miss Jewett: One minute!

Mr. Rae: You do not want anyone else to speak. Do not speak yourself.

Mr. Deputy Speaker: The hon. member for Gloucester has the floor.

Mr. Breau: First of all, in the Northwest Territories—

Mr. Murphy: Let other members speak. You wanted closure, do not speak.

Mr. Breau: Secondly, those submarine areas adjacent—

Mr. Rae: I want to speak, too.

Mr. Deputy Speaker: Order, please.

[*Translation*]

Order, please. It being 9.45 p.m., it is my duty to interrupt the proceedings and put forthwith every question to dispose of the motion now before the House.

Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea!

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some hon. Members: Nay!

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Lalonde) which was agreed to on the following division:

● (2150)

(*Division No. 43*)

YEAS

Messrs.

Allmand	Deniger	Johnston
Appolloni (Mrs.)	Desmarais	Joyal
Bachand	Dingwall	Kaplan
Bégin (Miss)	Dion	Kelly
Berger	Dionne (Chicoutimi)	Killens (Mrs.)
Blaker	Dionne (Northumberland-Miramichi)	Lalonde
Bloomfield	Duclos	Lamontagne
Bockstael	Dupont	Lang
Bossy	Dupras	Laniel
Breau	Ethier	Lapierre
Bussières	Evans	Lapointe (Charlevoix)
Caccia	Ferguson	LeBlanc
Campbell (Miss) (South West Nova)	Fisher	Lefebvre
Campbell (LaSalle)	Fleming	Lonsdale
Chrétien	Foster	MacBain
Collenette	Fox	MacEachen
Comtois	Frith	Mackasey
Corbin	Garant	MacLaren
Corriveau	Gauthier	MacLellan
Cosgrove	Gendron	Malépart
Côté (Mrs.)	Gimaïel	Maltais
Cousineau	Gourd	Marceau
Cyr	Guilbault	Massé
Daudlin	Harquail	Masters
Dawson	Herbert	McCauley
de Corneille	Hopkins	McRae
Demers	Hudecki	Nicholson (Miss)
	Irwin	Olivier
		Ostiguy

Messrs.

Ouellet
Pelletier
Pepin
Peterson
Pinard
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Veillette
Weatherhead
Whelan
Yanakis—109.

NAYS

Messrs.

Andre
Beatty
Blackburn
Blaikie
Blenkarn
Bradley
Clarke
(Vancouver Quadra)
Cooper
Corbett
Crouse
Darling
Deans
Dinsdale
Ellis
Elzinga
Epp
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Gurbin
Halliday
Hamilton
(Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hnatyshyn
Howie
Ittinuar
Jewett (Miss)
Kempling
King
Knowles
Kristiansen
Lambert
Lawrence
Lewis
MacDonald
(Miss)
MacKay
Manly

Messrs.

Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKnight
McLean
Miller
Munro
(Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Parker
Rae
Reid
(St. Catharines)
Robinson
(Burnaby)
Roche
Rose
Sargeant
Schellenberger
Scott
(Victoria-Haliburton)
Shields
Siddon
Skelly
Taylor
Thacker
Towers
Vankoughnet
Wenman
Wise
Young—78.

Motion agreed to, bill read the second time and referred to the Standing Committee on National Resources and Public Works.

Madam Speaker: It being after ten o'clock, the House stands adjourned until 11 a.m. tomorrow, pursuant to Standing Order 2(1).

At 10.13 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, January 16, 1981

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

CALL FOR ADDITIONAL TRAINS TO MOVE GRAIN—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas many farmers in Alberta and, indeed, in all the prairie provinces are unable to deliver their quotas because local elevators are jammed and some farmers deliver only by travelling many miles to elevators on alternate rail lines, and whereas farmers require a cash flow, the same as any other business, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the Minister of Transport move aggressively by making more cars and trains available immediately to move our grain from all of the prairie provinces.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

DUPLICATION OF PROGRAMMING—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my motion is presented under the provisions of Standing Order 43. On Wednesday evening, January 14, the CBC "National" in Vancouver rebroadcast the first five minutes of news used the night before. This rerun happened the same day the corporation was defending its application for a proposed new CBC-2 network. Since CBC-2 will, if approved, be largely a schedule of rebroadcast shows, I move, seconded by the hon. member for Richmond-South Delta (Mr. Siddon):

That the CBC be urged to resist the temptation of using the CBC "National News" as a dry run for a possible CBC-2 network.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

CANADA-U.S. EAST COAST FISHERIES TREATY—EXPECTATION OF U.S. SENATE APPROVAL—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I also rise under the provisions of Standing Order 43 on a matter of pressing necessity. Whereas U.S. senator, Charles Percy, has indicated there will be movement in the U.S.-Canada east coast fisheries treaty, whereas this movement can only result in further compromises on the part of Canada, and whereas this House has unanimously endorsed the present treaty and rejected previous demands for further changes, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House reaffirm its expectation that the current agreement awaiting U.S. Senate approval shall be signed so harmony can once again occur between U.S. and Canadian fishermen in Atlantic Canada.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

● (1110)

[*Translation*]

LABOUR CONDITIONS

ASSISTANCE TO LAID OFF WORKERS AT SEPT-ÎLES AND SCHEFFERVILLE—MOTION UNDER S.O. 43

Mr. André Maltais (Manicouagan): Madam Speaker, I ask the unanimous consent of the House under the provisions of Standing Order 43 to move a motion on an important matter of pressing and urgent necessity.

In view of the lay-off of a thousand workers during the past year on the North Shore as a result of the closing down of the ITT at Port-Cartier, and following the 650 further lay-offs by

the Iron Ore Company of Canada at Sept-Îles and Schefferville, I move, as the member for Manicouagan, seconded by the member for Broadview-Greenwood (Mr. Rae) and for Central Nova (Mr. MacKay):

That the House urge the Minister of Employment and Immigration (Mr. Axworthy) to spare no effort and take all means at his disposal to help without delay the workers of Sept-Îles and Schefferville recently laid off by Iron Ore.

Madam Speaker: The House has heard the motion of the hon. member. The presentation of this motion under Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the wording of the motion. Does the House agree to pass the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*English*]

EXTERNAL AFFAIRS

EL SALVADOR—CALL FOR DIPLOMATIC EFFORTS TO STOP FLOW OF ARMS—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, I rise on a matter of urgent concern which I hope will receive the unanimous agreement of the House. In the light of reports of over 600 persons killed in the last five days in fighting in El Salvador and of 9,000 deaths due to political violence in 1980, and in light of Canada's support for the United Nations resolution of December condemning military aid to El Salvador, followed by the present visit of the Prime Minister (Mr. Trudeau) to Mexico City and the recent visit of the Secretary of State (Mr. Fox) and other ministers to Mexico, signifying Canada's interest in Central America's concern, I move, seconded by the hon. member for Edmonton South (Mr. Roche):

That this House urge the government to increase its diplomatic efforts to stop the flow of arms to El Salvador, and that the Secretary of State for External Affairs be encouraged to meet with the seven-man diplomatic mission of the revolutionary democratic front in Ottawa next week.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

AIRPORTS

CALL FOR CESSATION OF ALLEGED DOWNGRADING OF AIRPORTS IN NORTHERN CANADA—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact the Department of Transport has reduced hours of maintenance at northern airports and apparently is also considering transferring MOT airports to territorial authorities which do not have the money adequately to maintain and expand them, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Minister of Transport cease his systematic downgrading of airports north of 60.

Madam Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AUTOMOTIVE INDUSTRY

INCREASE IN AUTO PRICES—CALL FOR JUSTIFICATION—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, under the provisions of Standing Order 43, I move a motion of urgent and pressing necessity. In a report prepared for the Ontario government which was leaked and published today, it is indicated that within the auto industry, at the very best, one in five jobs will be lost in Canada, and that in Ontario the losses will be in excess of that figure. I therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the government require the auto industry to appear before the finance committee of this House to justify its actions and in particular the raising of prices 36 per cent over the prices of the 1980 model year, and for maintaining a 16 per cent gap between the price of similar cars sold in the United States, thereby contributing to the disastrous economic conditions reported today.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GOVERNMENT ADVERTISING

CALL FOR PROGRAM AGAINST USE OF MARIJUANA—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise under the provisions of Standing Order 43 on an issue that has a direct impact on Canada's youth. It is a well-known fact that credible researchers and doctors have warned of the possible

long-term, harmful effects of the prolonged use of marijuana, especially such use by young people. In light of these warnings, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House urge the government to divert some of its huge and proposed advertising budget toward a sustained, intensive education program designed to alert Canadians to the potential hazards of marijuana use.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1115)

ORAL QUESTION PERIOD

[*English*]

PETRO-CANADA

HIBERNIA PROJECT—REPORTED STATEMENT BY CHEVRON OFFICIAL

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Earlier this week an official from Chevron, one of the key operators in the Hibernia project off the coast of Newfoundland, stated that the Hibernia project, under the present terms of the National Energy Program, is not economic. Since Petro-Canada is a participant in this project, would the minister advise the House of Commons whether he has sought the advice of PetroCan on this matter and, if so, does it agree with the conclusions reached by Chevron on this matter?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am sure that the hon. member would not want to misquote Chevron officials. What Chevron has said, if I remember correctly, was something to the effect that they would not be in a position to decide on the production of Hibernia unless they were assured as to the price they would be able to get for that production. There is nothing in the National Energy Program that provides any specific price for the oil that will be produced offshore. We said there would be consideration given to a special reference price, but that price has not been determined as yet and Chevron indicated that they would want to know what price they can expect for their production before they can start it. I find this a very reasonable and understandable position to adopt and I have no quarrel with it.

There is nothing in the National Energy Program that is at variation with this particular concern which they have expressed, and there is nothing in the NEP that prevents Chevron from proceeding with the Hibernia exploration and development. What they need and will require to know is what price they will get. That is what we will be negotiating during the next while.

Mr. Wilson: A supplementary question, Madam Speaker. The minister did not answer the question I put to him, which was whether he has discussed this matter with Petro-Canada. On Wednesday I asked the minister whether he had discussed the matter of the cancellation of the Syncrude expansion with Petro-Canada, and at that time he said he had not. We are talking here about two very important elements in the future supply of oil for Canada.

My question to the minister is, what is the role of Petro-Canada as a window to the industry? How is the minister utilizing that role of Petro-Canada in coming to conclusions as to how the National Energy Program should be implemented, particularly on this very important question of price for offshore oil?

Mr. Lalonde: Madam Speaker, the hon. member referred to Syncrude. I indicated at the time that I had not discussed this particular aspect with the president of Petro-Canada. I am sure that since that time the hon. member has read the statement made by Petro-Canada that it disagrees with the decision taken by the other partners in the case of Syncrude. I think it is a pretty good indication of the sense of national interest by a national company, compared to that of private companies in this particular field.

As far as Hibernia itself is concerned, I have not had discussions yet with Petro-Canada as to what specific price would be required to bring Hibernia into production, except discussions of a very general nature a few months ago. I think first of all we have not had conclusive evidence yet that there will be the possibility of commercial production in Hibernia, although we are quite confident that this will indeed be a very good discovery.

As to the exact price that will be required for the oil, we will have to wait a while and have further discussions with all parties concerned. Petro-Canada will obviously be consulted in that respect. At the present time, however, it is premature to arrive at a specific price proposal. This is a matter that will be negotiated over the next few months. I must remind the hon. member that we are still a few years down the line before we have production out of Hibernia.

Mr. Wilson: Madam Speaker, surely the minister knows that before any decision is taken on production and future exploration we must have a better idea of price.

● (1120)

Supplementary to the answers which the minister has given, has Petro-Canada updated its financial projections for 1981 and for future years to reflect the impact of the National Energy Program on its exploration, development and production activities in western Canada? If so, would the minister advise the House as to the conclusions reached? Many private sector companies have done this and we are seeing large drops in cash flows proposed by these companies as a result of the National Energy Program. What is the position of Petro-Canada in the same area?

Mr. Lalonde: Madam Speaker, I will be very happy to provide the hon. member with the exact figures he has requested, and I will obtain them from Petro-Canada. However, I can draw to his attention that another Canadian company, Husky Oil, announced yesterday that it was not going to decrease its exploration budget this year but increase it. I can say that the Canadian government has approved an exploration budget for Petro-Canada for the coming year which is substantially increased over what it was before. There is every reason to believe that there will be more exploration, not less, carried out by Petro-Canada in 1981.

As to the specific figure requested by the hon. member as to how much exploration will take place in western Canada, I will obtain that from Petro-Canada. I have only the global figure with me now for exploration for the whole of Canada, including the offshore.

* * *

NATIONAL ENERGY PROGRAM

ALLEGED DELAYS IN TAR SANDS PROJECTS

Mr. Jack Shields (Athabasca): Madam Speaker, my question is also for the Minister of Energy, Mines and Resources. Does the minister recognize that the national energy policy and the lack of an agreement with Alberta is delaying virtually every tar sands project in northeastern Alberta? I am referring to the Alsands, Cold Lake, and more recently the Syncrude expansion and Suncor project being in jeopardy. Does the minister realize that the province must proceed with other projects to keep the economy in Alberta vitalized?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have to disagree with the statement that the National Energy Program is delaying the tar sands project, but I have to agree with the hon. member that the lack of an agreement with the province of Alberta is delaying those projects at the present time.

Mr. Wilson: You are not listening, Marc.

Mr. Lalonde: We have made several proposals to get those tar sands projects proceeding, but Alberta refuses to negotiate any arrangement which would settle the question of the tar sands project independently from all of the other aspects of the energy discussions.

In that respect, I must say that I find it rather strange for a Canadian, and an Alberta minister in particular, to declare, as reported in *The Globe and Mail* yesterday, that Alberta decided to block approval of new oil sands plants mainly because their construction would have provided jobs for people mostly from outside Alberta. I find that passing strange.

Mr. Shields: Madam Speaker, I think the minister knows full well—and again it is the half truths that he is using—that he has not tried very diligently to get an agreement with Alberta. Recognizing that this is happening, that the lack of an energy agreement is there and that the national energy policy is delaying these projects from going ahead, will the minister be prepared in two or three years' time to cope with the strain on social services and the social injustices that will occur in Alberta? When he recognizes that his oil policy is a crock, he will have to change it and all these programs will be going at one time. What does the minister intend to do about the increased crime which will result from the overstraining of the economy of Alberta? What does the minister intend to do about the strain on the divorce rate, the strain on schools, hospitals and on all social services in Alberta? I have lived through this and I know what I am talking about. What is the minister prepared to do about those things?

Mr. Lalonde: Madam Speaker, I am afraid there is not much I can do about the divorce rate!

Mr. Lawrence: You are sure?

Some hon. Members: Oh, oh!

An hon. Member: You cannot do anything about energy either.

Mr. Lalonde: On the other hand, I understand the seriousness of the concern expressed by the hon. member. That is why we have made many attempts to get an agreement with Alberta in order to get these projects ongoing, projects which will benefit northern Alberta in particular, the whole of Alberta and the whole of Canada.

• (1125)

I must say that even after the rejection of our proposal in July by Mr. Lougheed I went back in September and offered him an additional price in respect of the tar sands plants. That offer was again rejected by my colleague in the government of Alberta. I have indicated that we are still ready and willing to discuss the question of the tar sands and heavy oil at Cold Lake separately, if necessary, in order to get those projects proceeding quickly and avoid delaying their construction. Unfortunately I have not been able to obtain any positive reaction from the government of Alberta as yet.

* * *

THE ECONOMY

GOVERNMENT POLICY ON FIGHTING INFLATION

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is for the Deputy Prime Minister and Minister of Finance. It concerns the inflation situation in Canada and the announcement today by Statistics Canada that in 1980 we had the highest annual rate of increase since 1975. Since the minister and the Prime Minister have declared war on inflation and have drafted an army of unemployed in order to fight this war, does he really think it fair to continue conscripting young people, the unskilled, those in eastern and northern Canada into this army, and not others, and does he really think that further restrictions on demand will reduce inflation

when this policy has been tried for a number of years and clearly is not working?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the description of a policy by the hon. member does not represent a policy which the Prime Minister or myself support or propose to implement.

Mr. Rae: Madam Speaker, if what I have described is what is going on, then I suggest the minister really has no choice but to recognize that that is exactly the implication of the kinds of policies he has been following. Since analysts in the industry are telling us that high interest rates and restricted supply have been responsible for runaway food prices, which has been one of the main problems facing the average Canadian in the past year, can the minister tell us why the government is continuing policies which, while they are supposed to fight inflation, because they restrict supply are really causing inflation in the food industry?

Mr. MacEachen: Madam Speaker, I disagree with the hon. member's analysis of the statements of the analysts. He is attributing the underlying forces of inflation entirely to higher interest rates. He knows perfectly well that inflation in 1980, during the course of the year we have just completed, arose from a number of factors much more widespread and diversified than high interest rates, including the increasing cost of food imported from abroad, which happens in Canada; higher energy prices arising from international markets and a decison of the Government of Canada to ensure security of supply for this country; bad climatic conditions throughout the world providing for increased prices for grain; and higher meat prices as a result of the normal cycle in that particular industry.

I would ask the hon. member to take a rather broader look at the forces which accounted for inflation in 1980. I would add that probably the higher interest rates we are suffering are more a manifestation of these underlying forces than they are in themselves the driving force behind inflation. I just want to add my analysis to the one the hon. member has given.

Mr. Rae: Madam Speaker, the minister is prepared to allocate responsibility for the problem of inflation in Canada to every actor in the economic scene with the exception of the government and policies which the government itself can control. I find that an abdication of responsibility which in current circumstances is really intolerable.

My final supplementary question is this. The minister has expressed concern on many occasions about the possibility of a wages explosion. I wonder if he could tell us why he is not equally concerned with the ravaging effect that inflation has had on the standard of living of the average Canadian, on wages and on purchasing power; and does he not feel that a cost of living tax credit would do a great deal to show the average Canadian that the government is indeed concerned with the human cost of inflation? Is he concerned with assuring average Canadians that they do not have to seek personal solutions to a social problem but that the government is prepared to play its part in providing a solution to a very real problem for every Canadian?

• (1130)

Mr. MacEachen: Madam Speaker, I disagree with the hon. member's suggestion that the government is not concerned with the impact of inflation on Canadians, particularly on low and middle-income Canadians. One of the first things we did at the beginning of this Parliament was to increase the guaranteed income supplement to help what I consider to be the most needy group in the community. As the hon. member knows, we have a fully indexed old age security system, a guaranteed income supplement which is fully indexed, and the spouse's allowance and the veterans' disability pension also are fully indexed. All of these measures which impact most directly on the most needy are fully protected against changes in the cost of living.

I believe, Madam Speaker, that the hon. member should take that into account when he asks for an additional cost of living tax credit. I think we have gone a long way in protecting the most affected citizens through the indexing provisions that have been passed and supported by the Parliament of Canada.

* * *

AUTOMOTIVE INDUSTRY

INQUIRY RESPECTING STATUS OF FINANCING AGREEMENT WITH CHRYSLER CANADA

Mr. Bill Kempling (Burlington): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. In view of the latest move by the U.S. government through the U.S. loan guarantee board to give further aid to Chrysler with attached conditions of employment, what is the status of the loan agreement between Chrysler and the Canadian government in view of the cutback of $400 million in investment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, it is my understanding that the U.S. loan board has not yet made a definite decision to recommend the issuance of further loan guarantees. The day before yesterday they issued a statement indicating the basis on which they would be prepared to recommend the issuance of loan guarantees involving certain concessions by the parent corporation, the parent corporation's lenders and the UAW.

With respect to the Canadian situation, we have not agreed to any changes in the agreements we entered into with Chrysler last spring, and that is our position at this time. Earlier this morning I met with the leaders of the Canadian UAW to consult with them as a result of their participation in the discussions with the UAW in the United States. Now that I have had this consultation, I will be prepared to meet with the Chrysler Canada people, but our position is that we have an agreement with them and we have not agreed to any changes in it.

Mr. Kempling: I have a supplementary question for the same minister. Several Canadian parts suppliers are being asked to reduce prices, to hold prices at current levels, or carry Chrysler's account until other financial arrangements can be made. Where do they stand in any renegotiation of the loan agreement? Will the government seek to get assurances from Chrysler for Canadian businessmen who are assisting, at great risk and with no compensation? Will they get some protection?

Mr. Gray: Madam Speaker, I understand that the Chrysler Corporation in the United States is asking for concessions from its suppliers in that country. So far as I am aware, although I can check into it, none of the arrangements that are being contemplated by the U.S. authorities on the basis of which they may extend further loan guarantees involves protection for U.S. suppliers. But this is an aspect that I can certainly look into with respect to the Canadian situation.

* * *

AGRICULTURE

INCOMES OF FARMERS—INCREASED COST OF FOOD

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is for the Minister of Agriculture. It deals with the increased price of food. The over-all increase in the cost of living index is 11.2 per cent but the rise in the price of food for home consumption is 14.8 per cent. My question to the minister is this. Since the minister has repeatedly stated that farmers' income remains static and is even declining, I should like to ask him how he squares this with the 14.8 per cent increase in the price of food, taking into account the fact that farmers' income is steadily decreasing?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I do not know where the hon. member is getting his information. The income of farmers who are efficient, productive and well organized is not going down steadily. Statistics show that farmers' income is perhaps not exactly keeping pace with incomes in some other sectors of society, but farmers' income is still in the net profit position. I stand by what I said earlier that the agricultural industry in Canada is one of the healthiest in the world, and it is in one of its healthiest stages ever in Canada.

Some hon. Members: Oh, oh!

ALLEGED PROMISE TO CONTROL INTEREST RATES

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, I have a supplementary question for the Minister of Finance. I should like to ask him what has happened to his grandiose promises of a year ago to bring high interest rates under control as a means of stemming runaway inflation and stimulating our economy, having in mind the effect that interest rates are having on farmers, on the small business community and on the cost of the food basket, and in view of his budget prediction of a 9.7 per cent rate of inflation for this year which has now surpassed 11 per cent.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member asks what happened to the promise which I made. I want to remind him that I did not make any promises with respect to interest rates because I realized at the time when this phenomenon occurred that it was probably a very difficult problem to solve quickly because it is the result of underlying inflationary forces. I do not think we are going to get interest rates down to the level we would like until we get inflation down, and that will take some time. I have said that in the past and I intend to repeat it in the House of Commons and elsewhere.

* * *

COMBINES

REQUEST FOR ACTION TO DEAL WITH RESTRICTIVE TRADE PRACTICES AND PRICE GOUGING

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I have a question for the Minister of Consumer and Corporate Affairs, but first I would like to suggest to the Deputy Prime Minister some other techniques for reducing inflation. As we know, the high inflation costs reported today are partly due to the price of energy. I should like to suggest that some major oil companies have contributed substantially to inflation by restrictive trade practices and price gouging. The department's answer to this over a few months has been that they have conducted a seven year investigation into the industry and into these practices, that the minister has promised to report the results of the investigation in July, in September and in December, but we have heard nothing as yet. It has dragged on and on and more and more promises are being made. Another investigation is promised, but no action is taken. When will the minister give us some action instead of promises and instead of more investigation? When will we get action to deal with these restrictive trade practices and gouging?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I am pleased to advise the House that the Director of Investigation's report has now been completed. It is now being printed and translated and should be published in early February.

[*English*]

Mr. Skelly: Madam Speaker, this goes further than just reporting. The profits of the oil companies have increased up to 65 per cent in the first nine months of last year. Eastern refiners are looking at roughly a 100 per cent increase on their income margins, while U.S. producers have profits less than half of ours. I think that some of the problems have to do with the failure of the government to place before the House competition legislation which will work, as well as the failure of the minister to act vigorously in this area. Would he indicate to the House when that legislation will be placed

before the House? I urge him to place it before the House early so that we can have a look at it.

● (1140)

[*Translation*]

Mr. Ouellet: Madam Speaker, I have already indicated on several occasions that I want to make amendments to the competition legislation. The relevant bill is now on the drafting board, and when it is placed before the House, I hope it will have the support not only of the hon. member who has just asked the question, but also of all our hon. colleagues, and thus quickly become law.

* * *

[*English*]

CROWN CORPORATIONS

ELDORADO NUCLEAR LIMITED—SERVICES OF AUDITOR GENERAL

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The president of Eldorado Nuclear Limited told the Public Accounts Committee recently that his company intends to dispense with the services of the Auditor General as auditor of that Crown corporation. Knowing what a blow this will be to the principle of comprehensive auditing and to the principle that more, not fewer, Crown corporations should be audited by the Auditor General, will the minister tell the House if he has any intention to use his position to prevent the Crown corporation from firing the Auditor General?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, those decisions are made by the Crown corporations themselves and their boards of directors. Many Crown corporations have auditors other than the Auditor General, who come from the private sector. I am aware that Eldorado Nuclear Ltd. made such a decision, but to have both an auditor from the private sector and the Auditor General for this year. However, in due course it would like to have someone from the private sector as auditor like a large number of other Crown corporations. I fail to see anything wrong with having an auditor from the private sector. The question surprises me all the more as it comes from the party of the hon. member which is always so concerned about expanding the public sector, especially in the oil industry.

[*English*]

Mr. Clarke: Madam Speaker, the minister knows that the Crown corporation cannot take this action on its own and is not capable of making that kind of decision. I am asking the minister specifically about order in council PC-1980-3127 which replaces the Auditor General as the auditor of Eldorado Nuclear Ltd. and makes no mention of any outside auditor. Is the minister saying that this order in council is revoked and, if so, what is the replacement for it?

[*Translation*]

Mr. Lalonde: Madam Speaker, I should appreciate the hon. member sending me a copy of the order in council in question. I know one has been passed. The decision of the government merely confirmed that of Eldorado Nuclear Ltd. to the effect that, in 1981, the Auditor General of Canada and an auditor from the private sector would work together, or side by side, in auditing Eldorado's books.

* * *

[*English*]

EXTERNAL AFFAIRS

MOZAMBIQUE—INCARCERATION OF CANADIAN CITIZENS—ACTION TAKEN BY UNITED STATES EMBASSY

Mr. John Gamble (York North): Madam Speaker, my question should be directed to the Secretary of State for External Affairs, but in his absence I will direct it to the Deputy Prime Minister, who will know that last week Canadians, including a renowned Canadian author and columnist, Barbara Amiel, were incarcerated in the Mashava prison in Mozambique during which time Miss Amiel almost expired as a consequence of contracting tropical diseases. Having regard to the fact that both Canadians were incarcerated without just cause by the government of that country, has the Government of Canada sent a stern note of protest to the government of Mozambique for the harsh and uncivilized treatment accorded Canadian citizens?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, seeing the Secretary of State for External Affairs is absent, I shall take notice of the question of the hon. member and convey his views and suggestions to the secretary. I shall make sure that the hon. member gets a reply as soon as possible.

[*English*]

Mr. Gamble: Madam Speaker, my supplementary question is also directed to the Deputy Prime Minister. We know that the two Canadians to whom I made reference were released as a consequence of efforts made by officers of the United States embassy in Mozambique. We also know that when Canadian embassy officials assisted the government of the United States in securing the release of some members of its embassy in Tehran, the United States was very rapid in responding with a note of considerable thanks to the government of this country. Has Canada followed that same practice, and has it in fact thanked the government of the United States for the efforts of its officials?

[*Translation*]

Mr. Pinard: Madam Speaker, in light of my answer to the previous question, it is obvious that I cannot say more, and there can be no question of a speed contest in that field if the United States were fast in thanking us for our action in Iran.

Are we as fast as they are in extending our appreciation in other circumstances? I told the hon. member that the subject is important, that his questions were serious, that his suggestion was very worth while and that I will raise the matter with the Secretary of State for External Affairs at the earliest opportunity and the hon. member will have a reply as soon as possible.

* * *

[*English*]

CANADIAN BROADCASTING CORPORATION

PROGRAMMING—USE OF RERUNS—GOVERNMENT POSITION

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Communications, who indicated yesterday his support of the concept of CBC-2, Télé-2, which the president of CBC has described as a network mainly of reruns of material run on tbe basic CBC service, Could the minister explain why he favours a concept of reruns, which has limited benefit to the television and film industry in Canada, over increasing Canadian productions on the basic service, which has direct benefits to the television and film industry in Canada?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, the hon. member was either not in the House yesterday afternoon or did not read the blues to find out exactly what I said because she is not interpreting my comments correctly. What I am basically interested in as Minister of Communications, as I believe are most people in the cultural community in Canada, is an extension of Canadian programming facilities and a greater amount of Canadian quality program production in this country.

When the hon. member speaks about CBC-2, I believe she takes CBC-2 in isolation from the general thrust of the government in this area. Our first priority at the moment is extension of services to northern and remote communities. Yesterday morning the new CTV service to the north was inaugurated through the co-operation of the CTV network and the CBC by using the CBC House of Commons network, which soon will be giving some 60 hours a week of new services to northern remote communities. Probably within the next two weeks TVA will also be using the Anik 3 satellite in another wrap-around system with the House of Commons proceedings, which will mean additional French language network services available on satellite in this country.

Second, I have also indicated my complete agreement with the CRTC's position of extending services throughout Canada and having a greater number of Canadian programs available throughout this country. I fully expect that through the CRTC hearings, which are to begin on February 9, on extension of services within the next six months we will have in this country new multi-channel services available via satellite, providing Canadian programming throughout all parts of the country. I think these are very important initiatives indeed.

Miss Carney: Madam Speaker, my supplementary question is also directed to the Minister of Communications who, in spite of his lengthy statement, did not answer my question. My point is that we do not need a second network to bicycle replays and retreads. We can video-cassette them or buy video discs; we do not need a second network.

To be specific, the president of the CBC has told House of Commons committees and has already indicated publicly that, of the half billion dollar budget of the CBC, only $18 million is spent on private production. Why does the minister not direct the CBC to use the $30 million it is seeking for CBC-2, Télé-2, to increase the level of Canadian production on the basic service?

Madam Speaker: Order, please. I am afraid I have to ask the minister to be brief.

Mr. Fox: Madam Speaker, what I was trying to point out to the hon. member was that what we are interested in is a much greater number of Canadian program productions done in this country, partly through the CBC and partly through the private sector. Hopefully the CRTC, which shares these types of objectives, will come up with the best way possible of doing so. We are interested in seeing an increase in program production by the independent program production sector in this country. The CBC increased its budget in that regard over the past few years. I know the president of the CBC is indeed interested in having additional program production material done by the private sector in Canada.

* * *

● (1150)

[*Translation*]

PETRO-CANADA

INQUIRY WHETHER OFFER MADE TO PURCHASE PETROFINA

Mr. Hal Herbert (Vaudreuil): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. I believe he is the proud holder of a Petro-Canada credit card. Can he deny or confirm that Petro-Canada has made a purchase offer to Petrofina? If not, can he tell us whether eastern Canadians will be given the opportunity of buying gas from their own company, in the near future I hope?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Indeed, Madam Speaker, I am very proud to have a Petro-Canada credit card, but I would certainly like to be able to use it in Petro-Canada service stations in eastern Canada as Canadians already do out west. I know that a great many Canadians share my feelings. I am not aware of any approach made by Petro-Canada to Petrofina in recent months. I hope, however, that our over-all program announcing the acquisition of foreign companies will enable it to be possible in 1981 for Petro-Canada to buy out at least one, two

or three foreign companies with a view to enhancing Canadian ownership in that sector.

* * *

[*English*]

CANADIAN WHEAT BOARD

EXPENDITURE ON PROPOSED TERMINAL AT PRINCE RUPERT, B.C.

Mr. Gordon Towers (Red Deer): Madam Speaker, in view of the fact that apparently the Minister of Agriculture has either forsaken the farmer or does not understand economics, I should like to ask a question of the minister in charge of the Canadian Wheat Board. The Minister of Agriculture stated that farm income is up and he thereby equated it with increased net income, which is not the case because net farm income is down.

Could the minister in charge of the Canadian Wheat Board tell the House about, or table the details of, the $100 million expenditure by the Canadian Wheat Board for the Prince Rupert terminal?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Prince Rupert terminal will be the creation of a consortium in which a number of companies and pools are taking part. The federal government is contributing to it by way of a $22 million appropriation for facilities. I really do not see what is the issue because my information is that all of this is being processed now in a very satisfactory fashion.

Mr. Towers: Madam Speaker, I just cannot understand how a member of cabinet fails to realize that there has been a suggestion by the Canadian Wheat Board that it will spend $100 million of grain growers' money, money which they cannot afford because of the programs of the Minister of Agriculture. Could the minister tell us what this money will be used for and how it will be expended?

Mr. Pepin: Madam Speaker, my information is that the Canadian Wheat Board is not a member of the consortium at Prince Rupert. Occasionally I have seen reference to the need for surge capacity, but no decision has been made on that particular issue.

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ENVIRONMENTAL AFFAIRS

ALICE ARM, B.C.—GRANT OF DUMPING PERMIT TO AMAX—REQUEST FOR INQUIRY INTO CIRCUMSTANCES

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance. I am sure the minister is aware of the special dumping permit of Amax Limited which has been given to no other mine in Canada. It was granted during the 1979 federal election, unknown to the House. Until September 12, 1980, John Aird was on the board of Amax. On September 15, 1980, he became the lieutenant-governor of Ontario. His connections with the federal Liberal party are well-known.

Was there any direct or indirect communication of any kind between John Aird and members of cabinet or their staff regarding the permit for Amax Limited at Alice Arm?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have no knowledge of that, and I will make inquiries.

Mr. Fulton: Madam Speaker, yesterday in Vancouver the Nishga leaders, along with Archbishop Edward Scott, met with Amax. Church leaders in Canada, including Bishop Remi De Roo and the archbishop of the Anglican Church of Canada representing millions of Canadians, the British Columbia Federation of Labour, the Building Trades Council and the United Fishermen and Allied Workers Union representing affected workers, along with the Prime Minister, the Minister of Indian Affairs and Northern Development and the Minister of Fisheries and Oceans, are on record now as supporting a review, including a public inquiry. We in this House have been stalled since April of last year.

Will the Deputy Prime Minister rise in his place on this occasion and show some leadership by calling for a public inquiry? If not, will he inform members of the House and millions of Canadians that he will make an announcement in the House next week regarding a full public inquiry?

Mr. MacEachen: Madam Speaker, I will have the representations of the hon. member considered and will give him an answer as soon as possible.

* * *

PETRO-CANADA

STATEMENT OF OFFICIAL ON OFFSHORE OIL PRODUCTION

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, will the Minister of Energy, Mines and Resources be kind enough to assist me in what appears to be an anomaly? I understood him to say, in answer to a question from my colleague, that it was premature to set a price for oil production on the east coast. Yesterday it was interesting to see one of the officials of Petro-Canada, the group vice-president for the east coast, reported as saying the following:

> —the oil industry needs to know what the price of the oil is going to be before offshore production can proceed. There is no point in the government saying to the oil industry: "Go find the oil, and then we will decide what the price will be." That's totally backwards.

He went on to say:

> A price needs to be set that will be close to or at world price if we are going to see these extremely expensive offshore developments take place.

Has the minister of energy been in touch with Petro-Canada? What is the basis for this apparent disagreement between the government's petroleum corporation and his own statements in the House?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member must have misunderstood what I said at the time. I have no disagreement with the notion that the price must be set before production starts. We know that production in this field is several years down the line. Supposedly the member quoted a vice-president of Petro-Canada. I thought he was referring to the vice-president of Chevron, but even if he is a vice-president of Petro-Canada, I have no quarrel with the argument that there must be a decision on price. What the price will be is a matter which is being examined and will be decided in plenty of time for the necessary expenditures to be incurred for production purposes; there is no doubt about that.

Mr. MacKay: Madam Speaker, I wonder whether the minister could assist me with respect to another comment of Mr. Meneley, the same Petro-Canada official. In a headline story which appeared in the January 14 edition of the Halifax *Chronicle-Herald*, he is quoted as saying that oil exploration will decline in 1981. In one article he is reported as saying that it will decline because of "an extremely serious worldwide shortage of oil rigs" which "continues to plague companies exploring off the east coast". He agrees with Mobil Oil Canada and Petro-Canada officials in this respect. Then in the same newspaper he says that oil industry production "in 1981 will likely decline because of . . . political pressure to try to change the National Energy Program". These are direct quotes of Meneley.

Does the minister not see the contradiction? On the one hand this Petro-Canada official is saying that "political pressure" will stop east coast oil production. On the other hand he is saying that there is a "worldwide shortage of oil rigs". Does the minister agree that these contradictory statements of an official of PetroCan, who appears to be taking a very high political profile in this important industry on the east coast, are not in the best interests of the east coast?

Madam Speaker: Order, please.

Mr. Lalonde: I disagree with the hon. member, Madam Speaker.

* * *

● (1200)

TRANSPORT

CROWSNEST PASS RATES—ESTABLISHMENT OF SHORT-TERM STUDY—REPORTED LOBBY BY FOOD PROCESSORS

Mr. Jack Murta (Lisgar): Madam Speaker, my question is for the Minister of Transport. I would like to ask him whether he can inform the House how close the government is to establishing a short-term study, which has been talked about, in terms of the resolution of the Crowsnest Pass rates.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I think quite close. It is not as early as I would like it but it is quite close. The main subject will be the creation of a task force, which would go into the subject and try to develop a consensus, which has already progressed quite substantially in western Canada.

Mr. Murta: Madam Speaker, statements in the press have indicated that a lobby by eastern food processors has been a major stumbling block in terms of the government's resolution as to what direction they should go. Can the minister comment on this and either confirm or deny these particular reports?

Mr. Pepin: Madam Speaker, I am sure the interests of the eastern feeders and cattle people, as opposed to the interests of the western cattlemen, will be brought up in the discussion which is to take place soon among members of the cabinet. That will be but one factor among many others.

ROUTINE PROCEEDINGS

[*English*]

PUBLIC ACCOUNTS

TABLING OF ACCOUNTS FOR YEAR ENDING MARCH 31, 1980

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, under the provisions of Standing Order 41(2) I would like to table copies of the Public Accounts for the year ending March 31, 1980.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,662, 1,670, 1,728, 1,750 and 1,778.

[*Text*]

DREE GRANTS TO BOMBARDIER INC., MONTREAL

Question No. 1,662—**Mr. Neil:**

Since the inception of the DREE program, what are the details of all grants made to Bombardier Inc., Montreal?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): The response for the Department of Regional Economic Expansion is as follows:

Bombardier Ltd
Quebec Region
Offers Made and Accepted
From 1969 to October 31, 1980

Location	Date Accepted	Product	Type of Project	Eligible Costs	Amount of Incentives	Direct Jobs
*La Pocatière	16/09/74	Transportation equipment	Expansion for a new product	$ 4,404,359	*$ 1,385,698	690
Valcourt	23/06/80	Snowmobiles and motorcycles	Expansion	$ 9,821,000	$ 1,964,200	320
La Pocatière	27/06/80	Transportation equipment	Expansion	$11,600,000	$ 2,320,000	580
Montréal	27/06/80	Locomotives and diesel motors	Expansion and modernization	$16,192,000	$ 3,238,400	159
Total:	4			$42,017,359	$ 8,908,298	1,749

* This project having been completed, the amount represents total payments by DREE. This amount is higher by $277,139 than the original offer made to the company.

DND—PYROTECHNICAL EQUIPMENT CONTRACT

Question No. 1,670—**Mr. McKinnon:**

Did the Department of National Defence order, from Canadian Arsenals Ltd., $7,064,016 worth of pyrotechnical equipment under contract number MA40.3689205 and, if so (a) what exactly is included under the general term "pyrotechnics" (b) for what purpose?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes. In response to the Department of National Defence contract demand 3689205, Supply and Services Canada entered into a contract with Canadian Arsenals Limited for the supply and delivery of pyrotechnical equipment to the Department of National Defence.

(a) 120,000 handfired parachute flares. This contract also includes the purchase from the Swiss manufacturer of the manufacturing rights and special production tooling by Canadian Arsenals on behalf of the government.

(b) This item is used by the land forces as illuminating device.

DREE EXPENDITURES

Question No. 1,728—**Mr. Stewart:**

1. Since its inception, by year and by province, what is the total disbursement for the DREE program?

2. For each year what were the percentages of total grants received by each province?

3. What percentage of the program is in administrative over-head costs?

4. Is the annual cost of administration (a) increasing (b) decreasing?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows:

1. See list below.

2. See list below.

3. 1979-80: 8 per cent (1979-80 is the first year administrative costs were analysed on this basis).

4. Comparisons are not yet available. See reply to part 3 above.

Regional Development Incentives Program
Disbursements of Authorized Development Incentives

$Millions

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	Total
1970/71	—	.1	.5	5.5	4.0	.6	1.0	.2	.8	.2		12.9
1971/72	.4	.8	3.1	4.6	16.8	2.4	3.1	2.7	1.1	1.3		36.3
1972/73	3.1	.2	4.4	4.6	23.0	9.6	12.2	.8	2.0	.8		60.7
1973/74	.8	1.3	8.7	6.3	36.5	5.9	2.9	1.3	11.8	.3		75.8
1974/75	1.6	.3	9.0	5.8	36.2	7.0	5.6	1.7	1.9	.8		69.9
1975/76	3.2	.8	9.6	7.0	33.0	13.6	5.3	4.7	5.7	.9		83.8
1976/77	1.4	2.0	9.4	11.3	33.3	7.8	9.5	2.2	4.7	.1		81.7
1977/78	1.2	3.1	7.0	5.8	28.9	6.8	6.1	3.4	.7	.1		63.1
1978/79	4.0	1.3	4.9	3.3	33.2	6.7	6.4	3.3	1.6	2.1	.1	66.9
1979/80	5.5	2.1	10.9	11.8	53.4	8.5	11.1	2.9	.8	1.6		108.6
1980/81 (to 30-09-80)	1.3	.5	2.7	2.8	18.9	1.8	2.6	.7	.2	.7		32.2
Total	22.5	12.5	70.2	68.8	317.2	70.7	65.8	23.9	31.3	8.9	.1	691.9
					Percentages for above							
1970/71	—	1	4	43	31	5	8	1	6	1		100
1971/72	1	2	9	13	46	7	8	7	3	4		100
1972/73	5	1	7	8	38	16	20	1	3	1		100
1973/74	1	2	11	8	48	8	4	2	16	—		100

Income Tax Act

						Percentages for above						
1974/75	2	1	13	8	52	10	8	2	3	1		100
1975/76	4	1	12	8	39	16	6	6	7	1		100
1976/77	2	2	11	14	41	9	12	3	6	—		100
1977/78	2	5	11	9	46	11	10	5	1	—		100
1978/79	6	2	7	5	50	10	10	5	2	3	—	100
1979/80	5	2	10	11	49	8	10	3	1	1	—	100
1980/81 (to 30-09-80)	4	1	8	9	59	6	8	2	1	2		100
Total	3	2	10	10	46	10	10	3	5	1	—	100

ADVERTISING EXPENDITURES

Question No. 1,750—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Fisheries and Oceans for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): (a) None, (b) $555,000, (c) $953,000.

Question No. 1,778—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Uranium Canada Ltd. for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Uranium Canada Limited reports as follows: (a) media advertising—nil, (b) free or subsidized publications—$2,000 (estimated expenditures by EMR on behalf of UCAN), (c) other information—nil.

[*English*]

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

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND AND TO PROVIDE BORROWING AUTHORITY

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved that Bill C-54, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to Committee of the Whole.

[*English*]

Mr. Andre: Madam Speaker, yesterday I sent you a note indicating my intention to rise on a point of order today in respect to the commencement of the second reading of Bill C-54. The basis for my point of order is that this bill is out of order as currently constituted, by my reading of the rules and the precedents. In particular, Madam Speaker, I refer you, and the members of the House, to Standing Order 60(11), which states:

The adoption of any ways and means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

I underline the words "based on the provisions of any such motion."

Examination of Bill C-54 indicates that part I of the bill, consisting of the first two clauses, is defined as borrowing authority. Indeed, the first clause cites this part as a borrowing authority act, which is clearly out of the ambit of the ways and means motion passed by this House earlier this week, on January 13. It is clearly in violation of Standing Order 60(11), which states that bills must be based on the provisions of any such motion.

Previous speakers have been called upon from time to time to adjudicate points of order based on this Standing Order. These have resulted in precedents, the consequences of which are given in our bible, if you will, of parliamentary procedure, Beauchesne's. In that regard, Madam Speaker, I refer you to section 518 of the fifth edition of Beauchesne's, page 175. Section 518(1) says:

A bill, related to a ways and means resolution, must be based on, but need not be identical with, the resolution. The taxing power of the Crown is limited by such resolutions, but relatively minor widening of exemptions from taxation may be allowed.

Then reference is made to *Journals*, December 18, 1974, page 224. That is a decision by one of your predecessors, Madam Speaker, the Hon. James Jerome. At that time his decision was to disallow the point of order raised. In that decision he said:

Finally, the most desirable practice is for the bill to adhere strictly to the provisions of the motion, and departures, if any, ought to be the subject of the strictest interpretation.

So it is quite clear what the Speaker of the House had in mind at that time.

The second paragraph of section 518 of Beauchesne's fifth edition reads as follows:

The most desirable practice is for the bill to adhere strictly to the provisions of the resolution, and departures if any, ought to be subject to the strictest interpretation.

Then paragraph (2) makes reference to decisions of previous Speakers which gave rise to the precedent stated in that section.

It might also be worth while, Madam Speaker, to refer to Erskine May's nineteenth edition, page 790, wherein it states:

If any provisions of a bill are found to go beyond the resolutions on which the bill is founded, further resolutions must be passed before those provisions are considered in committee on the bill, or the bill must be amended so as to conform to the resolutions to which the House has agreed.

Quite clearly, Erskine May establishes that the bill must conform rigorously to the ways and means motion upon which the bill is founded and, as I indicated, a ways and means motion is an order to bring in a bill based on that motion and nothing further.

In presenting argument to this it may be that the government will cite as an example Bill C-11 of 1977, which was brought in by a previous Liberal government. In this bill a borrowing authority was combined with an income tax act. At that point in time no point of order was raised, simply because it was not recognized for what it was, namely, an out of order presentation. I would submit that the fact we may have violated the Standing Orders of the House on that occasion does not mean we are therefore to violate the Standing Orders of the House on every other occasion in any future development. It is also interesting to note that the successor government, the Progessive Conservative government in 1979, did not attempt to resort to that tactic of combining the two but, in fact, had a separate borrowing authority bill, in keeping with our previous practices. They also had a separate income tax bill.

It is hardly necessary for me to state, Madam Speaker, and I think it is self-evident, that the rationale for the precedents as summarized in Beauchesne and the precedents established by previous Speakers, is that should this become an accepted practice of attaching onto bills other items which are based on ways and means motions, which have only a tenuous association, then surely we would be establishing a precedent for venturing into, in a very major way, the way in which this legislature treats legislation proffered by the executive.

● (1210)

Such a major step in this direction is something which should be very carefully considered and something which should not be allowed to happen merely as a result of an understandable interest on the part of the government which is attempting to group together pieces of legislation in an attempt to get as much through as possible with as limited exposure as possible. I suggest that we treat this point of order seriously. It is not raised in a frivolous attempt to try to disrupt the government's legislative program.

Both sections of the bill, the borrowing authority and the Income Tax Act, are deserving of the most careful treatment by this House. We are not approaching this point of order from the point of view of trying to employ procedural arguments with regard to the substance of this legislation. It is a procedural argument which we believe goes to the fundamental operation of this House. We feel that if this situation is allowed to proceed unchallenged, or if perhaps it is found to be in order, then we would be venturing onto very dangerous ground.

We strongly recommend to you, Madam Speaker, that careful consideration be given to the decisions of your predecessors and to the citations in Beauchesne's, and we feel confident that in fact this legislation, as it has been presented, is out of order and that it is up to the government to make the necessary amendments.

Mr. Lambert: Madam Speaker, this is one more incident since 1970 in which we face the problem of a bill being introduced following the acceptance of the ways and means motion which differs in a material way from the ways and means motion. In the original instance it involved the so called income tax reform bill, and many more such instances have occurred. Mr. Speaker of the day did not judge that he would have to examine a three inch thick bill to determine the differences. I pointed out to him that I had counted, on preliminary examination, some 39 such instances. I will say that there was the distinction that since the government was able to introduce major amendments under those circumstances I was, therefore, as a private member, able to do so as well. That is the rationale of the 1970 decision, and Mr. Speaker did allow me to introduce amendments.

Subsequently, there was the question relating to some excise tax legislation of whether a bill had to conform strictly. That is not so. Generally—and the word is "generally"—there may be a change of wording and there may be—

[*Translation*]

—as the saying goes in English, one can dot one's i's and cross one's t's and add a few commas—

[*English*]

—but there cannot be any material extension in the scope of the bill. The procedure, as you well know, Madam Speaker, is that at the time of the presentation of the budget by a minister of finance, the ways and means motions are tabled. Subsequently, as is indicated in Beauchesne's fifth edition at page 175, the second paragraph of clause 517:

A minister of the Crown designates a day for consideration of the ways and means motion under the terms of S.O. 60(2).

And that has happened. Paragraph (3) goes on to say:

On the designated day, the ways and means motion is decided upon without debate or amendment.

And that would refer to the ways and means motion which appears in the *Votes and Proceedings* of Monday, January 12. I can recall the wording which you used, Madam Speaker, in so designating that motion. You said that if the ways and means motion is put and the House accepts it, then the

minister has leave and the first printing is so ordered of the bill dealing with the ways and means motion.

But here is where we part company because Bill C-54 is an omnibus bill. It has two parts and is not the case where the ways and means motion is contained solely in the bill. It says that a bill will be introduced based upon the ways and means motion. As I look at Bill C-54, I see that the first portion deals with borrowing authority. If it is permissible to include borrowing authority, then the bill concerning income tax could be part of an omnibus bill with five or six subjects attached, and the subjects need not be generally related.

As we have learned from past experience, the government can choose to, shall we say, stitch together a number of bills or, in one bill stitch together a number of matters which are clearly compartmentalized and which amend certain legislation. This I believe was not meant to be.

I was a member of the procedure committee in 1968-1969 which brought in this change in the rules. I know that the subsequent minister of finance, Mr. Macdonald, who was also the government House leader, was the chief protagonist of the changes in the rules. It was clearly indicated that in order to facilitate a minister of finance in presenting the ways and means motion, this could be presented not only at budget time but at some other occasion, and since the motion would not be debated but merely voted upon, that there was the authority to bring in a bill based on the ways and means motion. At no time has anything been said to the effect that the borrowing authority provisions would be a part of this bill.

That is the practice to which my colleague, the hon. member for Calgary Centre (Mr. Andre), and I are objecting. It should not be. The bill should deal with income tax and income tax related matters, because there is also in the ways and means motion a clause to amend income tax application rule 71, and that is perfectly in order. But to include the other portion is totally and utterly wrong.

There is also the possibility that the bill may be considered to be in order. I must address myself to the possibility that the Chair will find that my colleague and I have not made our point. I refer the House to the debate on the borrowing authority bill which took place in the fall of 1979 when, for I do not know how many days, the House was consumed in reviewing interest rates, housing, and every damned thing conceivable because, somehow or other, the Chair felt that there was a thread running through the debate. Therefore, in dealing with an income tax bill in Committee of the Whole, we could have a general economic debate.

There is another point. The rules have never foreseen that provisions with regard to borrowing authority should be considered in Committee of the Whole. That part in itself cannot be considered in Committee of the Whole without the unanimous consent of the House, so I think the government has placed itself in a dilemma in regard to this matter. I suggest to you, Madam Speaker, that the question really is not open, although it can be contemplated.

• (1220)

If you look at the intent of Standing Order 61, the points made by the hon. member for Calgary Centre, the rulings of Mr. Speaker Jerome in considering these matters, as well as the remarks of Mr. Speaker Lamoureux, and also the arguments by the former member for Peace River, Mr. Baldwin, and myself, I suggest that you will rule in our favour and that that portion of the bill dealing with borrowing authority will have to be excised.

Mr. MacEachen: Madam Speaker, I should like to say a word or two on the point of order raised by members of the opposition.

I believe that the government is proceeding correctly and on the basis of precedent in seeking authority to borrow as part of an income tax bill. You will realize, Madam Speaker, that the Financial Administration Act provides that statutory borrowing authority must be obtained from Parliament to permit the government to increase its outstanding debt. That is the law.

Up until 1975 it was usual to tack on a request for borrowing authority to a supply bill. That was the practice. For the hon. member for Edmonton West (Mr. Lambert) to say that it is not possible to deal with borrowing authority in Committee of the Whole, asks us to recall the practice that must have prevailed when, on supply, the Committee of the Whole usually dealt with the items of supply and with the supply bills. Of course, at a certain point we changed the rules to provide that the Committee of the Whole would not deal with supply in the usual way. That is a side argument made by the hon. member for Edmonton West, that would have to be examined in the light of the practice that must have prevailed when the borrowing authority requests were dealt with in the committee on supply. I do not know what difference in principle would exist in terms of Committee of the Whole that would deal with this particular bill.

The main point is that up until 1975 the request for borrowing authority was tacked on to a supply bill. Mr. Speaker changed that because it was true that in certain circumstances it would not be possible for the House to debate that request for supply. It was only because there was no opportunity for debate that the ruling was made. Subsequently the practice was continued of tacking it on to supply bills, with the understanding that there would be one day's debate. This was provided for.

In 1979 another practice was introduced. The borrowing authority was sought by adding a clause to the income tax bill, to amend the Income Tax Act. That was accepted; there was no difficulty; no point of order, and it was regarded as appropriate.

It is true that the former minister of finance and myself did introduce separate borrowing authority bills, and I think quite appropriately in those circumstances, because neither of us, in seeking very large borrowing, had produced a budget. That was quite a different circumstance. To ask the House to provide the borrowing authority before a budget plan had been produced might have been procedurally correct through some

other method, but certainly it was sound to provide separate bills. These are the only two exceptions.

It was open to me in this particular case to select a number of options. It occurred to me that this would be the most appropriate option because the request for borrowing authority flowed from the budget statement. The income tax changes flowed from the budget and the economic statement of April, and the former budget. They were all part of the same general framework.

The only objection that was ever taken and upon which the ruling of the Speaker was based in 1975, was that no opportunity was given for debate in the House on the request for borrowing authority.

In the case at hand there will be full opportunity to debate on second reading the request for borrowing authority and to provide the House with an opportunity to relate that borrowing request with the over-all economic strategy of the government and with the income tax changes. It will be possible for the House to debate fully in Committee of the Whole the request for borrowing authority and all other matters, and it will be possible for the House to debate it at third reading. Certainly no parliamentary protocol or no parliamentary principle has been violated. In fact we are providing full opportunity for debate for all these matters in Committee of the Whole and on second and third reading, with the Speaker in the chair. We are solidly anchored on the precedent of 1977 when the borrowing authority was attached to an income tax bill and when no exception at all was taken.

In conclusion, Madam Speaker, I suggest that to cite the ruling of Mr. Speaker in 1975 is irrelevant in this particular case because the objection taken was that there was no opportunity to debate in the whole House. In this case we are providing opportunity to debate on second reading, third reading, and in Committee of the Whole. A ruling in that particular instance does not seem to be relevant to this case. The House is being given the opportunity to debate fully, in an integrated way, the over-all budget package through this method.

Mr. Knowles: Madam Speaker, obviously this is a technical point but I agree with my friends in the Conservative party that it is an important one.

May I say at the outset that my colleague, the hon. member for Broadview-Greenwood (Mr. Rae) has argued quite often that the whole question of the borrowing authority should be considered as an integral part of the debate on budgetary and financial policy. In that sense, at least in principle, he agrees, and I agree, with the contention of the Minister of Finance (Mr. MacEachen) that the whole budget debate should take place more or less at the same time.

Even so, we do recognize in this place that we should follow the rules that we set down. Indeed, the rule about a bill based on a ways and means resolution is that that bill should be based on that resolution and should deal only with the matters in that resolution.

I point out, in an effort to harmonize these two positions, that when the Minister of Finance makes a budget presentation, and a vote in support of the general principles of the government's financial policy has been taken, that comes to us not just in one bill but comes already in two or three bills, a bill to amend the Income Tax Act, the Excise Tax Act, the Customs Tariff Act, and maybe others.

● (1230)

It would seem to me that all that would flow from this point of order, if Your Honour agrees with the point that has been raised, would be that the borrowing authority ought to be in a separate bill. In other words, as the result of a budget presentation by the Minister of Finance that dealt with all of these matters, we would have not just three bills, but four bills.

I make this other point, namely, that one of the rules around here is that nothing can be done without notice. That is why we have motions under Standing Order 43 every day to try, by unanimous consent, to put propositions before the House for which there is no opportunity to give notice. But there has to be notice of any government bill.

In this case we had no prior notice that there would be a bill including the borrowing authority. The indication was that there would be a bill based on the income tax resolution adopted as a ways and means proposition. It was only when Your Honour read out the title of the bill that we got the words "an act to amend the statute law relating to income tax and to provide other authority for the raising of funds". I suppose in the title was the indication as to what was to be in the bill, but there had been no notice of that, not even an attempt to do it under Standing Order 43. It seems to me that if the government proposes to bring before Parliament, out of the budget presentation, changes in the Income Tax Act, changes in the Excise Tax Act, changes in the Customs Tariff Act, and something regarding a borrowing authority, there should be a proper procedural basis for all four of those elements.

The accepted procedural basis for the first three, the Income Tax Act, the Excise Tax Act and the Customs Tariff Act, is a ways and means resolution. At the same time the government could have put on the order paper a notice of motion of a bill to provide for the borrowing authority. I think it is in those terms that the House might think and Your Honour might consider the whole matter.

As must be obvious, I fully agree with the contention of my colleague, the hon. member for Broadview-Greenwood, that these things should be considered together, but surely we must follow the rules at the same time. I noted that when the hon. member for Calgary Centre (Mr. Andre) raised the point, he treated it as a serious procedural point, not as an attempt to delay the business of the House. I would imagine that if Your Honour feels that you must reserve on the ruling, that we would agree we might still go ahead with the debate on second reading of the bill, subject to Your Honour's decision on this important point, simply as to whether the borrowing authority should be in one of the three ways and means bills or whether it should be a bill by itself, but introduced at the same time.

Mr. McGrath: Madam Speaker, if you hold that the borrowing authority is correctly in the bill, then it seems to me you have created a conundrum of having a bill before us for which notice has not been given. We are entitled to ask the question flowing from what the hon. member for Winnipeg North Centre (Mr. Knowles) has said, namely, where does this borrowing authority come from? Notice of ways and means substitutes for notice of motion. But if you hold to the argument that the borrowing authority has no place in a ways and means motion, then you have a borrowing bill before the House which has not conformed to the regular notice required under the rules of the House. I would just put that to Your Honour as a very important argument.

My other point is with respect to what was said by the Minister of Finance (Mr. MacEachen). The fact that something like this has slipped through once does not constitute a precedent. I would submit to Your Honour that in this particular instance two wrongs do not make a right.

[*Translation*]

Mr. Pinard: Allow me to make a few comments, Madam Speaker. Strange as it may seem, yesterday we were censored for breaking with tradition but today, to support their argument they are quite prepared to disregard a precedent which was clearly established in 1977. It is important to recall that. What I respectfully want to bring to your attention, Madam Speaker, is the fact that the Standing Order which refers to the way taxes are to be levied in Canada is relatively limited. It is Standing Order 60. Sections 1 and 11 of that order which have to do with our problem and all the other sections, except perhaps section 2, refer to the budget, the budget speech and the budget debate. So when a government wants to levy taxes, contrary to the practice applicable to all other bills it has to table a ways and means motion and, of course, the ensuing bill must faithfully reflect the ways and means motion. And that is the whole extent of the very limited rules we must follow. The significant aspect in this case, in the ruling you have to make, is the fact that first of all it is not written anywhere, there is absolutely no order, no specific rule which states that the borrowing authority cannot originate from a bill to amend the income tax legislation. That is a fact, it is not mentioned anywhere. My colleagues opposite maintain that the borrowing authority should not be part and parcel of the bill but, Madam Speaker, they cannot tell you that it goes against the Standing Orders because it says so at a given page, in a given section. Nothing anywhere stipulates that it cannot be done. So that is the first basic and significant point—it is not forbidden.

When there is no rule to enlighten us we examine parliamentary practices. And as the Minister of Finance (Mr. MacEachen) so aptly put it a few moments ago, according to parliamentary practice until 1975—I will not give more details, I will not repeat everything that has been said—the borrowing authority was found in supply bills. One day in 1975 a ruling was made by Mr. Speaker, I have it here as reported on page 924 of the *Journals* of the House of Commons for December 9, 1975, where Mr. Speaker said after a point of order had been raised, I will ask that the section having to do with the borrowing authority be taken out of the supply bill, but not a bill such as this one to amend the income tax legislation because, in keeping with our parliamentary practice and the Standing Orders, the supply bill is adopted without debate at the very end of a supply period. As pointed out by the Minister of Finance, hon. members would have no opportunity to debate the issue of borrowing authority. I will read the ruling because it is fundamental to demonstrate to what extent it cannot apply in this case since there is plenty of time for debate. I am still quoting from page 924 of the *Journals* of the House of Commons:

[*English*]

I would therefore suggest at this stage, when the supply bill is about to go through all stages before this Parliament without debate or without amendment, that in my view it can only go forward through that sort of process if clause 5 can be stricken from it.

[*Translation*]

That is the essential part on which the Speaker rested his ruling which did not refer to a case identical to this one but both have something in common because the borrowing authority was provided in a supply bill. The Speaker had stated that there was no time to debate that aspect and he had thought that in all fairness for hon. members it had to be taken out. That was in 1975. So the practice was dropped but there is another one where an obvious precedent was set in 1977, and here I refer hon. members to page 78 of *Journals* for November 2, 1977, when Bill C-11 had been introduced by Mr. Chrétien, seconded by Mr. Horner. I quote:

[*English*]

"An act to amend the statute law relating to income tax and to provide other authority for the raising of funds, was read the first time and ordered to be printed."

And so on.

● (1240)

[*Translation*]

And my last quotation appears on page 70. This bill including the borrowing authority was finally approved and passed, which creates precedent. It is not, as mentioned by the hon. member for St. John's East (Mr. McGrath), because it was not consistent with his argument, what he described as a slip or a caper. It happened in our parliamentary system, in our procedure and it had been current practice for years. The borrowing power was related to a supply bill until the Speaker decided that there was not enough time to discuss it. We now have sufficient time to deal with it.

This was explained a while ago by the Minister of Finance. There will be second reading followed by consideration in Committee of the Whole and third reading.

Therefore, while in 1975 the Speaker was justified when he dissociated the borrowing power from a supply bill, that argument is no longer valid today, and secondly, we have the

1977 precedent. Third, no standing order prohibits it. And fourth, it is always important to consider the spirit of a Standing Order.

My colleagues mentioned a while ago that when quoting Beauchesne's fifth edition on page 177, we referred to the relation between the bills and the ways and means resolutions, which must be as close as possible to the ways and means notice of motion.

True, but what is the spirit behind this ruling since we are not told that we cannot include a provision with respect to borrowing powers? What is intended is that all the provisions of a bill relating to income tax, to the levying of a tax or to amendments to the Income Tax Act, be specified in the ways and means motion. If today there were new amendments to the bill introduced on Tuesday, or if there were provisions amending the Income Tax Act not specified in the ways and means motion, then, I would agree. My colleagues would be right, the bill would be different from the ways and means motion. It is in that sense that we should understand the need for the bill to coincide or agree with the ways and means motion. Reference is to the provisions dealing with fiscal measures. There is nothing in our rules to cause us to include any borrowing authority in the ways and means motion, there is nothing in our rules to prevent us from including in a bill amending the Income Tax Act, a borrowing authority authorized under the Financial Administration Act. That must be read in its context. The essential and required concurrence between the bill and the ways and means motion must exist in matters pertaining to fiscal measures, and not in matters pertaining to borrowing authority.

So, the hon. members opposite are right in saying that the bill must agree with the ways and means motion. If one looks at the bill, one sees it does in fact agree with the motion. They do look alike as far as tax provisions are concerned. But there is nothing anywhere to compel us to include any borrowing authority in the ways and means motion because that is not a taxation measure; there is nothing to provide that it should be included in a ways and means motion, and this explains why no reference is made to it in our motion. There is nothing inconsistent in that. And that is the fourth reason why I respectfully submit their argument is not valid. In summary, there is no rule against this, and we must consider the similarity between the notice of a ways and means motion, and the bill in the context and in the spirit of this taxation legislation. There is also the precedent I mentioned as well as the other reason.

Finally, my learned colleague from Winnipeg North Centre (Mr. Knowles) raised the question of the absence of a prior notice. But there again there are two reasons why his argument does not hold. First, we are bound, by our Standing Orders, to give notice of a bill and not of its contents and provisions. We gave notice of Bill C-54 through the notice of the ways and means motion. We have therefore observed the rules in that respect. We gave notice of the bill, and in no way did we have to give notice of clause 1, clause 5, or chapter three. We gave notice of the bill, and by doing so we observed the rules. That is the first argument.

The second argument—I said there were two but in fact there are three—is to the effect that when the bill was read, when it was introduced, it was then the hon. member learned that the borrowing authority was included in the bill. But there was sufficient notice, Madam Speaker, and as a subsidiary reason I would add, as you said last Tuesday, that this notice was even more generous than what is prescribed by our Standing Orders.

Therefore, as early as last Tuesday, hon. members were made aware, through the introduction of this bill and its title, that the borrowing authority was an integral part of this bill to amend the Income Tax Act. It is therefore a subsidiary argument that I raise, because in reality no one has been prejudiced; this is a procedural argument to which I respond also with a procedural argument. The rules provide that notice must be given of the bill but not of the provisions it contains. So there has been no injustice and the rules have been followed.

The third argument which should settle the matter is that, again in the precedent of 1977, no separate notice was given of the bill to amend the Income Tax Act and to grant the government a borrowing authority.

I refer once again to the precedent with regard to the other matter raised by the hon. member for Winnipeg North Centre. Notice was given of a ways and means motion, but no separate notice was given for the borrowing authority bill. In parliamentary practice, precedents carry a lot of weight when there are no written rules. They are being invoked today. It will be noted that the argument I have just made is not merely a procedural argument nor merely a point of law.

This is because, essentially, even though we humbly and respectfully submit that we have a good case based on our rules, the precedents and parliamentary spirit, I believe that, in practice, the members of the House are far from being penalized by this procedure. First of all, they were given reasonable notice, second, they will have time to debate this matter, and third, which should please everyone, this will avoid the need for the House to consider separate bills which can be dealt with together, which is not irregular or abnormal and which could perhaps become a more usual practice in the future for combining related provisions. Now why has this been included in this bill? There is a precedent. We have the statutory authority to do so as the Financial Administration Act provides that the borrowing authority must be requested of Parliament. I do not want to repeat all my arguments, Madam Speaker, but parliamentary spirit has been respected, the hon. members are not being deprived of their rights, and the law and precedents give us every justification for the manner in which this bill has been introduced, and that is why I would ask you to dismiss the objections raised by my learned colleagues.

Madam Speaker: The hon. member for Edmonton West (Mr. Lambert) on a point of order.

Mr. Lambert: I rise on a point of order, Madam Speaker. I am certain that the President of the Privy Council (Mr. Pinard) would not want to make any false representations to the House, but when he stated that a bill ensuing from a ways and means motion and including a request for a borrowing authority was introduced in 1977, he said that no notice had been given. Madam Speaker, I would like to quote from the *Journals* of 1977, on page 70, where we find the following:

> Pursuant to Standing Order 60(11), on motion of Mr. Chrétien, seconded by Mr. Horner, Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds, was read the first time—

Actually, this was based on a motion which covered both points, that is the amendment to the statute and the authority for the raising of funds. I therefore believe that the case which occurred in 1977 is not the same as the present one.

Mr. Pinard: Madam Speaker, if I may, I would simply say that I fail to understand what the hon. member is talking about. This does not contradict what I have said. There was a ways and means motion. As I have said, no separate notice was given, and the hon. member has not contradicted what I have been saying.

Madam Speaker: The point of order raised is certainly very important. The arguments of the hon. members have been expressed very seriously, for which I thank them, since it will be very useful to me in making a ruling on this point of order. This point has been raised, as the hon. member for Calgary Centre (Mr. Andre) said himself, to ensure that the rules of this House are being followed and not to drag out the debates of the House. I thank them for having acted in this spirit and I also thank all those who took part in the debate. However, this is a complex matter. I shall have to refer to all the precedents which have been quoted and analyse them so as to make a ruling in the best interests of the House of Commons. I shall therefore reserve my ruling on this point of order. In the meantime, I believe that we could proceed with second reading.

[*English*]

Mr. Andre: Madam Speaker, I rise on a point of order. I am just seeking clarification of your statement. I recognize the desirability of the Chair being precise in your ruling so as not to encumber future legislators with something done in haste. On the other hand, I wonder in respect of the procedure at this point what position we might be in if, for example, we spend the remainder of this day on second reading and the ruling of Your Honour is that this is not in order and that there must be two separate bills, as I believe to be the case. Are we then today debating a borrowing authority bill or are we debating an income tax bill? In my view those are two separate bills which should be based on the Standing Orders of the House. Therefore I wonder what will be the outcome. Will we be called back to repeat the initiation of each of these bills should that be your ruling when it comes down?

● (1250)

Madam Speaker: I think we can proceed to the discussion on second reading of this bill without prejudice to whatever has been said. I will study the matter and rule later on, but I think this can be done. I do not think the House will find itself in an impossible situation should I rule one way or the other. Therefore we will proceed with the second reading.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, Bill C-54 now before the House deals, as we have heard, with borrowing authority and a number of amendments to the Income Tax Act. It thus combines those elements of my recent budget and, in some cases earlier budgets, which are in most urgent need of legislative attention. Because this bill is so closely related to the budget, indeed because it flows from the budget I introduced on October 28, 1980, I should like to take this occasion to mention briefly the economic policy strategy outlined in the budget in the light of economic developments over the last few months. I believe this will assist hon. members in judging certain components in the bill.

As hon. members will recall, the basic economic policy strategy in the budget is to pursue a moderate and carefully balanced policy in a period when Canada, like other national economies, is facing a very difficult economic situation. In my recent budget speech I emphasized the need to deal with the inflationary pressures we are facing, and noted the possibility also of some deterioration on the price front due to more rapid rates of increase in energy and food prices. In fact the developments in recent months indicate that there has been somewhat more pressure on food prices than had been anticipated, related to below average yields of some crops and to lower marketing of hogs and cattle. More generally it seems even more clear now than at the time of the budget that inflation is the most serious and intractable problem facing the Canadian economy.

There have, however, been a number of encouraging developments since the budget. There has been a continued growth in employment, with the rise for the fourth quarter amounting to 1 per cent. In 1980 the proportion of the population with jobs was at a record level of 59.2 per cent. The recent trade figures have also been most gratifying, the balance of trade amounting to $18.7 billion at an annual rate in November, and $11.8 billion at an annual rate over the last three months. Unfortunately the very high levels of short-term interest rates abroad have tended to offset this strong trade performance and thus the Canadian dollar has been under downward pressure in recent months. Nonetheless, the indications are that the fourth quarter has shown moderate strength, and the actual outcome for 1980 as a whole is likely to be stronger than expected in the fall of last year.

In this context the gradualist approach of the budget, relying upon a balanced package of measures to bring down the rate of inflation gradually and promote employment and

productivity growth, continues in my opinion to be appropriate and justified. Those who advocate more economic stimulus at this time should realize that such a course must inevitably lead to further aggravation of current inflationary pressure. It would also require abandoning the policy of bringing the size of the government's deficit under control.

At the other extreme there are those who would advocate more restrictive policies. The supporters of such policies must recognize, however, that they imply some combination of increased personal and corporate taxes or Draconian measures to cut government expenditures. Any such expenditure cuts would lead to disruption of important public programs since the growth of total budgetary outlays is already under restraint. Moreover, extreme restrictive policies would have high costs in the form of lost output and higher unemployment. Rather than either extreme, I attempted in my budget to adopt a strategy of gradual deficit reduction. As such it marks a fundamental shift in the stance of fiscal policy.

After 1974 the federal deficit and financial requirements steadily mounted as the government moved to stimulate the economy. Now the government has chartered a more determined anti-inflationary course for fiscal policy. The importance of this has been driven home by the resurgence of inflation. We heard and listened to further evidence on that point during the oral question period. This shift in the direction of fiscal policy should make more funds available for supplying expanding investment. It will thus provide useful support to the government's supply-side initiative.

A major factor bringing about the deficit reduction is the government's commitment to expenditure restraint. The growth rate of spending on total outlays, that is, the sum of budgetary expenditures, loans, investments and advances, is projected to decline from 13.2 per cent in 1980-81 to 12.8 per cent in 1981-82, and to slow to around 10 per cent by 1983-84.

The planned growth in spending is within the trend rate of the gross national product. It will bring the government's share of total outlays in GNP back down to 20.3 per cent by 1983-84, the same share as in 1979-80.

The slowdown in spending growth will be achieved in significant part by removing the burden of financing petroleum compensation payments from the general government revenues and putting it where it belongs. While this burden will be shared by consumers they will still pay less for energy than if we had moved more rapidly to international levels. Inflation will thus be restrained.

The cutback in expenditure growth will also be facilitated by the new expenditure management system under which the government is identifying its priorities within an over-all framework for restraint. With this framework—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister. It being one o'clock. I do now leave the chair until two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

● (1410)

The Acting Speaker (Mr. Blaker): When the debate was interrupted at one o'clock, the Hon. Deputy Prime Minister and Minister of Finance (Mr. MacEachen) had the floor.

Mr. Knowles: Now he will have a chance to say something.

Mr. MacEachen: Mr. Speaker, when the House rose at one o'clock I was referring to the approach of the government to expenditure restraint. I said that the cutback in expenditure growth will also be facilitated by the new expenditure management system under which the government is identifying its priorities within an over-all framework for restraint. Within this framework there will be, nevertheless, room to finance new initiatives in the priority areas of energy and economic development.

These energy and economic development initiatives are an integrated part of the budget strategy. They represent an innovative supply-side approach to the inflation problem. In the past our tendency to focus too narrowly on demand management policies and our failure to tackle supply problems have contributed to the build-up in inflation. The budget took action to right this balance. Over the next three and a half years, $8.4 billion from new energy taxes has been allocated to help us achieve security of supply and reduce our vulnerability to oil price shocks.

Increased expenditures on economic development over the next three or four years will help bring about renewed growth in productivity and dampen cost increases. The amount of $1.5 billion has been set aside for a major expansion of our activities in such areas as industrial development programs, research and development, export promotion and transportation; $350 million has been set aside to promote industrial restructuring and manpower retraining in areas of particular need. I hope the Minister of Employment and Immigration (Mr. Axworthy) and the Minister of Industry, Trade and Commerce (Mr. Gray) will amplify our intentions in this respect very soon.

In addition, $2 billion has been set aside for western initiatives in areas vital to the growth and diversification of the economies of the western provinces such as western grain handling and prairie water developments. Thus, a grand total of $12 billion has been allocated in the next three years to essential productivity and supply initiatives. This should help to reduce inflationary pressures by increasing supply in Canada, which was one of the major themes struck in the budget presentation.

I should also like to comment briefly on monetary policy. The Bank of Canada's policy of restraining, and over the long run gradually reducing, the rate of growth in the money supply, parallels the budget strategy of gradually reducing the size of the deficit. In recent months the bank's interest rate policy has been directed to limiting the downward pressure on the Canadian dollar, because of the inflationary impact which would result from an excessive decline in our exchange rate. Subject to this constraint, and in the context of the very high levels of interest rates in the United States, the bank has also attempted to limit as much as possible the upward adjustment in Canadian interest rates. This policy reflects the same balanced and moderate approach which is the basis of the economic policy strategy outlined in the budget. As such, it is fully consistent with the government's economic policies, and I should like to reiterate the support given in the budget for the monetary policy pursued by the Bank of Canada.

Let me turn to a brief discussion of some of the other major items in Bill C-54 now before the House. Part I of the bill will provide for borrowing authority in fiscal 1981-82, and part II of the bill reflects various income tax measures arising out of the October 28 budget and those proposed in the fiscal and economic statement presented to the House on last April 21. I might note in passing that although borrowing authority in the last two fiscal years was provided in a separate bill, this was in circumstances in which borrowing authority was being sought before a newly elected government had brought down a budget. In more normal circumstances in the last ten years borrowing authority has either been combined with the income tax bill or with an appropriation act.

The $14 billion of borrowing authority being requested arises from $11 billion financial requirements set out in the budget, plus some allowance for contingencies related to foreign exchange operations. As hon. members will recall, the budget strategy is one of deficit reduction through restraint in the growth rate of our expenditures. The budgetary deficit is expected to decline from $14.2 billion this year to $13.7 billion next year. This is only a modest reduction, but it is a start and is important as a symbol of the strength of our commitment to deficit reduction. Larger declines in the deficit will be required as growth speeds up, with the deficit expected to decline to $11.8 billion in 1983-84.

With rising sources of funds from non-budgetary accounts, financial requirements decline more rapidly than the budgetary deficit. They will decline from $12.2 billion this year to $11 billion next year, reaching $7.2 billion in 1983-84. As a percentage of GNP, the drop is expected to be from 4.3 per cent in 1980-81 to 3.5 per cent in 1981-82, and to 1.8 per cent in 1983-84, the lowest since 1974-75.

In recent years most borrowing authority legislation carried a clause which automatically cancelled any unused authority at the end of each fiscal year whether or not new authority has been obtained. In the past when this occurred and new borrowing authority had not yet been passed by Parliament, the government was able to continue with its borrowing program on unused authority obtained in earlier years which was not subject to automatic cancellation. Since it was not always possible to foresee when Parliament would be sitting or what the parliamentary legislative calendar might be, these old borrowing authorities provided a useful degree of flexibility. During the first four months of the current fiscal year, however, almost all of this non-lapsed borrowing authority was used up. To provide some degree of flexibility in the future, the legislation proposes to exempt $3 billion, or whatever amount remains if it is less than $3 billion, from automatic cancellation at the end of fiscal 1981-82.

The $3 billion margin for contingencies being requested is in line with the margin which has been provided in recent years. The financial requirements for 1981-82 to which I have referred exclude requirements for foreign exchange transactions. There are major uncertainties arising from foreign exchange transactions, since either a major weakening or a major strengthening of the exchange rate would have an impact on the borrowing requirement. If the Canadian dollar were to be strong, then the government would have to raise more Canadian dollars to purchase foreign exchange. On the other hand the Canadian dollar could be weak, and the government would then be faced with the need to borrow foreign currencies.

The clause referring to the ability of the government to borrow and repay loans in foreign currencies is a technical one and is similar to a clause which was first included in a borrowing authority request introduced by the former government in 1979. Over the years Canada has borrowed and repaid funds in a number of currencies. However, in 1978 Canada made a number of large foreign loans and established standby lines of credit with a number of foreign banks. The clause was added to confirm Canada's right to borrow in foreign currencies.

● (1420)

The Financial Administration Act is currently under review, and a clause clarifying the government's ability to borrow and repay in foreign currencies would be included with any amendments to that act. Once such an amendment has been passed there would no longer be a need for this clause in borrowing authority bills.

As a matter of interest to hon. members, I would like to set out the government's debt program so far in the current fiscal year and the amount of borrowing authority which has been used up. Up to January 15, 1981, in domestic markets the government has borrowed a total of $9 billion. Of this amount, $5.3 billion was raised through the issue of marketable bonds and $4.6 billion through the issue of treasury bills, while net Canada Savings Bonds redemptions reduced the amount borrowed by $0.9 billion. In foreign markets, on balance, the government has drawn the Canadian dollar equivalent of $0.8 billion on its standby lines of credit with Canadian and foreign banks. The amount comprises $1.1 billion drawn in December and currently outstanding and a $0.3 billion repayment on these lines earlier in the fiscal year.

Since borrowing authority for the fiscal year 1980-81 was not obtained until July 17, 1980, borrowing up until that date

was charged to $2.9 billion of non-lapsing borrowing authority obtained earlier and carried forward. Virtually all of this non-lapsing authority has been exhausted. Since July 17 all borrowing has been charged to the new authority for the fiscal year 1980-81. As at January 15, 1981, there was approximately $5.1 billion of this authority outstanding. This is more than enough to complete the planned debt program in the final quarter of this fiscal year, and a considerable portion of this amount will likely expire on March 31, 1981.

To summarize our 1980-81 financing operations, at the start of the fiscal year there was $2.9 billion of non-lapsed borrowing authority outstanding. This was reduced to just over $100 million by July 17 when $12 billion in additional authority became available under the Borrowing Authority Act, 1980-81. At the end of December the amount still available was $5.1 billion.

This description of our recent debt program and the current position with respect to borrowing authority provides the important pieces of information necessary for consideration of this part of the bill. If members wish further detailed information I will be happy to provide it to the House at the appropriate stage in the proceedings.

Part II of the bill, hon. members may be surprised to learn, is the first government income tax bill to be introduced for debate since the fall of 1979. It includes certain measures first announced in the budget brought down by the former government on December 11, 1979, and which were reintroduced in the ways and means motion which I tabled on April 21 of last year, along with the income tax measures announced in the budget of October 28 last.

Some of the measures contained in the bill affect the 1980 taxation year and it is therefore important that this legislation receive consideration at this time so that Revenue Canada can be given authority, by law, to proceed with the processing of 1980 income tax returns. Taxpayers are already filing returns, many of which will require the payment of refunds as a result of measures proposed in this bill. Among the measures which affect the 1980 income tax returns, all stemming from the recent budget or the statement of last April, are the following:

—deduction of remuneration paid to a spouse by a person carrying on an unincorporated business,

—the exclusion for overseas employment,

—the refundable abatement for individuals in Quebec,

—changes relating to property transferred between spouses,

—deductions for travelling expenses of part-time employees,

—increased deductions allowed volunteer firemen,

—deduction of the cost of an aircraft used by an employee,

—changes affecting the child tax credit, employee loans, and teachers at Canadian forces bases abroad.

This is not a complete list but it does illustrate that 1980 income tax returns for a large number of individuals are affected by measures in this bill.

There are also a number of important measures for corporations, some of which went into effect on December 11, 1979, and most of which apply to the taxation year 1980. In addition to tax assessments, many business transactions and corporate plans are being delayed awaiting passage of this income tax bill.

I should also point out, Mr. Speaker, that draft material relating to the tax measures in this bill was made public on five occasions during the past five months. In addition to the details set out in my notice of ways and means motion last April 21, 169 pages of draft legislation were issued on August 28. Another ways and means motion and supplementary information were introduced with the October budget, and an exposure draft of the legislation was tabled in this House on December 19. Finally, additional information on the budget measures was set out in the ways and means motion tabled on Monday of this week.

These documents which were provided afforded taxpayers and professional tax advisers an opportunity to comment on technical aspects of the law before the formal introduction of the legislation. I would like to express my thanks to the many who responded with suggestions for improvements. The legislation now before us has been improved significantly by those suggestions.

In this regard I would like to refer to one important change which has been made in the oil and gas sector. The October budget proposed a change in the treatment of drilling costs that would qualify for the 100 per cent write-off as Canadian exploration expenses. It was to apply to expenses incurred after 1980. My colleague, the Minister of Energy, Mines and Resources (Mr. Lalonde), and I received a number of representations on this particular change and its possible adverse effect on drilling activity in the period before the new petroleum incentives program becomes fully operational. As a result, I have agreed to postpone until 1982 the changes proposed to the tax treatment of exploration drilling expenses. This change should have a significant effect on exploration activity in the current year, particularly that activity undertaken by Canadians whose exploration expenses also qualify for payments under the petroleum incentives program.

I would also like to mention that many of these measures, which make up the larger part of the bill, were proposed by the previous government and should therefore be generally acceptable to members opposite.

In addition, the bill contains the various income tax proposals announced in the October budget. Several important changes were proposed at that time. There is the new 50 per cent investment tax credit designed to encourage new manufacturing investment in the poorer regions of the country. There are important changes in the tax rules affecting credit unions to accommodate a number of problems of concern to them. One of those changes will facilitate the pooling of credit union funds for major investments in Canadian equities.

In order to help reduce shortages of rental accommodation and stimulate the construction industry, this bill will reintroduce the tax incentive for multiple unit residential buildings for construction starts between the budget date and the end of this year.

The bill will implement a number of changes to the treatment of exploration and development expenditures as a conse-

quence of the National Energy Program. There are also several technical changes affecting business income, including the requirement that interest income of corporations and partnerships and certain trusts be reported on the accrual method. Most firms follow this practice, but some have opted to follow a different practice which results in a deferral of tax for interest accrued but not received.

● (1430)

In conclusion, Mr. Speaker, this is undoubtedly an important bill. Members of the House will take the opportunity, obviously, to comment on its contents and on the problems affecting the economy. It is not the first time we have had an opportunity in this session to debate this subject. We had a very intensive six-day debate following the budget, and before Christmas we had a lengthy debate on economic conditions, both of which permitted a very large number of hon. members to express their views on fiscal and economic policy. It is obvious that members will want to add to their thoughts as this debate opens and, certainly, I will be listening very carefully in the hope I will receive advice which can be implemented and which will do more good than damage to the economy. There is always lots of advice, but if it were implemented it would probably worsen conditions. I am asking the House to give me advice which will improve, not worsen, the situation.

I remind the House again that the changes for the 1980 taxation year are important. They affect a large number of taxpayers who will be filing their returns, and I would hope that the authority will be given by Parliament so that refunds which may be owing to Canadian taxpayers will be authorized in time. I believe that this authorization can be given without depriving Parliament of a reasonable opportunity to debate the contents of the bill and the circumstances surrounding it, not only at second reading but at Committee of the Whole and at the third reading stage.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I must say in opening that it must be a considerable relief to the Minister of Finance (Mr. MacEachen) finally, after so many months in office, to have a chance to deliver a budget address. He delivered a mini-budget last April 21 the contents of which he stole from the hon. member for St. John's West (Mr. Crosbie), who was the previous minister of finance. He then was forced to put his signature to and deliver the energy program of the Minister of Energy, Mines and Resources (Mr. Lalonde) on the now infamous day of October 28. Today, for the first time since the minister assumed his high office of Minister of Finance, he has had a chance to deliver a budget address and apparently to indicate where he feels his policies are leading the country.

In his opening remarks, the minister commented on the length of time between the income tax amendments and the borrowing authority and the budget. I do not wish to rehash an earlier procedural debate, but for years and years, as the minister pointed out in his contribution to the procedural debate, the borrowing authority was attached to supply. Finally, as the Speaker was reviewing the matter, it was found that in fact this procedure was in violation of Standing Orders of the House and the matters were severed. To learn now that we were actually wrong all those years and that the matter really has more to do with taxation, does not really stand up under close scrutiny. Borrowing authority in fact is a stand alone provision in the same way as matters of customs tariffs and excise are stand alone provisions, though they flow from government policy.

The minister in his early remarks laid out his interpretation of the policies which he is following. He seems to be enamoured with the word "gradualist". He used it several times today, and apparently in an interview with a reporter of the Toronto *Globe and Mail* on Monday, January 12, in which he said:

> In a sense, I'm working in a gradualist approach because I believe it is less damaging in current circumstances and over time will have its results unless we have further shocks to the system.

The minister is engaging in an approach which unfortunately has become quite habitual to members of the government. For example, earlier in the same *Globe and Mail* article, the minister said:

> —the basic framework of his policies, as laid out in the budget, is to restrain government expenditures, bring down the deficit gradually, back the Bank of Canada's monetary policy and try to support industrial development, energy development and economic adjustment through government spending.

It is a political approach taken by the government to gain the support of the public. In searching for the phrase to describe this approach adequately, the only one I could come up with which seemed fitting is the "big lie" approach. The government articulates its policies in terms of goals of motherhood in the hope that these goals will be interpreted and viewed by the public and the media, which translate this House to the public, as the substance of its policies in order to perpetuate a fraud on the public.

For example, on October 2 the government introduced its constitutional proposal and said that it was very simple and would entail a flexible amending formula and better protect human rights. There were many who accepted that proposal at face value and there were some who even said they would endorse it, and I think of my friends to the left, who took that position and are now finding it rather uncomfortable. Only after a closer look at what was involved is it becoming widely recognized throughout the country that in fact the opening statement of October 2 on the goals of the government on the constitution could not be further from the truth. The reality of what the government is proposing in the details, and that is where it counts, is far more profound, far more dangerous and destructive to the unity of the country than anything suggested in those original motherhood goals.

Similarly, on the budget come energy address of October 28, the goals as articulated by the Minister of Finance who read the program, can hardly be opposed by anybody. The goals were to protect Canadians from undue increases in energy prices, to Canadianize the industry, to make the country self-sufficient, to reduce demand and to encourage conservation. Those goals are eminently sensible, and goals against which no sane person would argue.

However, upon closer scrutiny one will see that they are not so sensible. In terms of detail the approach is the "big lie". Unfortunately there are still some people in this country who do not quite recognize the fact, but every day more and more people are recognizing that the national energy policy is not Canadianizing the industry but is driving the Canadian entrepreneurs and Canadian companies—the driving force of the industry—out of the country. It has the effect of increasing state ownership perhaps, but certainly not of increasing Canadian ownership. These policies will not make us self-sufficient, because in this year alone we will lose between $2.5 billion to $4 billion of exploration, which Canadians would like to put into the industry, because it is all going south to the United States.

I know there are certain hon. members who like to think that the multinational oil companies are trying to pull a scam. They simply have to read the newspapers, and not just the headlines but the details. For example, yesterday Walkers Consumers Home, a wholesale Canadian company, announced that it was investing $600 million new money in the oil and gas industry in the United States. This happened after it looked at this National Energy Program designed to help the Canadian oil and gas industry, this program which the minister said on October 28 is going to result in a tremendous boom to Canadian companies and will Canadianize the industry. No one opposes that goal, but in reality it is doing just the opposite.

● (1440)

This apparent refusal to look at the evidence is disturbing. I suppose history has shown that the "big lie" approach works, however. If you say often enough that we are going to be self-sufficient and are going to be Canadianized, then apparently people will believe it, even though Canadian money is leaving the country. We are not Canadianizing, Mr. Speaker, and we are not going to be self-sufficient. This is the "big lie" approach and we have it again in this budget.

The minister says that the framework of the budget is to restrain government expenditures. When the details of the October 28 budget and government expenditures are examined they show that he was repeating the big lie put out by the Prime Minister (Mr. Trudeau) during the election campaign when he made a pledge that the Liberals would "manage more rigorously the nation's finances in order to make more effective use of the taxpayers' money". He also said, "We will hold the line on government expenditure growth under the rate of GNP." That was the commitment, and the Minister of Finance says that is his policy.

According to this document, however, for the coming fiscal year the projections for the growth in government expenditures on a public accounts basis is 12.8 per cent whereas they are projecting in terms of growth in the economy, the GNP, inflation included, of 11.1 per cent. The minister can say, as he did to the reporter, that it is his policy to restrain government expenditure, but the numbers show just the opposite. How long can a democracy last when a minister can get away with that kind of big lie, Mr. Speaker? He says that is his policy when in fact his policy is just the opposite. That is on a public accounts basis.

On a national accounts basis, which really gets at government spending reality, not just public accounts used as a kind of fudge number—national accounts get closer to the truth—growth and expenditure for next year is projected at 15.9 per cent, a whopping increase of 4.8 per cent ahead of the gross national product according to their members. Yet the minister said to the reporter, and repeated it in the House today with a straight face, that their policy is to restrain government spending.

It is sad that this kind of talk seems to have no effect on the supporters within that party. They are quite prepared to say, "Aye, sir." It is now apparently accepted public behaviour for politicians, when in government, to outline their goals, and then when their performance goes in exactly the opposite direction and they know that it does, no price is to be paid for it. That is the tragic thing that is happening. The big lie technique is used so frequently that we seem to have become immune to any analysis of it.

The minister's second point was that he is going to bring down the deficit gradually. Granted, in this budget document there is a projection of the deficit coming down, but how gradual is gradually? Independent analyses by groups not directly owing allegiance to the Minister of Finance show that his projections of what is going to happen to the deficit are not in keeping with the facts.

The minister is going to back the Bank of Canada's monetary policy. What a courageous position to take! It is strange to see what a difference a year makes. About a year ago his colleague, the Minister of Industry, Trade and Commerce (Mr. Gray), who was then the finance critic for the Liberal party, said that if he could not bring interests rates down he would resign. What a difference a year makes, Mr. Speaker.

What are the Bank of Canada's interest rate policies? It seems that they are something that come out of their policy in regard to the dollar—keep the dollar from falling in value and do whatever you have to do to interest rates in order to achieve that. In reality that means that we are in lock step with the United States and that we have to do whatever they do. This great nationalist government which promises to Canadianize the oil industry cannot seem to find a way to Canadianize the Bank of Canada.

Mr. Wilson: Keep interest rates up so that they will go down.

Mr. Andre: As my colleague points out, the policy is to keep interest rates high so that they will go down! Presumably as inflation goes down interest rates will go down, so what you have to do to make them go down is keep them high. If I sound confused, Mr. Speaker, I can assure you that I share that confusion with virtually everyone in this country, including lots of economists such as the Economic Council of Canada, the C.D. Howe Institute, and others.

The minister cannot be consistent even in the same paragraph. He talks about holding down government expenditures, restraint, bringing down the deficit and then he says that through government spending he is going to support industrial development, energy development, and economic adjustment. Through government spending he is going to restrain spending, but then through government spending he is going to support these figures. He cannot be consistent within the same paragraph.

Let us examine what he says. He is going to support industrial development. Who can be opposed to that? However, when the Minister of Industry, Trade and Commerce, who would have responsibility in this area, was asked for his industrial development strategy which during the election campaign was absolutely promised to be forthcoming just as soon as the Liberals were returned to power, he said it has a lower priority than the constitution, and that they cannot get after it because they are working on the constitution. He cannot walk and chew gum at the same time!

Are all the economists, planners and so on, in the Department of Industry, Trade and Commerce sitting around moaning and groaning about the constitution? I have not seen the Minister of Industry, Trade and Commerce at any of the constitutional meetings. I did not know that the Department of Finance and the Department of Industry, Trade and Commerce were involved in the constitution. Is the whole apparatus of the Government of Canada coming to a grinding halt while they try to convince Mr. Duclos and others like him who have a little bit of spine, that they had to support this imposition—

Mr. Cullen: Oh, oh!

Mr. Deputy Speaker: Order, please. It is the practice in the House to refer to hon. members by their constituencies. I am sure that the hon. member, being an experienced parliamentarian is aware of this.

Mr. Cullen: Oh, oh!

Mr. Andre: Thank you, Mr. Speaker. I refer to the hon. member for Montmorency (Mr. Duclos). The hon. member for Sarnia (Mr. Cullen) should have as much character and fortitude as the hon. member for Montmorency.

● (1450)

Mr. Cullen: I have more, but I talk some sense.

Mr. Andre: The hon. member for Sarnia is well trained; he knows when to say aye.

I think it was the Minister of Transport (Mr. Pepin), in an earlier incarnation as Minister of Industry, Trade and Commerce, even before I was here, who coined the phrase "industrial development strategy". He started work on it then. I do not know how many years ago that was, but we are still waiting. In any event, this Minister of Finance says he is going to do it. How is he going to do it? By restraining government spending and holding the deficit in check. Then the government talks about energy development.

It is totally baffling how the Minister of Finance could on Monday, January 12, after seeing the impact of his October 28 energy policy, still maintain that there will be energy development in this country anything like what is needed. Obviously the Minister of Finance is not an ignorant man. He is not dumb. He is aware of what is happening. But because it does not fit in with the politics of the moment to acknowledge it, we carry on with this policy of the big lie.

We hear things such as, "This is what we are going to do. We are going to have energy development." The minister knows that is not what is happening. I know that his officials, below the deputy level, are scurrying for cover and saying that they did not have anything to do with that October 28 document, that they did not see it. We hear them say that it was done by EMR, the deputy, and one or two people around him. No one in finance had any say, and there are some honourable people in that department who would have liked to have had some say in producing a budget for this country. However, for some reason or other that task was turned over to the Minister of Energy, Mines and Resources and he produced that body blow.

Unfortunately for the Minister of Finance, he is the one who will have to pick up the political credit for it. He will find that unemployment this year will be far greater than he had expected or planned. His officials never really had a chance to look at that energy policy. I gather no one in government did, other than the department of energy. But the Minister of Finance is the one who will have to pay the political price of accounting for that increased unemployment, the increased drain on the public treasury for its subsidies on the imports, and the increased strain on the dollar because of our increased balance of payments deficit, and on and on. The Minister of Finance will have to bear that cross put on his shoulders by the Minister of Energy, Mines and Resources who somehow conned him into reading his energy policy.

Economic adjustment is another thing to which the minister is committed. What does economic adjustment mean? Is it another Department of Regional Economic Expansion? Do you remember that, Mr. Speaker? The Department of Regional Economic Expansion was supposed to cure regional disparity in Canada. How many years have we had of that department? And out of it we have regional disparity which gets worse and worse. What kind of economic adjustment is he planning here? I can only wonder and worry.

Sometime soon there needs to be a reawakening and a sensitivity to politics and to our political leaders in Canada. A closer examination is needed of what politicians and governments are saying and doing. We need a better way of holding them accountable. It is intolerable and of great concern, with potential enormous damage to our society, to our nation and to our democratic future, to have these kinds of big lie techniques utilized, apparently with some success.

For example, we can hear "our goal is that of self-sufficiency and increased Canadianization" but under that they introduce policies which produce exactly the opposite effect. We can see something of this sort in the October 28 budget

where the minister said in one paragraph there will be no export tax "because I have talked to the premiers of the producing provinces," and in the next paragraph we read "but I am going to put a charge on gas sold to U.S. customers". That is a direct contradiction. There has to be a political price for that kind of political dishonesty, Mr. Speaker, otherwise it becomes common usage. We will destroy common language, destroy any respect for democratic institutions, and we will destroy the underpinnings of democracy itself. The next few steps to the total removal of any true democracy are not that far along the line. That price needs to be paid soon because the frustration levels, and the consequences of us not facing up to that and ensuring that we do not allow that kind of behaviour to happen will be pretty severe on our children and grandchildren. We have an underlying obligation as members of Parliament to leave the country in at least as good shape as we found it, and hopefully we will leave it in better shape. However, I am afraid we are failing in that regard quite badly.

This collection of budgets and mini-budgets, and what have you, which the minister has collected under this income tax amendment bill today, and the economic consequences which the minister described in his speech are, as I pointed out, at odds with the goals he talks about. I have pointed out some of the inconsistencies and downright deceptions, as have so many other members in this House in past weeks. However, I want to put on the record some of the observations made by independent groups, not by people associated with this party or other parties or people who have vested interests. For example, the Economic Council of Canada published an analysis of the budget in a document entitled "An Assessment of the Impact of the Federal Budget on the Canadian Economy". On page 4 of that document we read:

> The federal budget impact reduces the CANDIDE Model 2.0 growth rate in 1980 from -0.4 per cent to -0.6 per cent. Using the budget projections for energy investment further lowers the growth rate to -1.1 per cent. This is close to the Department of Finance projection of -1.0 per cent.

In other words, the Economic Council of Canada employing its Candide economic model, which has some credibility, is at least as good as the model of the Minister of Finance, which shows minus 1.0 per cent. For 1980, according to the Economic Council of Canada, the budget of October 28 made things 10 per cent worse than the government was saying.

In 1981, the Economic Council has pointed out that their model shows that the budget of October 28 reduces the growth rate from 1.4 per cent to 1.1 per cent. In other words, if there had not been that budget, we would have a growth rate projected this year of 1.4 per cent. Because the Minister of Finance took budget action, the gradualist approach he called it, growth rate will be reduced to 1.1 per cent. That is marvellous.

At page 6 of that document we find the following:

> Adding the alternative energy investment assumptions of the Department of Finance further reduces the growth rate to .5 per cent. This compares with the Department of Finance projection of 1.0 per cent—

● (1500)

So, using the economic model of the Economic Council of Canada, employing the last budget which was introduced, they conclude that for 1981 the growth rate will be half the level projected by the Department of Finance. That comes from the Economic Council of Canada, not a group of people who have partisan leanings, and if they do have any, presumably they would be Liberal because most of the members were appointed by Liberal governments. However, I do not believe they have any biases.

Then the Economic Council looked at the following years, and this is their conclusion. They conclude:

> The general impact of the federal budget appears to be one which increases the rate of unemployment. The pre-budget base case suggests an unemployment rate of 8 per cent for 1981 but our budget alternatives show the unemployment rate lying between 8.2 per cent and 8.6 per cent.

In other words, had there not been any budget at all, there would have been unemployment of 8 per cent, but as a result of the budget, unemployment will be between 8.2 per cent and 8.6 per cent, according to the Economic Council of Canada. They conclude that the growth in the GNP will range between .5 per cent and 1.1 per cent.

Another interesting observation of the Economic Council of Canada on this budget and the income tax bills which flow therefrom, is that one of the hidden impacts of the federal budget is its compositional effect on savings. It will have a tendency to reduce the percentage of savings occurring to provincial governments' corporate sector and personal sector, and at the same time decrease the proportion of disservice or increase the proportion of savings occurring to the federal government. I think that perhaps this tells the real story of this budget. The real story of this budget is to take money from personal savings, that is out of your jeans, Mr. Speaker, and my jeans, to take money out of the corporate sector, that is presumably money which might have been invested to create new jobs, to take money out of the provincial governments, which I am sure will delight them, and to put it in the treasury of the federal government. That is the over-all thrust of this budget.

In order to accomplish that, in order to give them those funds which they will undoubtedly dream up for some vote-producing expenditure programs, they are quite prepared to see unemployment rates go up by perhaps .5 per cent, and, I think more, because there are other considerations, but at least by .5 per cent. They are quite prepared to see inflation increase to alarming levels, much higher than previously anticipated. They are quite prepared to see the Canadian public bear that cost through less job security, through more unemployment and through higher costs, in order that they can collect those extra savings from the provincial governments, from the corporate sector and from the private sector.

Perhaps that is what the minister may have said in his interview with *The Globe and Mail* on January 12, that part of his gradualism was economic adjustment. It is the adjusting of other people's money from other people's jeans into his jeans.

That is the economic adjustment which seems to be the thrust of his policy, according to the Economic Council of Canada.

In the event that someone will argue that the Economic Council of Canada is a group that cannot be trusted, or that somehow they are prejudiced and therefore we should not believe them when they say that this minister's energy policy will make things worse, I should like to bring to the attention of the House a document called "The Canadian Review" by Data Resources of Canada, a Toronto-based company which is in the business of economic modelling. They, too, have a model of a Canadian economy, they too have analysed this budget, and they too have some observations to make about the budget. They say:

—the budget nevertheless has a restricted impact on real economic growth in the short run. Because of lags in the response of households, firms and governments to the new energy incentive programs, expenditures likely will expand more slowly than revenues until well into 1982. The budget therefore represents one more force weakening the prospective recovery in 1981-82.

They go on to state:

In comparison with the base solution with no policy changes—

In other words, no budget.

—the economic effects of the budget are more pronounced since the assumed changes in energy prices are larger. Consumer prices are increased by 1.2 per cent in 1981 and by 1.7 per cent in 1982. Real GNP is reduced by 1.1 per cent in 1981 and by 2 per cent in 1982.

So they too conclude, as the Economic Council of Canada concludes, that the budget will make things worse by at least 1.1 per cent in 1981 and by 2 per cent in 1982, worse than projected by the government. However, the Data Resources group, to their credit, also looked at the secondary effects of that economic policy. They analysed the fact that because the government failed to reach an energy agreement with the producing provinces, the government of Alberta has put on hold certain large projects, and therefore a number of companies have decided that they will shelve their plans. As a consequence, many of the things that were anticipated, such as new tar sands plants, new heavy oil plants, new development of oil and gas, will not be occurring.

The Data Resources group has done an analysis of this and has found that the aggregate effect of the secondary developments, which were not analysed by the Economic Council of Canada or by the Department of Finance, are to further reduce real output for 1981 by .7 per cent and by 1 per cent in 1982, with a considerable loss of revenue to the federal government. The cost to the federal government, for example, is an increased deficit in 1981 of 1.2 per cent and in 1982 of 2.5 per cent, which means that the figures which the Minister of Finance gave with regard to the reduction in the deficit, when he said that the deficit in 1981 will be $14.2 billion and then it will be a little bit lower in 1982, a deficit of $13.7 billion, are incorrect. According to the Data Resources group, it will not be $13.7 billion next year, it will be $15.2 billion. In fact, the deficit will continue to increase. I do not think there is any doubt about that, but presumably by then the Minister of Finance will be off in some new high office and he will not have to worry about it, but will let the next minister of finance worry about accounting for the fact that there is this discrepancy between predictions and actions. It is alarming and I think it should be of concern to real Canadians—

An hon. Member: What a slip!

Mr. Andre: —to all Canadians—it is the same, real and all Canadians—to allow that kind of misinformation, if you will, to allow our politicians to get away with misinforming the public when in fact they know that the situation is quite different.

Precisely what is wrong with our economy and what should be done to change it? One of the better analyses, the recent terse analysis in the popular media, was, I thought, done by Don McGillivray of Southam writing in the Montreal *Gazette* of January 14 where he describes those who believe that there is a trade-off between inflation and unemployment and those who believe that by increasing unemployment you can then reduce inflation. He describes these people as being the people who wrote the MacEachen budget last fall. He writes:

They produced the Thatcher economic policy in Britain. They seem to be gaining the upper hand in the incoming administration of President-elect Ronald Reagan in the United States.

He goes on to say that these people who believe that there is a trade-off between inflation and unemployment "talk in a kind of code about 'restraint' and 'gradualism' and 'disinflationary demand policies'."

● (1510)

If those words sound familiar, it is because they have all been used by this Minister of Finance. The last phrase was used by the deputy governor of the Bank of Canada. This is a tipoff as to what is really involved. They are all, according to McGillivray, and I share his views, followers of the economic policies of John Maynard Keynes who believes the government could use its budget to add to the demand for goods and services when things are slack and thereby raise the economy, and it could reduce demand by cutting its own spending and taxing away some consumer money when things get overheated. Then he describes that people these days are one-way Keynesians who seem to be in charge and seem to think if you raise interest rates, people will stop buying cars and houses, which will cause the producers of cars and houses to lower their prices and will cause some people to be put out of work and thereby will lower their expectations, so the whole thing will have a disinflationary effect. But, as he points out, the fact of the matter is the Keynesian policy just does not work any more, and it has not worked. The reason given by Mr. McGillivray, and I think there is some validity to this, although I do not think it is the whole story, the fact of the matter is that people who are out of work do not stop consuming. They stop working and they stop producing, but they do not stop consuming.

An hon. Member: What do you want them to do, starve?

Mr. Andre: Members of the New Democratic Party apparently are not willing to listen to any criticisms of that great guru.

An hon. Member: He is the captain of the gurus.

Mr. Andre: In fact the member says it is not his guru, but several times at least since we have come back he has talked about the classical Keynesian cure to what is wrong with the economy; increase the deficit, spend more which will generate demand, put people to work and we will all be in a bed of roses. That is exactly what I have heard them say.

The truth of the matter is there is something more fundamentally wrong with Keynesian policies or the Keynesian approach. It has a fundamentally inflationary bias built into it. To begin with, it calls on governments to run surpluses when the economy is overheated. That is almost an impossibility in a democracy. It is almost impossible for a government to run a surplus because the number of spending plans dreamed up by politicians, bureaucrats and others are absolutely overwhelming, and no matter how overheated the economy gets, the reality is there is some just cause out there for money to be spent on. It is almost impossible to run the kinds of surpluses needed to balance off the deficits that are incurred in terms of stimulus.

On the other side, it is fundamentally inflationary in instinct. The theory is that governments, by spending more, putting more money into the economy, stimulate demand and bring on jobs. However, there is a time lag. When you stimulate demand, the first thing that occurs is the price goes up. The first thing that occurs when there is increased demand is a price increase. After the price goes up, you get increased supply. The increased prices bring on the new production and you are up to new levels. You have this inherent inflationary bias in the process, and that is what is wrong with the New Democratic approach. They are talking about more government spending, stimulating demand and thereby helping inflation. Perhaps, but in the process this would raise inflation to a new high. That happens everywhere.

Therefore, when the Minister of Finance talked about supply-side economics, members of the NDP had a little hiccup of concern because to them that is a buzz word for neo-Conservatism or something, and it frightens them. When the Minister of Finance talked about supply-side economics, he was starting to get on the right track. Unfortunately, that kind of talk is equivalent to the kind of talk that he is going to hold down government spending while in fact spending keeps going on. It is talk but not action. He at least mentions supply-side economics, but in fact does not deliver. We are still chomping along on the old demand-side or Keynesian approach without any indication of any changes.

What sorts of indication would we expect to see if the minister was sincere in looking at supply-side considerations? What we would have seen in that budget was increased spending on science and technology, for example. We would have seen in there increased investment in the productive side of our economy, the supply side. We would have seen, for example, some tax changes directed toward increasing productivity. These are not unknown things in this economic world. The Minister of Finance, when asked by a *Globe and Mail* reporter why it is that Japan and Germany seem to be doing so well even when they have to pay world prices for energy and Canada cannot, said it has to do with the philosophy of the people. The minister blames our lack of performance in comparison to the Japanese and Germans on us. We are lazier than the Japanese or Germans, I guess. In fact, if he would look at what the Christian Democratic government had done in terms of productivity incentives, the supply-side economics, if you will, in the 1950s and early sixties he would get some valuable instruction on what can be done about increasing productivity. I might add that he should do the same thing in respect of Japan where productivity increases have been absolutely spectacular to the point that in just a very few short years, they have been able to produce automobiles at considerably less than our friends to the south who invented all the technology in the first instance.

The economic problems of this country are bad and, regrettably, getting much worse. The predictions for next year are bad; unemployment is going to be a great deal higher next year at this time than it is this year, and I say that regrettably; inflation will be higher next year than it is this year, unfortunately; and as a result of the energy portion of that budget, we are in for some very tumultuous months ahead in terms of unity in this country. Things are going to get worse before they get better. We are in a very uncomfortable position, and there is no sense of direction from the government. There is no sense of purpose. One is hard pressed to come up with a definition of what are the goals of this Liberal government. The Prime Minister is involved in some sort of North-South dialogue, running around in Brazil in his tennis shoes. No one quite knows what he is doing; looking for avocados in Austria. The Minister of Finance delivered an energy address which is having a disastrous effect on the country. The minister of industry says he cannot get around to thinking about an industrial development strategy as long as the constitution remains an issue. There is nothing happening in terms of transportation, agriculture or in any area of the economy that we can see.

● (1520)

Faced with that kind of drift, the energy industry people of my part of the country are abandoning this country as a place to invest. Tragically, they are abandoning Canada. They are leaving for the United States, or at least sending their money there, awaiting a change here or some direction or sense of purpose from the government. People in other parts of the country are in despair over what is happening. The polls tell us what all we politicians are hearing directly, that is, that most people think next year will be worse than this year. That is rare because people are optimists by nature. They usually think things will be better next year than they are this year, yet for the first time for a long time people are thinking things will be worse next year than this year. This really is a cause for alarm. Rather than groom himself for a potential higher office, which he apparently is doing—he is changing his image to protect himself from the political risks he might be taking—I suggest this might be an opportune time, for the sake of

Canada, for the Minister of Finance to address in a real way these concerns Canadians are feeling.

This is an absolutely crucial period for the country. It is a time when leadership is needed, not in any small sense, but desperately. The Liberal party has the majority of seats. There is no way anybody else can exercise the leadership that is required. It has to be the members of the Liberal party. I plead with hon. members opposite not to sit silently in their caucuses, but to challenge their Prime Minister and their Minister of Finance to address the real problems of this country and to show some leadership. Let us get this country working again. We have the potential. If we had a government which understood that potential, appreciated it in a real sense and seized it, then perhaps there are few limits we could not achieve. But in the meantime, we are faced with addressing nothing less than the junk this government brings forward in the form of economic policy. In the days ahead, my colleagues will address various aspects of this bill. They will address the way in which this bill adversely affects small businesses, farmers, the private energy sector and private citizens.

Before I sit down, I might just say it is interesting to note that as I went through the ways and means motion for this bill, I found that with one or two exceptions, almost every attractive item of some benefit to Canadians—and I think improvement—was taken out of the budget of December of 1979 of the hon. member for St. John's West. Since that budget was, regrettably for Canada, defeated, there really has not been anything forthcoming from this government.

Mr. Wilson: This government is very tired.

Mr. Andre: Ironically, after not quite a year in office, this government is already looking very tired, run down, listless and leaderless.

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, I want to take this opportunity to apologize to the Minister of Finance (Mr. MacEachen) because in the last speech I gave before Christmas, I said something which I do not usually say. I said something personal about the minister which I want to withdraw. I said that the minister had neither profile nor courage. I withdraw unreservedly the remark that he has no courage. I think it takes a lot of courage to be a minister of finance in a Liberal government and to come before the House and present day after day the kinds of policies the minister has presented to this House.

Miss Jewett: Policies?

Mr. Rae: I use the term in its loosest sense. It is in that spirit I withdraw the notion that the minister lacks courage.

The hon. member for Calgary Centre (Mr. Andre), who just spoke, discussed a term which has become fashionable. As all terms become fashionable, they inevitably become appropriated by the Liberal party and the Liberal government. The hon. member for Calgary Centre was discussing the question of the supply side of economics and the danger of our simply returning to priming the demand pump in an attempt to get the economy out of a recession, which I think we all agree we are in.

I want to say to the hon. member for Calgary Centre that due to the policies of his colleague, the hon. member for St. John's West (Mr. Crosbie), it is true that I did have some things to say about the basic lessons of Keynesian economics, which I felt his government and his party had still not understood. If I may refer to a remark which I made in my first speech ever in the House of Commons, I said that the Liberal party was the party of pre-Keynesian economics and the Conservative party was the party of pre-Cambrian economics. I think that term is an epithet which deserves—not because I said it—to be revived from time to time. Indeed, in the face of certain real reactionary tendencies on the part of many people in our economy, in government and in politics, one has to defend the very elementary principles which Keynes put forward 50 and, indeed, 60 years ago about the nature of a modern economy. That is not to say that he had all the answers or that his prescriptions were adequate for the problems we now face.

We are living, as is self-evident, in a post-Keynesian era. It is remarkable that Keynes, who died over 30 years ago, would still be regarded somehow as the representative of modern economics. We have moved well beyond that, and by definition we are living in a post-Keynesian era. However, still faced with the seventeenth, eighteenth and nineteenth century philosophy which we often hear from the Conservative party, one has to say occasionally a kind word about the man who fractured so many myths which were part of those views so many years ago.

With respect to the question of supply and demand economics, I would like simply to quote someone who I would have thought to be far closer to the views of the hon. member for Calgary Centre than I, that is, Mr. Irving Kristol, who is generally regarded in the United States as one of the primary philosophers of the new conservatism in the United States. Writing in the *Wall Street Journal*, one of my favourite newspapers for light reading, of December 19, 1980, Mr. Kristol had this to say, and I think it is a very intelligent remark:

> The trouble with this reasoning—

He was referring to the reasoning of certain conservative economists, and indeed some of it parallels very closely the things which were said by the hon. member for Calgary Centre.

> —is the curious disjunction it posits between "supply" and "demand". These terms are purely analytical concepts, indispensable to economists. But the real world does not consist of some people working on the supply side of the street while others saunter down the demand side. There is only one street, and we all walk in it together. Supply-side economics does not mean that demand should be repressed while supply is encouraged. For if demand is repressed, supply will be repressed too—as Mrs. Thatcher has discovered to her sorrow, and as every businessman knows full well, even if he forgets this knowledge when talking economics.

I want just to put to rest the theory—and it is very widespread—that this is no time to be encouraging demand, that this is no time to be encouraging consumers to exercise their choice in the marketplace—to buy, if you like—and that this is

no time to be concerned about the fact that we have seen over the last three years a real drop in the standard of living and a real loss in purchasing power in Canada. This real loss in purchasing power is predicted, even in the budget of the Deputy Prime Minister and Minister of Finance, to continue over a period of two or three years and even longer. It is a fundamental error of policy to argue that the way to fight the inflation from which we suffer at the present time, or the way to get Canada moving away from the economic problems it faces, is to ignore problems of consumer demand and consumer purchasing power and the fact that the economy is working at a 75 per cent or 80 per cent capacity, and to simply concentrate on what is now chicly known as the supply side, at the expense of the real income and the real standard of living of Canadians.

● (1530)

That is not to say that the simple cutting of a tax or the provision of a cost of living tax credit will be sufficient. I do not buy the theory that one can simply return to the Kennedy tax cut of 1962 and 1963 or the policies which were so successful between 1945 and 1965 in stimulating the western economies and say that this is adequate today.

Clearly we are living in a new situation where there really are severe problems on the supply side. We are living in an era when cheap energy is no longer possible; indeed we are coming to the last 30, 40 or 50 years of the hydrocarbon era. We need some different policies if we are to deal with the increased international competition in the automobile industry, which will be discussed by the hon. member for Hamilton Mountain (Mr. Deans), in the steel industry, in textiles and in the petrochemical industry. If we are to deal with the international competition in these fields, we need industrial strategies and policies which will relate directly to the need for investment in these fields and long-term planning.

The accusation that we in this party are simply talking about the government wildly spending more money in terms of consumer purchasing power is totally inaccurate. It is simply not an accurate reflection of what we have been saying, nor what we have been talking about over the last five years in terms of an industrial strategy and the need to look at all regions of Canada in producing an industrial strategy and in planning for our future. It is very, very important for people to realize that these two matters cannot be separated. One cannot simply say that we should do something on the demand side and not be concerned about from where the supply will come.

For example, if the value of our dollar rises and we engage in a policy of simply encouraging demand, the impact on the balance of payments and on foreign replacement for products currently made in Canada will be very serious. It will pose a very serious problem. On the other hand, if the policies are mixed correctly so that we can start substituting for imports—and perhaps neo-conservatism is the first foreign import for which we should be substituting—then it makes sense to expand consumer purchasing power. But we must ensure it is mixed correctly with correct investment policies on the government side and on the business side so that Canadians will be able to purchase Canadians products. I should like to refer to the example of the human tragedy involved in what has gone on in the automobile industry in the last two or three years with the number of lay-offs and the number of people who have lost their livelihood. There is a slogan which the industry has characterized. It is: "Buy the cars your neighbours helped to build". There is nothing a Canadian would rather do than buy a car his neighbour helped to build, but the difficulty is that at the moment there is not one Canadian worker involved in the assembly of small cars which will be gas-efficient in the 1980s, and these cars are in demand.

This is because for decades governments have been willing to accept the investment planning and investment strategies of the big three and big four automobile makers that have been quite happy to make whatever they wanted here in Canada. They have not exercised any control over the long-term investment planning and investment strategy of the major car manufacturers. This is something which must be said. The decisions on supply, investment, what people make, what is produced in Canada, where people work in Canada and how goods are produced, cannot be separated from the fact that at the moment Canadians are suffering from real losses in their standard of living. To simply say that we will increase supply at the expense of the real standard of living of Canadians in my view is a very false choice, but unfortunately and clearly the one which has been taken.

In answer to my questions today, the minister said that the government did not intend to create an army of unemployed; that he did not accept such a characterization of his policy. It is not always pleasant for someone to have to call something unpleasant when it is. I am reminded of governor Bouey's statements in committee, on the radio, or in his speeches to the Empire Club and other democratic organizations for the average Canadian. He always refers to "slack" in the economy. He never refers to unemployment or unemployed people. He never talks about the fact that there will be tens of thousands and hundreds of thousands of people out of work who do not have the means of joining with their fellow citizens in producing something or doing something useful with their lives. He does not talk about the fact that when people no longer do something which they think is useful, they become dispirited and despondent. He does not talk about those things, he talks about something called "slack". Of course he does, because governor Bouey is a human being and he does not want to think that the implications of government policies are very hard on people and cause real human anguish and problems. It is not possible to function in that kind of a world, so we all call things by something else; we invent neutral terms to define an awful problem. Bureaucrats spend most of their time doing this. They speak in a language which has no relationship to what is going on in the world, in society or in the human economy.

That is why I think an army of unemployed is being created today. The government is conscripting people, but it is conscripting them on a very unequal basis. Because of the restric-

tions on demand in our economy at the present time, if one lives in eastern Canada or northern Canada, if one is unskilled or happens to be born a woman and not a man, or if one is a native person, the chances are higher that he will end up joining that army of unemployed. We must ask ourselves two questions in fighting this war on inflation. First, we must ask ourselves whether it is fair, and the answer is no, because of the inequity of the policy which is being followed. Also, we must ask ourselves whether it is working, and the answer is no. It is futile. The policy of the government, no matter how one puts it, is to restrict demand both in terms of government spending and consumer spending and hope that it will have the effect of reducing inflation. This policy was followed by the government of the Prime Minister (Mr. Trudeau) in the old days, by the Hon. Leader of the Opposition (Mr. Clark) when he was prime minister, and by the Prime Minister now that he is again leader of the government. There is no distinction and there is no difference; it is exactly the same policy. There has not been a single shift away from the so-called expenditure line or path about which the Minister of Finance is so proud to talk. Well, one man's road to expenditure is another man's road to unemployment. That is exactly what has happened with the government's policy at the present time. It is a futile policy.

● (1540)

My colleague from Hamilton Mountain will be talking about how futile that policy has proven to be in the automobile industry. That policy has enabled us to see that all the reduction in consumer demand in the world has not had the effect of reducing prices in Canada. In fact, the prices of automobiles in Canada have risen 35 per cent to 40 per cent in the past year to 18 months. If you look at the oil industry, you see that the restrictions in demand will not have the effect of reducing the price.

In answer to questions from our party, the Prime Minister admitted that the oil companies had been making exorbitant profits over the past two or three years. One simply has to ask oneself: What kind of world are the people who make economic decisions living in? Do they seriously think the way in which to fight inflation and deal with the fundamental economic problems of the country is to constrict demand and say that an industrial policy is less important than the constitution and less important than the energy package? Do they not see that you cannot separate an energy package from an industrial program? Do they not see that these things go together? Do they not see that you cannot talk about Canadianization of the oil industry without talking about Canadianization of the industries which supply the oil industry? Yet, we are told these things are being put on the shelf. We are told they are less important to the government than the constitutional matters. I think the constitution is important. I also think the economy is very important. I think it will be a sad day for the Canadian people when the government decides that some of its pet projects will be seen to be very important but others, which affect the livelihood of Canadians right across the country, will be regarded as second best.

The government has presented us with an income tax bill. I said the Minister of Finance had courage. I think it really does take courage. It is the same kind of courage the emperor had when he walked down the street with no clothes on. It takes courage to come into this House with a pathetic series of housekeeping measures which have nothing at all to do with the major problems which face Canadians. These measures have nothing at all to do with the challenges facing our future, or the real inequities which exist, not only in our economy but in our tax system.

It is to those inequities in the tax system I wish to turn. One of the most interesting features which I found in the budget speech of the Minister of Finance was his referral, in a very general way, to some of the problems facing the tax system. He referred in a very general way to the philosophic question of whether one should allow for greater depreciation and greater tax expenditure on the part of the government or whether one should shift to a policy of the government giving direct grants, trying to get away from tax expenditures which have become so large in the past few years.

He then said they would be presenting a discussion paper on the taxation of capital gains. He said, apart from this, the major features of the income tax sections of the budget would have to do with the small business development bond and the 50 per cent investment tax credit for investment in DREE. The SBDB, as it is now called, was a policy that was started by his Conservative predecessors, which involved absolutely no innovation whatsoever. The investment tax credit idea for certain regions in Canada is an idea which is about as original as it was in 1963 when it was first put forward by Walter Gordon.

It has been introduced time and time again as an attempt to solve the problems of regional disparity in Canada on a very temporary and ineffective basis. But nowhere in the budget do we see any discussion of the philosophy behind the Income Tax Act. Nowhere do we find a discussion as to what the general purpose or thrust of the policy is. Nowhere do we find an attempt to say that in 1967 the Carter commission put forward certain recommendations and in 1972 the tax reform bill was passed in order to achieve certain results, this is where we stand now and this is where we would like to go for the 1980s. The fact is we are further away from the principle that a dollar, no matter how it is earned, should be taxed equally and fairly. We are further away from that principle than we were in 1967, when Mr. Carter put forward his recommendations in the royal commission.

I point out to the hon. member for Sarnia (Mr. Cullen)—and I would like to hear him announce this at one of those meetings I am sure he holds regularly in his riding—that there are 24 Canadians who earned over $200,000 in 1977 who paid no tax. I would like to hear him tell that to the workers in his riding. The member for Sarnia can tell that to the petrochemical workers in his riding. If they tried to do that, Mr. Speaker, they would be thrown in jail. These are 24 Canadians who legally, because of the loopholes we have in our tax system, paid not a penny in taxes.

Mr. Knowles: A buck is not 'a buck is a buck is a buck' any more.

Mr. Rae: It depends on what your buck is and where it comes from.

However, Mr. Speaker, the government has produced its discussion paper. It has not discussed it. I have not seen a statement from the minister, nor have I seen one indication from him as to what his point of view is on the question of taxation of capital gains in Canada. But they have produced a discussion paper. I have not heard anyone discuss it. I have not heard anyone present a point of view about it. I have not heard the minister say, "I would like to see this referred to the Standing Committee on Finance, Trade and Economic Affairs." But the paper has been produced and it does say some very interesting and useful things.

First of all, the paper says that of all countries in the OECD, Canada is tied with Italy for the lowest level of taxes on inheritance, gifts and wealth—.07 per cent of our gross national product. That is really squeezing the rich until you can hear the pipsqueaks. The United States taxes six times that much. As a percentage of the GNP, the United States receives almost six times as much in taxes from inheritances, gifts and wealth.

That is the Valhalla of the Conservative party. In the nineteenth century they were the colonialists from Great Britain. Everything was right in Great Britain and nothing was right in Canada. Now everything is great in the United States and nothing is right in Canada. Switzerland taxes at 1.09 per cent. I always thought Switzerland was a kind of haven for wealthy people. Not at all. You can see how the mythology is so wrong.

Listen to this remark from the discussion paper. Occasionally civil servants let themselves go in these reports. Here is one statement:

> Canada's extreme position may already be a cause of concern to the extent that it restricts the government's ability to promote a fair and equitable distribution of income and wealth in the country.

As the member for Regina West (Mr. Benjamin) just said, "Exactly". Amen. What can we say? If you do not collect it from the rich, you must collect it from someone else. We hear a great deal from the government about its being strapped for money and that there is a fiscal imbalance. I have spoken about this before in the House and I will not give a speech on it again tonight. There is a real imbalance in Canada. Why is it as significant as it is? One of the reasons is because this government has decided that the wealthy in Canada, and those people whose only achievement in life is to have chosen their parents wisely, will not be taxed. They will not be taxed in Canada as they are in every other country in the OECD—not just socialist Sweden or horrible Great Britain, but also in the wild and woolly United States.

● (1550)

We do not even have the same taxes as the state of Utah. The only state in the U.S. which does not have a succession duty and tax on wealth is the state of Nevada. There they have a Las Vegas philosophy, which seems to have been taken up by the Government of Canada as a taxing philosophy. The actions of this Liberal government surpass arrogance. It comes to the people of Canada one year after the brief Tory hiccup, and says, "Look, we face these tremendous problems. We don't have a tax base. We have a tremendous crisis in our fiscal imbalance with the provinces. We are facing terrific problems because of inequity in the taxation of oil and gas. There is a horrific deficit with which we have to deal. There is the fact that we are not dealing with other taxation problems and the country is in a tremendous fiscal problem. The public expenditures have run away and we must do everything we can to control them. We must cut back".

All one can ask is, "Who was running the store"? Where are they now? There are those who are here in another form, such as the hon. member for Sarnia, like life after death. Some of them have passed on to other places, jobs, commissions and royal commissions and the senates in the sky. However, some are still here, and they are the ones who are responsible. In 1972 the Liberal government, under the current Prime Minister, decided that it would abandon the field of wealth taxation, taxation on inheritance or estate tax. Since the elimination of the estate tax in 1971, it has had the effect of a lump sum transfer of $4.5 billion to Canada's wealthiest citizens.

In that year, for example, it was estimated that approximately $66 billion in wealth was being freed of any tax burden whatsoever and that the cost to the treasury in future taxes would amount to some $12.5 billion. Current estimates of wealth can only be approximated since it is hidden behind a statistical curtain, but we do know that personal income has increased by over three times and that personal savings have increased by over six and a half times since 1970. We also know that the concentration of wealth has increased dramatically since that year. In 1970, a grand total of 5,893 Canadian domicile estates were subject to a federal estate tax. These few estates had total assets of $1 billion, $210 million of which was contained in the 90 estates of millionaires which were reported in that year.

The point is that we cannot continue with a series of minor income tax proposals which fiddle here and fiddle there without recognizing that we face a major crisis, what I call a "crisis of fairness", in our tax system. I think of the people in my riding who receive their pay packet every two weeks and know exactly from where the taxes come. They see it every two weeks. They do not receive any fancy deductions, because they are employees and receive wages. They have none of the whole range of deductions which are open to those people who are self-employed, those who are able to turn themselves, as if by magic, into a personal corporation or those who are able to use a marvellous invention called the *inter vivos* trust in order to split family income.

As long as the government is prepared to say that there is a whole realm of wealth which can be transferred from one generation to the next without taxation, it will be those people whose taxes will continuously rise and whose purchasing power

will continuously decrease. Inflation has the effect of increasing the wealth of those people who have it, and ravaging and cutting away at the real incomes and standard of living of those people who have nothing other than what they earn and what they have saved.

We look upon these measures with the realization that they are nothing but a stand-pat, pathetic—I would not call it "effort", because it is not an effort—series of proposals which do nothing to deal with the real problems. In the few minutes left to me, I would like to outline the approach our party will take during this debate. The hon. member for Kamloops-Shuswap (Mr. Riis) will discuss the small business development bond. He will deal with the problems of the SBDB which, as the hon. member has said on many occasions, is simply a drop in the ocean and does not apply to those people who are not incorporated or would rely on the program for working capital. The program is so limited and so restricted that it only benefits a very few members of the small business community. It is better than nothing, but that is all one can say about it.

There is also the topic of MURBs, which is another tax haven and which will increase the number of those people earning over $200,000 who will pay no tax. It will enable us to give another golden loophole award next year because people will be able to shelter their income from taxation, but it will do nothing to solve the housing problem, as has been pointed out by the hon. member for Vancouver East (Mrs. Mitchell), who will point it out once again.

The investment tax credit does not really deal with the problems of the regions. The rate of corporate taxation has effectively declined. The rate in manufacturing is now down to 20 per cent. In the oil and gas industry, it is down to 11 per cent and in mining down to 10 per cent. In banking the rate is down to 9 per cent and 13 per cent. How many members can go into their ridings and say that the average employees in their ridings are paying taxes at a rate of 10 per cent, 12 per cent or 13 per cent. No member can because everybody is paying far more than those rates.

Finally, the hon. member for Vancouver-Kingsway (Mr. Waddell) will discuss the energy tax proposals. I make the point that, in our view, the government is missing a golden opportunity to really advance public ownership in the Canadian oil industry, that it has, in a sense, gone after the wrong targets by focusing too much on the provinces and smaller companies and not enough on the multinational corporations. They are missing a golden opportunity to increase our self-sufficiency in oil and natural gas.

In closing, I simply want to say that this bill is a statement of bankruptcy. Unfortunately, we are not allowed to put the government into receivership. That is a decision which will have to be taken by the voters in a few years. I have no doubt that the kinds of policies which are being followed by the government will lead to the decision by the voters that, though Liberalism now appears to be so impregnable, so smooth, so self-confident and so oily in its determination to win over all Canadians to its point of view in the kind of condescending self-serving way we now recognize as being the key notes of modern Liberalism, they must reject this type of Liberalism for all time.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being 4 p.m. the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills and private bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

Motions Nos. 14, 22, 23, 24 and 25 allowed to stand by unanimous consent.

* * *

SEARCH AND RESCUE

ADVISABILITY OF INITIATING INDEPENDENT COMMISSION OF INQUIRY

Mr. Thomas Siddon (Richmond-South Delta) moved:

That, in the opinion of this House, the government should consider the advisability of initiating an independent commission of inquiry to investigate the serious deficiencies within the administration of search and rescue services on Canada's west coast.

● (1600)

He said: It is most appropriate and, I believe, long overdue that we should have an opportunity to debate in this House a motion which is of such life-saving importance. I set down motion No. 26, Mr. Speaker, because events have shown in recent years that there is indeed a serious lack of co-ordination and there is a question of administrative inefficiency which must be addressed regarding the relationship of the Minister of National Defence (Mr. Lamontagne) and the Minister of Transport (Mr. Pepin) to the delivery of search and rescue services, particularly on the west coast.

In March, 1980, I wrote to the Minister of National Defence and to the Minister of Transport urging them, in the wake of the *Lee Wang Zin* sinking on December 25, 1979, to initiate such an inquiry. Letters of response from both ministers, which I received later that month, refused to consider initiating such an inquiry. I subsequently submitted this motion to the House and today I want to present some of the circumstances, centering particularly on the *Lee Wang Zin* tragedy, but bringing up other numerous cases of what I believe to be administrative incompetence when it comes to saving human life.

In reply to my letter of March, 1980, both ministers indicated that they were engaged in an interdepartmental review of the co-ordination of rescue facilities between their two departments. In fact, Mr. Speaker, that review was commissioned by the former Conservative government under the then minister

of national defence, the minister of transport and the minister responsible for marine transport. That review was to have been completed in the spring of 1980 and I was advised by those ministers that I would receive copies of the review within weeks. Now, nine months later, I still do not have notice of the findings of that review.

The basic problem is that the principal administrators of search and rescue, the decision-makers and politicians here in Ottawa, are apathetic about this crisis and about the loss of human life, which usually takes place in cold water.

This is a very serious problem for the people of British Columbia, Mr. Speaker, especially those who make their livelihood on the Pacific coast waters or who use those waters regularly for recreational and other purposes. This includes fishermen, pleasure boat operators, the B.C. ferries, coastal cruisers, those engaged in shipping, towing and flying, to a large degree.

I want to make it clear this afternoon that it is not my purpose to accuse or criticize individual persons who operate the Rescue Co-ordination Centre in Victoria or those who man the search and rescue services generally. These people are doing an excellent job in many respects and have saved many human lives. We commend them for that. The problem is that they are governed by bureaucratic directives and orders from above. The system is at fault. The attitudes among senior decision-makers within that system is what I call the "admiralty approach" to search and rescue, rather than the blood and guts approach which is required in order to get to the site of a tragic accident in time to save the lives of people in the water.

I have here, Mr. Speaker, a report which summarizes the findings and recommendations of the jury at the inquest on the *Lee Wang Zin* sinking in December of 1979 when the lives of 30 Taiwanese crew members were lost in an overturned vessel. The Department of Transport did not attend the scene until 38 hours after the first SOS signal was received.

I should like hon. members to imagine themselves for a moment in the position of a young Taiwanese sailor just having left the port of Prince Rupert after loading ore, on his way home to Taiwan to greet his wife and children. He is awakened at five o'clock in the morning, notices that the ship is heaving and rolling heavily, not in its usual fashion, is suddenly thrown into a catastrophic overturn, his bedding thrown around the cabin. He worries and wonders whether a distress signal has been sent. He calls for his friends, searches around the lower reaches of the vessel for them, feels the heaving motion of the ship from the underside of the berth where he is trying to hang on for dear life. He grows fearful and cold, his teeth chatter, he grows numb while he wonders, waits and hopes. Nothing happens. He waits for an hour, maybe half an hour, maybe three hours, perhaps 24 hours. He grows more and more numb, sleepy and weak. He gradually subsides, never to see the light of day again.

That was the tragedy that the crew of this vessel faced, that the rest of us can pretend to ignore. They were trapped within the overturned hulk of a seagoing freighter on December 25, 1979.

Meanwhile, at the Rescue Co-ordination Centre in Victoria, the distress signal had been heard and reported. It was a clearly coded distress signal, "SOS-EEC". The men at the co-ordination centre, however, took almost an hour to identify the ship. This is not necessarily their fault because they did not have an up-to-date copy of the international directory of ships' call signs and so could not identify the vessel. The identification is important because that is the only way the ship's name could be determined and thus its point of departure and the course it was taking.

At the coroner's inquest which took place in January and February of 1980, evidence was presented that a coastguard helicopter located in Prince Rupert, only 60 kilometres from the scene of the accident, did not become airborne until three hours after the first SOS signal was received. It was not until Boxing Day, 32 hours after the mayday signal, that the first coastguard vessel arrived on the scene. It had been undergoing a refit and had to be put back together before they could proceed to sea.

No attempt was made by the Rescue Co-ordination Centre to seek the help of Rescue 15, a group of 40 volunteer boaters operating out of Prince Rupert. If they had been asked, they would have been willing to respond to the first mayday signal. Indeed, they did obey a coastguard directive in the book of rules which prohibits self-dispatching. They stayed home. What kind of directive is it that prevents people from going to the assistance of their fellowmen?

A tugboat, the *Cindy Mozel* could have responded within an hour of the mayday call, not 32 hours, but it was not called. In fact, no general mayday call was relayed on all frequencies after the signal had been translated.

At Canadian Forces Base, Comox, the Labrador helicopters are normally on two-hour standby. That is how long it takes to get them in the air during off hours. It is a policy dictated by Ottawa and applied across Canada. On that day, however, it would have taken three and one-half or four hours to get the aircraft up there and then they would have had to refuel at Prince Rupert. The helicopters were not ready. They are reported to have been under repair at the time.

Eventually the Rescue Co-ordination Centre called for a United States helicopter based in Sitka, Alaska, because the United States had the equipment and the trained search and rescue personnel available.

Why do I call for an independent inquiry, Mr. Speaker? It is in part because other startling testimony was presented to the inquest which is documented in the coroner's report. The duty watch officer was not called to testify. This testimony was given by the commanding officer. The coastguard maintained that the crew died instantly and that therefore any rescue attempt would have been futile. What kind of an attitude is that, Mr. Speaker, to decide the time of death before the facts are known? There was a long distance assumption that there would be no ship in the area and therefore the relay of the mayday message was deemed to be unnecessary. This was testimony at the coroner's inquest. The Rescue Co-ordination Centre decided to delay help on the assumption that conditions

were too rough. If you do not know where the vessel is or you only have a rough idea, how can you assume that conditions are too rough? The circumstances of the *Lee Wang Zin* are tragic indeed. I do not want to finger any particular individuals in these departments; the matter is in the past. But the threat of error rests in a whole series of problems, including inadequate equipment, delays in getting started, errors of judgment, procedural mistakes, refusals of offers of assistance from other vessels in the area, improper telephone numbers and communication problems.

● (1610)

These difficulties are not restricted to the *Lee Wang Zin* tragedy. They are common to many accidents in recent years on the west coast, most of which go unnoticed here in Ottawa because they involve fewer lives. But in any event, the problems are similar. They boil down to a question of distance and time. Can we get to the scene fast enough and do we have the required rescue equipment in order to get into the water to keep those people alive before it is too late?

This blood and guts attitude, characteristic of the British lifeboat system, of the volunteer system and of the Canadian Armed Forces personnel when they jump out of a helicopter into the water, and this eagerness of people to be involved in saving another person's life is what is important in mounting an effective search and rescue service. It has been characterized by one well-known and not too popular spokesman on the west coast that Canada's search and rescue operations are managed as follows: "They have one guy doing a job and ten guys slinging paper".

I want to tell you now about a 17-year-old girl named Sandra Klein. A year or two ago Sandra and her father were patrolling in the Gulf Islands. They were called to a scene of a burning sailboat. They were closer than any other vessel. She travelled single handedly in a 17-foot Boston whaler at speeds of 25 to 30 knots across 17 miles in 27 minutes. She arrived at the scene of the burning sailboat. There was no one on board. She spotted a floating form in the water. At the same time she noted adjacent to her on the scene there was a navy vessel, the *YMR-4*. This navy vessel did not have a small enough boat to launch into the water. The crew were clustered in the bow looking at the floating casualty. Sandra Klein jumped into the icy water. She supported the man and applied mouth-to-mouth resuscitation and applied it continuously as they were both lifted from the water by the navy vessel. That is an act of valour. Subsequently Sandra's act of valour was acknowledged by the Governor General by the granting of an award to this 17-year-old girl for her efforts in saving a man's life while the navy looked on.

I think this speaks of the change of attitude which is required in the delivery of search and rescue, particularly on our west coast.

Just this morning Lieutenant-General K. E. Lewis, Commander Air Command responsible for search and rescue at a conference in Ottawa in response to a question said, "Search and rescue is a highly visible and high profile operation." Therefore, decisions as to the involvement of Armed Forces Reserve units, or for that matter auxiliary assistance, were a matter of political consideration.

In his written presentation to the conference Lieutenant-General Lewis commended west coast search and rescue for assisting in the saving of 519 passengers' lives on the *Prinzendam* which burned in the Gulf of Alaska in Canadian waters last fall. His written presentation in part states:

> It is of interest to note that 442 squadron was notified at 0500 on a Saturday morning and within 3 hours was able to launch two Buffaloes, two Labrador helicopters and a full medical team.

I submit that two hours is not enough. It is too much time. When people are in cold water, particularly in winter weather, they are susceptible to hypothermia which is fatal within a half an hour, and a two-hour standby is far too long.

The government spent almost $3 million last year on west coast search and rescue to handle 4,200 rescue calls. That is approximately 12 calls each day year round, including winter time. The budget allows some $650 per incident in terms of funding for the main search and rescue exercise. The volunteers who are trying to organize along the lines of the British lifeboat brigade who use their own vessels and equipment are reimbursed $30 per incident.

These people recently approached the government requesting an increase to $70 per incident. That is one-tenth of what the gold-plated system consumes. They wanted only $70 per incident to meet the fuel expenses, to buy a radio, to provide rescue equipment on their private craft, but it was refused. These people are ready and willing to assist in search and rescue, but the government appears to provide very little assistance. Indeed, it treats these individuals as amateurs in some respects. Statements have been made. One individual was told when he was asked to stand down and not attend the scene of an incident that the taxpayer would rather have a government vessel do the work. That is typical of our society these days, isn't it, Mr. Speaker? Where is the spirit of voluntarism going?

Most individuals who are willing to participate in these rescue efforts are experienced on the water, whether they are fishermen, salvagers, pleasure boat operators, ferry captains, tow boat operators or others. These people can provide a valuable service if encouraged. The reluctance of national defence, coastguard and rescue co-ordination centres to utilize the services of Rescue 15, a group of 40 volunteers in Prince Rupert on Christmas Day a year ago should be proof that something is wrong within the system. As I have already said, the coastguard has issued a directive ordering volunteers not to respond to calls unless they are dispatched. It might cost the government another $30.

I had a most enjoyable week in Wales visiting British lifeboat stations, touring the watch stations, and the radio monitoring systems. Their rescue boats are maintained just as fire engines are maintained by a volunteer fire department. They polish brass, but they are there to provide beach watch and marine safety training to their communities. These stations are spaced ten to 20 miles apart along the coast. They

can get to the scene of an accident in ten or 20 minutes, not two to four hours. This closely linked network of volunteer operated rescue stations has to be developed in Canada on both coasts working in co-operation—not being obstructed—by the formal search and rescue services administered by the Department of National Defence and the Department of Transport.

We have just learned that a new rescue station is to be opened at Ganges on Saltspring Island. That station is 12 miles from the main shipping lane. It has cost over $400,000 in start-up capital. It is three miles from the open water and the main shipping lane is where most of our major and tragic marine incidents have occurred in B.C. Why was that station located 12 miles from the main shipping lane? That makes no sense. Why have we no float-equipped rescue aircraft with paradrop teams equipped with scuba gear available and on standby? Why do we have hovercraft that cannot move in a 70-mile-per-hour wind? Why do we have 100-foot cutters when we need more small fast boats with low freeboard to get to the scene of a floating person whose life needs to be saved?

I see that my time has come to an end. I wish the ministers were present today. I had been advised that they would be. However, I want to urge them to initiate an independent commission of inquiry, not another government review, into the whole state of the delivery of search and rescue services on the west coast where the city of Vancouver is located, the second busiest port in North America, second only to New York. We have in excess of 200,000 pleasure boaters, 5,000 or 6,000 commercial fishing boats, and many hundreds of thousands of people on the water the year round. Their lives are more important than the gold braid or anything else.

● (1620)

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, first, I should like to congratulate the hon. member for Richmond-South Delta (Mr. Siddon) on an excellent presentation and on making some very valid points on a very worth-while motion. I certainly hope that there will be sufficient time to vote on this motion.

The question which we must address in terms of search and rescue and the outline which the previous speaker gave concerning the tragic events surrounding the *Lee Wang Zin* are certainly very pertinent. However, it is history, and what is important now is to learn the lesson and to try to rectify the situation which led up to the incident. I should like to suggest that the first lesson to learn with the *Lee Wang Zin* is that one ounce of prevention is worth a ton of cure. That was a rust bucket which was sent to sea out of Queen Charlotte after loading in conditions which should never have occurred. A flag of convenience was deliberately set up so that the owners would never have to compensate for an accident. The first thing to remember is that we have a long-term commitment to the prevention of accidents at sea and in the air. That is the first order of business.

The second major flaw in the *Lee Wang Zin* incident is the fact that that ship was 12 miles offshore, within easy reach and flying distance of a helicopter. When the Department of National Defence, in spite of all their communication problems, launched their helicopters, they were unable to provide rescue service for those people. They went there simply to pick up the bodies, if they ever did get there. The first aircraft to go were the Buffalo. After three hours in the water, anybody found would be either dead or in very bad shape. You cannot rescue anybody out of a Buffalo. You have to be able to deliver a helicopter.

I suggest to you, Mr. Speaker, that the first priority on the coast of British Columbia is to distribute along the coast the five helicopters which have been committed to Comox in such a way that there is an hour or less flying time between that helicopter and any area where an incident might occur. Both Boeing-Vertol which produces the helicopters used by the armed forces and Sikorsky which produced the helicopter at Prince Rupert, state that the costs to locate those bases around the coast of B.C. and refit the helicopters to be operated on those bases would be well under $10 million. In a proposal which I submitted for comment, I suggested that three helicopters remain at Comox, one be placed at the Canadian Armed Forces station at Holberg at the north end of Vancouver Island, and one at the Canadian forces station at Masset, and the Sikorsky air force helicopter be refitted for marine rescue service, be seconded to the armed forces for crewing and be used as a helicopter primarily for search and rescue out of Prince Rupert, with an effective, trained crew on it. If that were done along the coast of British Columbia and southeast Alaska, it would mean that there would never be a marine incident or a medical evacuation less than one hour's flying time away.

I myself and most of the people I have spoken to in this business—and I have travelled from Alaska all the way up and down the coast of British Columbia and through the state of Washington looking at coast guard search and rescue facilities—believe that helicopters are the key. You have to be able to deliver a crew to the site who can effect the rescue and provide the services there.

Next, we must consider the business of volunteers. We use helicopters at Comox and Buffalo aircraft during the spring, summer and fall months for searches of downed aircraft, and this consumes thousands of hours of search time. Two summers ago two aircraft were lost, one between Kamloops and Vancouver, which is a massive area, a mountainous terrain, and the other one was lost somewhere in the Terrace area. These two aircraft were searched for by the Canadian Armed Forces aircraft and also by a group set up by the provincial emergency program, an air patrol.

Eventually they found the aircraft at an absolute fraction of the cost, with more aircraft in the air and trained people working under supervision of search masters, and they did an excellent job. The point made by my colleague, the hon. member for Richmond-South Delta, is valid, that, in addition to placing those helicopters along the coast of British Columbia, the hard edge of a rescue service is delivered within an hour.

The second point is that a volunteer service, particularly a province-wide civil air patrol which can participate, be organized. They can get on the job as soon as the ELT goes off, as soon as the emergency is put in. They can begin the search and they can start covering the territory. It takes the armed forces, in some cases, 24 hours before they get a ground base and a search pattern set up, the aircraft refueled and ready to go. Then there is the tremendous expense of those searches to be considered.

Mention was made of the Klein family, Horst, his wife and daughter. The points made about them were absolutely true and, in fact, understated the event to the nth degree. There was a number of difficult rescues in which that family had participated. It is astounding. They were the first people on the scene when the ferry, the *Queen of Alberni,* was grounded at Active Pass. They were the first ones there to render assistance, and what is amazing is that they did not receive any information from the rescue co-ordination centre. They picked this information off a commercial broadcast on CKNW and then wound up in Active Pass as the first people to render assistance on the scene.

Sandra has been involved in a number of diving exploits which, unfortunately, have not been as successful, but these were difficult and dangerous commitments for which she was awarded a medal of substantial merit. What is really required, of course, is a marine organization across the entire coast of British Columbia which is properly equipped and given adequate recompense for out of pocket expenses. You cannot run a 180 on $30 for an event. You need so much an hour to cover fuel, the wearing down of your engine, oil, maintenance, and what not. If the government were to realistically pay these people to go out on air and marine searches, it would save thousands of dollars.

Many of the pilots who engage in those search operations are former members of the armed forces. They are expert fliers and they have had tremendous experience in searching and mountain flying. They have the qualifications to do the job. The people who are involved in Rescue-15, in the group in the Queen Charlottes, in the group on the central coast out of Bella Bella, in Powell River, in Campbell River, in the north Island, in the Gold River, all the way up and down the coast, are represented by people with tremendous qualifications and experience in the marine environment, whether they are fishermen, tugboat personnel or experienced mariners.

Then there is this problem of adequately equipping volunteers. The Canadian Marine Rescue Association is in its formative stage. It has not jelled yet, but it is certainly under way. I think more consideration should be given to the kind of training, assistance and budget which the government could provide, and especially to the equipment given those people. If it is inadequate, they cannot do the job.

I will give you just one example. Most of the people who work out of Bella Bella are quite familiar with the marine environment and with their own area. The minute a problem comes up in the area, if someone is lost—and this happened in the middle of winter last year during the election campaign—they come to the rescue. We were stranded there because of freezing cold winds building up ice on the aircraft which, as a result, could not fly. A couple of people were lost. Those people managed to set up a search locally. They checked all the places where they were likely to be.

The armed forces sent a helicopter, but it was not equipped with a radio which would allow them to talk to the provincial emergency program on the ground. As a result, they searched the whole area which had already been searched and they were not able to check the places where it was likely the people were lost. It is an unfortunate situation, but in these cases the first priority is for helicopters. We have to distribute them along the coast in order to cut down the response time. The second thing we must do is strengthen our commitment and make an investment now to save thousands, if not millions later on, in the volunteer service there.

I have made some very definite statements on the events surrounding the *Prinzendam.* I think that anyone would admit that had the oil tanker not been there to provide a base from which the aircraft could operate, 500 people would have been lost at the bottom of the sea. It was a happy incident or coincident that an oil tanker was there to act as a helicopter platform to work from and to evacuate the people. That, in my opinion, was the only thing that saved the lives of the people on that ship. Otherwise they would have been at the bottom of the sea. The *Lee Wang Zin* incident is history and we have to learn from that.

• (1630)

Out of that *Lee Wang Zin* incident particularly we must learn, and I would congratulate the Minister of Transport (Mr. Pepin) for being open and frank in that regard. I think the hon. member for Richmond-South Delta was a little bit in error regarding the person in charge of the rescue co-ordination. He did not wind up having to testify. It was a junior coastguard officer who wound up testifying. The officer in charge was never exposed to a public inquiry at the coroner's inquest as to why this occurred. The Department of National Defence did its own in-house investigation. I attempted on many occasions to obtain that report. They refused to give it out. The Minister of Transport did make the report public as well as supplying staff to testify at the coroner's inquest. This gave people an insight into what had actually happened.

In the rescue services and marine pollution response of the coastguard of the United States, they have two kinds of interesting aspects and the first relates to helicopters. If somebody is missing, a boat is immediately dispatched to where they were anticipated to be. A phone search is made to make sure the missing person had not landed. This is immediately instituted. At that point, three people go out to the helicopter and the helicopter is warmed up. If there is not a firm response that those people have been found in 30 minutes, that helicopter takes off and heads off to the point.

That does not happen in Canada. We wait hours and hours sometimes before those things are launched. They should be on

24-hour standby and they should be looking at a 30-minute launch time or as soon as they can clarify a likely position.

The other thing the Americans have that we could learn from is their simulation exercise. The *Lee Wang Zin* accident was absolute chaos. They did not know whether they were punched, bored or chewed out by the rats as it came out in the final analysis. We could learn from those mistakes and we should learn from them.

I was not able to take part in an observation exercise in the United States, but I know they run simulation programs. They simulate an accident and bring in people who are involved from the coastguard, the navy, the air force and others from the public who have expertise. They examine the situation on closed video criticizing how the rescue program was handled and then make suggestions as to how they could improve this kind of response. This hones the edge to a very effective one.

In southeast Alaska and on the south coast of British Columbia, especially around Victoria and the southwest part of Vancouver Island, your chances are excellent of being rescued by an American helicopter if you run into difficulty, but your chances are not so good if you are being rescued by a Canadian helicopter which is probably stationed no greater distance away.

I should like to qualify those remarks. I know personally of events and incidents in which members of 442 Squadron at Comox have been involved. It is acknowledged even in the American coastguard that Canadians are capable of more activities than even they are. For example, if someone is in the water, no one from a U.S. coastguard helicopter will go into the water after him. You either get on the hook or you are in big trouble. They may get a navy diver to get in after you. The fellows in the 442 have training second to none in the world and their accomplishments have been excellent.

Our big problem relates to inadequate equipment. Resources applied to the program are inadequate. Consequently, the job cannot be done. This is basically a government problem involving helicopter distribution, response and the way we treat volunteers. We should invest in that very valuable resource, the people who want to participate.

The third priority is co-ordinating government resources. There are 14 federal government helicopters on the coast of British Columbia. There have been occasions when we could not get one into the air to look for someone. Even if we can get one into the air, often it cannot get to the scene in time.

On a beautiful night in the September before last, there were two people on a fish boat off the north end of the Queen Charlotte Islands, not too far from Prince Rupert. The moon was bright and the water was calm. One fellow fell overboard while trying to make a repair to the side of the ship. They radioed in and that was it. They never got a helicopter out and they never did find him. On that occasion, in beautiful weather, they were unable to respond.

We have 14 helicopters and something like 200 federal government vessels on the west coast of British Columbia, and we are not making effective use of those resources. I do not want to beat on the issue any longer about the Canadian coastguard helicopter at Prince Rupert, but it is an excellent machine and, in my opinion, it ought to be converted immediately for search and rescue. It ought to be seconded to the Canadian Armed Forces to be used for coastguard purposes, except when there is a search and rescue emergency at which time it should go out on that, without question, with a fully trained crew capable of finding and rescuing people.

Let me make just a few more points before I conclude. A lot of people in British Columbia tend to have a very negative response toward these facilities because of fragmentation, poor use of resources, and the inability to deliver a rescue platform in an effective time and I suggest it stems from small things like this.

Two weeks ago there was a phone call from people responsible for assisting British Columbians during the time of disasters such as flooding. There were areas in my riding which could not be reached by this provincial emergency group. They phoned the Canadian Armed Forces and asked if it could send a helicopter because they were unaware of what had happened to the people in the area. All communications had been cut off, but they knew there were extraordinary flooding conditions. The first thing the people in the Air Force asked was: "Who is going to pay for this?" That was the first word out of that mouth on the phone: "Are you authorized to pay for this?" I pay for that helicopter, everyone here and everyone in this country pays for it. The reason we pay for it is to have it available to respond immediately to an emergency situation. The first thing that should be done is the helicopter should be airborne immediately, go directly to the area and later there should be consideration about the transfer of funds.

How do British Columbians feel about the federal government's rescue resources and the services provided? When that is the first question asked, we do not feel very good about it, especially if you have watched a number of people die unnecessarily in the water.

I have been beating away at this point for two years. I have produced two reports and a basic outline for discussion. I have also produced a study into helicopters and the cost of placing them out, again for discussion. I think over a period of time the government's attitude has been changed. The opinion of former minister Otto Lang was that rescue services at sea are voluntary services provided for centuries by other ships at sea. From that point, we have seen a change. The government has undergone a helicopter upgrading program. The government has made a commitment to buy a 170-foot vessel and a commitment to station a number of 21-metre vessels in the area. The government has put in place an inshore rescue boat program which has answered about one-fifth of the incidents which have occurred off the coast of British Columbia and has undertaken an education program directed toward that very area of prevention. The government has also involved more extensively its other resources. The vessel traffic management system is now an effective resource. All of southwestern British Columbia, with a combination of aircraft, hovercraft and vessels, has access to these services. So the government

deserves some credit. It is aware of this issue but not in the way Otto Lang was. I think it is seriously concerned.

● (1640)

However, this government has not gone far enough or fast enough. People are still in jeopardy because of poor rescue services. Helicopters and their proper distribution are vital, and the government has been receiving letters from every municipality and regional district along the coast asking that that program be put in place. The government must make use of voluntary services in order to make this program effective. Finally, we must get to the point where we are co-ordinating more effectively. We should not be empire-building in separate government departments. There should be more effective co-ordination. I suggest that would come about through a more efficient use of resources. There should be closer co-ordination between departments and the designation of another primary respondent other than the Minister of National Defence (Mr. Lamontagne). There should be simulation exercises in which members of the public and trained professionals participate so that they can criticize what is going on.

I will sit down in the hope that the proposal of the hon. member for Richmond-South Delta will be accepted.

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, I rise to speak on behalf of the Minister of National Defence (Mr. Lamontagne), who intended to be here, but was prevented from being here in the last couple of hours because of weather conditions in the part of the province of Quebec he is visiting today. I want to tell the hon. member for Richmond-South Delta (Mr. Siddon) that the minister had fully intended to be here, until a couple of hours ago.

I am pleased to rise on behalf of the minister and to make some comments in relation to the subject before the House. I think I have said on a previous occasion in relation to the exercise we are involved in now that I find the private members' hour to be perhaps one of the more valuable periods provided for in our Standing Orders. In the last 40 minutes, I have heard more thought-provoking suggestions from my friends across the floor than we hear in other debates in this chamber.

Let me say on behalf of the minister that any suggestion by a responsible citizen that any important government service, particularly one dedicated to the saving of life and the reduction of suffering, is deficient in its administration or operations is one which must be closely examined. The motion before the House certainly implies such a situation, and the reaction of the government is, of course, one of concern.

The Canadian forces, with their high readiness posture and ability to respond fairly rapidly in emergencies, are charged with the task of the operational co-ordination of rescue services. These services are provided from four rescue centres situated at Halifax, Trenton, Edmonton and Victoria. The Department of National Defence also furnishes air resources to each region, including special aircraft, helicopters and trained crews. Other defence aircraft, the primary task of which is not search and rescue, frequently participate in searches as a secondary role, as do aircraft from other government departments and those provided by many civilian pilots across the country.

The Department of Transport is the other major partner in this activity. The coastguard provides marine specialists in the co-ordination centres and vessels for marine operations. Crews and vessels from other departments are also available as required.

I mention these details in order to show that search and rescue cannot be handled by any one organization but must, if it is to be efficient and not prohibitively expensive, take advantage of all suitable vehicles the owners and operators of which are willing and available to assist in the endeavour.

It is a matter of record that in the past 12 months the people at rescue co-ordination centres and in operational search and rescue units across the country have responded to about 10,000 requests for assistance. It is a tribute to the knowledge, experience and dedication of those personnel that such a job can be done, and done so well. Their jobs call for very rapid evaluations of situations, often involving scant details and committing valuable resources which could well be more urgently needed elsewhere at the drop of a hat and risking their own lives to save those of fellow human beings.

This is the daily lot of search and rescue practitioners because accidents at sea and in the air have an uncanny habit of occurring in the most forbidding terrain, on rough seas and generally in adverse weather conditions.

Accidental loss of life under any circumstances is tragic. However, we must face the reality that regardless of the number of resources assigned to our national search and rescue program, it is not always possible to save all the lives, as much as that is our objective.

It is with that sense of reality in mind that following a major government review of marine search and rescue in 1976 two major decisions were taken which are now proving their worth. The first of these was to form an interdepartmental committee on search and rescue to advise ministers on policy, planning, resources and effectiveness. It is jointly chaired by members of the Department of National Defence and Transport Canada and involves officials from a number of other government departments.

The second decision was that the government would embark on a rational, sensible and credible continuing program to improve substantially search and rescue procedures and resource availability right across the country.

In order that the government might control the management of search and rescue regularly, the committee was directed to provide for review by ministers an annual plan in which the need for primary search and rescue response is identified.

Since 1976, five such plans have been produced. As a part of their development, a detailed analysis of the needs of each region is performed by local specialists who are familiar with

prevailing conditions. These regional analyses are then reviewed by the appropriate departments of government, resulting in a consolidated national plan with recommendations for improvement. This plan is then reviewed by the interdepartmental committee to which I referred. It is ultimately referred to cabinet for decision.

Let me outline very briefly a few of the more important initiatives which have resulted from these two decisions I have mentioned since 1976.

First, the government directed an in-depth review of the co-ordination centres, which has recently been completed. A number of recommendations are already being implemented. I refer to such recommendations as functional relationships between Canadian forces and Canadian coastguard personnel in the centres, streamlining of procedures and changes to regional boundaries.

Second, the coastguard has developed an ongoing five-year acquisition and replacement program for search and rescue vessels, which is working out very well.

Third, while it is not possible to buy literally off the shelf a rescue helicopter which will meet particularly unique Canadian needs, in 1976 the government directed that the majority of the existing rescue helicopters be modified to provide improved foul weather day and night capability. The initial phase, involving improved communications, navigation equipment and external illumination, was completed three years later, in 1979. The second phase, which is now in progress, is providing longer-range capability for these helicopters, a much superior rescue hoist, radar to facilitate poor weather search and better radio communications with vessels. This will be complete by 1984.

Fourth, in 1977 the North American search and rescue business suffered a major setback when an unforeseen hazard surfaced in the batteries of the emergency locator transmitters.

These devices, which provide early warning of distress for both aircraft and ships, had to be withdrawn from universal use in the aviation community. As a result of persistent work by the interdepartmental committee, I have recently been advised by the Minister of Transport (Mr. Pepin) that he anticipates these devices will again be universally carried in light aircraft by the end of the present year. Provided regulations are rigorously enforced, this will be the single most significant factor in speeding up rescue in air distress. It will save lives and reduce suffering. It will also save flying hours expended each year searching for crash locations not pinpointed by the emergency locator transmitters to which I referred. This in turn will make crews and aircraft available to respond to other distress calls.

Fifth, Canada is participating in the international search and rescue satellite-aided tracking project. When emergency locator transmitters are in full use, this project will enable early warning of distress and quick localization of ELT signals. The system will begin testing and evaluation with the launch of the first satellite in 1982. When this ambitious project becomes operational, it will reduce significantly the loss of life and suffering involved in air and marine disasters.

● (1650)

The Department of National Defence has examined the adequacy of air response to marine and air incidents across the country. While concluding that current location of resources, their numbers and state of readiness are adequate, certain areas for improvement have been identified. In April, when considering the 1982-83 plan, cabinet will decide how best these improvements can be made.

I should like to use my remaining time to address more particularly the concern raised by the hon. member for Richmond-South Delta. I thought it was important by way of general background to inform the House of some of the initiatives which the department, in collaboration with other affected departments, have been taking especially since these two important decisions of 1976 which underlie the present search and rescue thrust. Cabinet has been concerned with the situation on the west coast because the marine activity level is high and in the northern portion of the west coast there has been a small but significant concentration of marine distress incidents which is increasing annually. In December, cabinet approved a recommendation in the 1981-82 plan for a detailed review of the region. This will soon be conducted by members of the Canadian forces and the coastguard.

Our operational capability on the west coast is already high, and the following two examples clearly illustrate its flexibility. The first example has already been referred to by both previous speakers, the *Prinzendam* disaster from which 519 people were rescued without any loss of life in very adverse weather conditions. It is significant that in the southern portion of the region the coastguard hovercraft at Vancouver frequently responds to distress in United States waters. Similarly, Victoria can and does obtain the services of United States coastguard helicopters on standby at Port Angeles, Washington and Sitka, Alaska. This bilateral arrangement is both effective and economical.

On December 27 and 28 the squadron on Comox was asked to provide two helicopters to assist in the rescue of over 100 people caught in the flooding at Squamish, British Columbia. This work was hazardous, especially during the night. The rescue was successful because crews were available at short notice, because of their skill in aircraft handling under extreme conditions, and because of the competence of the rescue technicians who had to work in diving gear at the end of lifelines and in total darkness.

Also, I should mention at this point that the rigorous analysis of all factors involved in search and rescue incidents on the west coast has enabled the rescue organization to cope very effectively with unusually high peak demands over the last few years. In particular, I refer to the herring roe season when through a combination of education, prevention, and enforcement and judicious deployment of resources, we have been able to reduce considerably the number of lives lost during this relatively new and hectic activity. I believe this is

further proof that the administrative system instituted in 1976 is bringing concrete results by ensuring a flexible response to changing requirements and a better utilization and co-ordination of all available resources; not only those of the government but also private resources which happen to be in the vicinity of an emergency.

In spite of the high confidence the government places in the operational capability of the people and resources on the west coast, the Department of National Defence and the Department of Transport have examined independently the peculiar problem of northern British Columbia, in particular the Prince Rupert area, in so far as search and rescue are concerned. These examinations have confirmed that the assignment of dedicated coastguard vessels to this area this year and in following years will provide for effective responses to maritime distress.

We on this side of the House are not insensitive to the significant and tragic loss of life which has occurred off the west coast. At the same time, it has been determined that some of the loss could not have been avoided, even with unlimited resources. Nevertheless, a closer study of the requirements for air resources is necessary and will take place early this year.

The regular activities of the interdepartmental committee, the annual review of search and rescue by ministers, the significant progress achieved over the past four years by this process, and the record of achievements by search and rescue personnel, their vessels and their aircraft, do not reflect any need at this time for an independent commission of inquiry. On the contrary, current government policy is already ensuring regular, orderly and effective progress toward improving the probability of rescuing the passengers and crews of aircraft and vessels in distress situations. Therefore, the government must conclude that the proposed independent inquiry would be unnecessary, costly and disruptive to the continuous review and upgrading process I have described. For this reason I want to inform the members who have spoken in this debate that it is not the intention of the Department of National Defence to entertain such a proposal at this time.

In conclusion, the House will understand that my first responsibility during the past few minutes was to speak on behalf of the Minister of National Defence (Mr. Lamontagne) and to inform members of the thinking of the Department of National Defence on the issues raised by the hon. member for Richmond-South Delta. If time would have permitted, I would have addressed myself, as a Newfoundlander, to the subject of search and rescue as it affects the Atlantic coast. There are a number of issues in that regard which need to be aired, but I decided to discharge my first responsibility and respond as directly as possible to the concerns raised by the hon. member for Richmond-South Delta and the hon. member for Comox-Powell River (Mr. Skelly). Let me assure both members that their concerns will be scrutinized by the Minister of National Defence and others who are concerned about this important subject. If something needs to be pursued, I assure these members that it will be.

Mr. Knowles: Question.

Mr. Siddon: Why didn't you listen?

Mr. Simmons: It is curious that the only time one gets the attention of some gentlemen opposite is when they agree with what is being said. For the rest of the time for some reason they enter into unfortunate obstructive tactics.

Mr. Dinsdale: You are filibustering.

Mr. Simmons: I have never viewed the important subject of lifesaving as any partisan issue. We on this side of the House—and I hope we have the support of everyone in the chamber—intend to latch on to whatever—

Mr. Deputy Speaker: Order.

Mr. Knowles: Question, question.

Mr. Deputy Speaker: The hour provided for the consideration of private members' business has now expired.

[*Translation*]

It being five o'clock, this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order.

At five o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, January 19, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

AMERICAN HOSTAGES IN IRAN—CONGRATULATIONS ON CONCLUSION OF NEGOTIATIONS FOR RELEASE—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the news that the United States and Iranian governments have reached agreement on the release of the American hostages in Iran, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House, on behalf of the people of Canada, extends its congratulations to President Carter and the government of the United States for the successful conclusion of negotiations for the release of the hostages; and wishes that the Americans be reunited with family and friends in the very near future. And that this House also extends its congratulations and appreciation to the Algerian government for the key role it played in the resolution of this difficult international crisis.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

INDUSTRY

McDONNELL DOUGLAS—ALLOCATION OF WORK UNDER CF-18A CONTRACT—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise under the provisions of Standing Order 43. The most efficient plant for the production of wing and tail assemblies for aircraft in perhaps all of North America and, indeed, the world, is the McDonnell Douglas plant in Mississauga. Evidence of that is the fact that it is virtually the exclusive supplier of this equipment to McDonnell Douglas for the production of DC-9 and DC-10 aircraft. But something has happened and the work for the F-18 Hornet will not go to that plant but to some other plant which may not be as efficient. Therefore I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That this House direct the minister responsible for the allocation of work under the F-18 contract to have the work done at the most efficient plant and, with respect to wing and tail assembly, at the McDonnell Douglas plant in Mississauga, Ontario.

Madam Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIVE RIGHTS

CALL FOR RECOGNITION IN PROPOSED CONSTITUTION—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, in view of the Prime Minister's commendable statement that there must be a "revolution in international morality" and that we must create "the feeling that we have an obligation" to the Third World, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That the Prime Minister lead a revolution in Canadian political morality and indicate his willingness to recognize Canada's historic obligation to our aboriginal peoples and to include a positive recognition of their rights in Canada's new constitution.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

CF-18A CONTRACT—CONSIDERATION OF BIDS FROM CANADIAN COMPANIES—MOTION UNDER S.O. 43

Mr. Douglas Fisher (Mississauga North): Madam Speaker, I rise on a point of urgent and pressing necessity under the provisions of Standing Order 43. Whereas McDonnell Douglas Corporation last Friday laid off several hundred workers in Malton, bringing their total laid off to over 600 since last summer, and whereas contracts for parts for the CF-18 air-

craft are now being allocated, I move, seconded by the hon. member for London-Middlesex (Mr. Bloomfield):

That the government give full and fair consideration to bids from Malton, Rexdale and Brampton aerospace companies in order to reinforce full employment and economic strength in this productive industry.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

● (1410)

ABORTIONS

REPORTED INCREASE IN NUMBER—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion on behalf of those whose voices cannot be heard. Given the appalling figures released the week before Christmas by Stats-Canada which show a further alarming increase in the use of abortion as a means of population control, and specifically noting that 18 innocent children were sacrificed by abortion last year for every 100 live births, with 34 abortions for every 100 live births in my province of British Columbia alone, I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour) and endorsed by many members of this House with whom I have spoken:

That this House stand in silence for two minutes, in memory of the 65,135 innocent Canadian human infants whose lives were taken away by abortion during the past year; and furthermore this House admits, to its shame, that these acts have been taken with the consent of the Government of Canada.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN PIPELINES

NORMAN WELLS-ZAMA LAKE—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise to propose a motion under the provisions of Standing Order 43. In view of the unconscionable delays occasioned by Liberal footdragging on the granting of permission to construct the proposed Norman Wells-Zama Lake pipeline which have caused serious economic hardships and uncertainty in the Mackenzie district, as well as setting back Canada's goals of energy self-sufficiency and job creation, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That permission to expand the Norman Wells oilfield and construct the Norman Wells-Zama Lake pipeline be granted as expeditiously as possible.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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GOVERNMENT ADVERTISING

THE CONSTITUTION—CALL FOR PROGRAM DELAY—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise to present a motion under the provisions of Standing Order 43. Last week the Minister of Justice (Mr. Chrétien) confirmed that the government has another constitutional advertising campaign ready to go in the media of this country. In the name of national unity and common sense I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the government not to proceed with advertising relating to the constitution while the proposed resolution dealing with the constitution is being considered by the Parliament of Canada.

Madam Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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SPORTS

CONGRATULATIONS TO NATIONAL SKI TEAM—MOTION UNDER S.O. 43

Mr. Peter Lang (Kitchener): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that a Canadian skier, Steve Podborski, won his third consecutive downhill ski race in Austria last weekend, and in view of the fact that no North American athlete since Nancy Green has been able to duplicate this feat, I move, seconded by the hon. member for York East (Mr. Collenette):

That this House, on behalf of the people of Canada, acknowledge the importance of the contribution made by Mr. Podborski and the Canadian ski team to Canada's international sports reputation, and domestically to our national pride and self-esteem.

Madam Speaker: Order, please. This is a congratulatory motion. I see that the feelings of the House toward this great skier are tremendous, but I feel we should not have congratulatory motions under Standing Order 43.

EMPLOYMENT

CALL FOR DEVELOPMENT OF JOB-CREATION STRATEGIES—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, I rise to move a motion, under Standing Order 43, of national, urgent and pressing economic necessity. Whereas the chief effect of this government's economic policies to date has been a net reduction in private sector real job creation of 75 per cent in one year, and whereas this morning's announcement of support for those communities hardest hit by industrial lay-offs, while welcome, will solve only a very small part of the problem, I move, seconded by the hon. member for Calgary West (Mr. Hawkes):

That this House instruct the government to convene immediately a national conference of representatives of business, labour and government to develop job-creation strategies never more urgently needed for Canada than now.

Madam Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1415)

EXCISE TAX ACT

CALL FOR AMENDMENT OF SECTION 45—MOTION UNDER S.O. 43

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Whereas there are 29 health units in Alberta, and whereas there are a considerable number of first-aid stations and nursing units throughout Canada, all of which provide essential services including preventative health services, emergency first-aid services and ongoing medical assistance; and whereas under section 45 of the Excise Tax Act the units do not qualify for exemption from federal sales tax as bona fide public institutions, therefore, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House give consideration to changing the eligibility criteria under section 45 of the Excise Tax Act in order to allow exemption of these units as soon as possible.

Madam Speaker: For presentation, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

IRAN—INQUIRY RESPECTING POSSIBLE LIFTING OF ECONOMIC SANCTIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Prime Minister. It concerns the imminent release of the American hostages in Iran. Could the Prime Minister indicate to this House when and under what conditions he is prepared to lift the economic sanctions imposed by Canadian governments against the Islamic Republic of Iran?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, we now have an agreement between the government of Iran and the government of the United States. To the best of our information, the hostages have not as yet taken off from Tehran airport. Since we said the sanctions would be imposed during the period of flouting of international law, I will certainly be recommending to my colleagues that we remove the sanctions relatively quickly. In Canada, unlike some other countries, it requires legislative action because it took legislative action to impose the sanctions. Therefore, I believe we will have to have legislation in the House to do that.

Mr. Clark: Madam Speaker, the Secretary of State for External Affairs will want to check all aspects of that answer to be sure that he was not inadvertently in error in part of it.

IRAN—INQUIRY RESPECTING POSSIBLE RESUMPTION OF FULL DIPLOMATIC RELATIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me, therefore, direct a policy question to the Prime Minister. Could the Prime Minister indicate when and under what conditions he would, as the head of the government, intend to resume normal and full diplomatic relations with Iran?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I really cannot add anything to what the Secretary of State for External Affairs has already said. The policy we adopted at the time of the hostage taking, first by the right hon. gentleman's government and then by mine, was in the context of putting pressure on Iran to release the hostages. It would be my thinking, and it is also the thinking of the Secretary of State for External Affairs judging by his answer, that when the hostages have been evacuated from Iran, which, incidentally, they have not yet been, we should then move toward a normalization of relations with Iran as soon as possible.

Oral Questions

IRAN—INQUIRY RESPECTING REPAYMENT OF DEBTS TO EXPORT DEVELOPMENT CORPORATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I direct my supplementary question either to the Prime Minister or to the Secretary of State for External Affairs. I would ask whether one or the other minister of the Government of Canada could tell us whether the debts owed by the government of Iran to the Canadian Export Development Corporation are being repaid on schedule and whether the matter of compensation to that corporation and to Canadian firms who abandoned or who had projects cancelled in Iran prior to the downfall of the regime of the Shah will be settled prior to the resumption of normal and full diplomatic and commercial relations with Iran.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I will have to take that question as notice. However, I would think that if there are outstanding problems relating to our economic relations with Iran we would want to take them into consideration before deciding to repeal the special act that we passed.

UNITED STATES—INQUIRY WHETHER MEETING WITH PRESIDENT-ELECT PLANNED—RENEGOTIATION OF EAST COAST FISHERIES TREATY

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is addressed to the Prime Minister who on his recent trip was able to visit certain countries but, as we all know, was unable to visit certain others. Among these hits and misses was one opportunity which the Prime Minister missed, and that was in not accepting the offer of the President-elect of the United States to visit Ottawa in January. Because of the tremendous importance of our bilateral relations with the United States, can the Prime Minister now tell us what plans he has that are under way to meet with President-elect Reagan?

● (1420)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, when the office of the President-elect suggested a meeting, it would have fallen in the time when I was toward the end of my Nigerian visit and at the beginning of the Senegalese one. I did not feel it was proper to ask these governments to set aside their meetings because the office of the President-elect suggested that there could be a meeting soon in his term of office. I believe discussions are ongoing between our ambassador, Mr. Towe, and the people in the entourage of President-elect Reagan; dates are being looked at but none has been suggested to me yet.

Miss MacDonald: Madam Speaker, I hope we will have an early announcement of those dates, because I think all Canadians would like to see our relations with the United States become much firmer than they have been recently. On that basis I should like to direct a supplementary question to either the Prime Minister or the Secretary of State for External Affairs. It concerns the remarks of the incoming secretary of state, Alexander Haig, the other day with regard to the east coast fisheries agreement when he said that the treaty would have to be renegotiated. This was further followed up by Senator Percy, who indicated that there would have to be concessions on both sides. Has the government indicated to the incoming administration that there is no interest in this country or in this Parliament, as we have served notice on three different occasions, of renegotiating that treaty, certainly not from a Canadian point of view since we feel it is basically a fair treaty to both sides the way it stands now?

Mr. Trudeau: Madam Speaker, I think the hon. lady will realize the difficulty of doing both things suggested by her question at the same time. In the first part she suggested that relations with the United States should be improved, that they should be progressing, and even before the President-elect takes office she makes representations to the government that we should not budge an inch on the negotiations of the previous government. I am rather inclined to support the second part of the hon. lady's suggestion, but she must realize that in such matters, if we want to stand up for Canadian interests, we cannot assume it will always please the United States.

Mr. Clark: What a fraud!

Miss MacDonald: Madam Speaker, my final supplementary question is directed to the Prime Minister. Perhaps he will remember—I will recall it to his memory—that on three different occasions the House passed unanimous motions that the east coast fisheries treaty should be accepted as it stands and should not be amended by arrangements with the United States Senate, such as Senator Percy seems to be working out with our Canadian ambassador in Washington. That is the kind of arrangement I would want the Prime Minister to signify that he is backing up from Canada's point of view—that there will be no concessions on the east coast fisheries treaty, that we will not give in either to pressure from the United States Senate or any other body, and I think the Prime Minister will find if he conveys that sentiment—

Some hon. Members: Order, order.

Madam Speaker: Order, please.

Mr. Clark: Oh, Madam Speaker.

Madam Speaker: I should like the hon. member, especially since I gave her an opportunity to ask an extra question, to proceed with her question immediately.

Mr. Trudeau: Madam Speaker, if the hon. lady looks at my previous answer she will say that I agreed with her.

Miss MacDonald: There will be no concessions.

Mr. Trudeau: I was just pointing out that to take a very rigid stand in advance is not conducive to starting out, in the way she suggests, to improve relations with the United States.

Miss MacDonald: Of course it is.

Mr. Trudeau: That is all I pointed out. I remind the hon. lady that the fisheries treaty was negotiated under our government essentially by the minister of fisheries, the then secretary of state for external affairs, Mr. Jamieson, and with considerable help from the present Minister of Finance. It was something which was put together by our government and the administration of President Carter. Indeed the House supported it, and we are grateful for the support we have had from the opposition in this matter.

Miss MacDonald: Stick with it.

Mr. Trudeau: The hon. lady urges me to "stick with it". I will bring the message and report it to President-elect Reagan the moment I see him.

Miss MacDonald: It may be six months away.

* * *

● (1425)

NORTH-SOUTH RELATIONS

COMMITMENTS TO THIRD WORLD COUNTRIES

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question refers to the Prime Minister's recent trip and his recently expressed concern about the problems of the Third World. Would he explain briefly to the House why the Government of Canada has during the past decade failed almost completely to live up to its own commitment to the Third World and, given that failure, why does the Prime Minister expect the position of the Government of Canada now on the Third World to be at all taken seriously?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think much that the government has done is taken seriously by the hon. gentleman's party, but I can assure him that the leaders of government and of state I have met on this recent trip do take the Government of Canada seriously. They do realize that we have not in the north—and Canada is one of the northern countries—progressed as much as they would like, but they recognize Canada's sincerity and our efforts in bringing the world closer to these solutions.

Mr. Broadbent: Madam Speaker, the Prime Minister knows full well that we are well behind virtually every Scandinavian country in this regard; we are behind The Netherlands and we are behind many, many other industrialized countries. Specifically, since it was his government which promised in 1975 the target of assistance to the Third World would be some .7 per cent of our GNP and that in each year since our contribution has fallen away from that target instead of toward it, to the extent that last year we gave about half what the government committed to give in the way of assistance to the Third World, will he tell the House whether the Government of Canada still stands by its commitment and, if so, when does it plan to live up to it?

Mr. Trudeau: Madam Speaker, the answer was given by the Secretary of State for External Affairs in a commitment he made publicly, I believe it was last month, that we would reach the figure of .5 per cent in 1985 and we planned to reach the .7 per cent figure by 1990. The hon. gentleman says that from 1975 on we have not progressed in proportional terms toward the goal I had set, and he is right. But he will recognize that from 1968 until, I believe, 1975 there was a considerable increase in absolute dollar terms and, of course, in proportion by the Canadian government and the Canadian people in contributing to the solution of the North-South dialogue through its CIDA program and others. So there has been progress.

I must remind the hon. member that around 1975 there was a particular series of economic difficulties which beset Canada and other of the developed countries and we fell victim to those. I can only express regret that we did not find more room in the budget to continue supporting the thrust of external aid in those years, but I would hope that, with the hon. gentleman's support, we will be able to do better in the future.

Mr. Broadbent: Madam Speaker, the Prime Minister knows that in spite of the international financial difficulties to which he referred, since 1975 a number of other countries not only measured up to but in some cases exceeded their commitments. The Prime Minister has just said it is going to take until 1990, some 15 years, for the government to live up to its commitment made in 1975 to reach .7 per cent of GNP. That is almost as long as it is going to take the Government of Canada, if the Prime Minister's party remains in power, to get control of our own energy sector.

Since in the present year it is estimated some 450 million people throughout the world have a totally inadequate diet in terms of food, and since one of the things this country does very well is produce food, will the Prime Minister increase this year's budget for the world food program beyond what it now is and which in real dollars for 1981 is less than it was for last year? In other words, will the Government of Canada put up now and live up to some of its promises to the people throughout the world who badly need assistance?

● (1430)

Mr. Trudeau: Madam Speaker, in the direction suggested by the hon. member I point out to him that just a few days ago in Senegal this government committed itself to an increase in its aid merely in the area of food to that country of some $5 million just to help them meet the present emergency. I of course agree that much more should be done in the field of agricultural aid. I discussed this problem, notably in Senegal and in Brazil. I must remind the hon. gentleman that food aid in this sense can be counterproductive, and this was well recognized in the report to which members of the hon. member's party subscribed, the recent report of the parliamentary committee on North-South relations. It was recognized that one must also assist agriculture in those countries and not just give food because that would tend to prevent them from solving their problem in the long run. The government is trying

both to assist by food aid and also help through the transfer of agriculture and other technologies.

With respect to the hon. gentleman's preface, it is true that Canada is not among the leading nations in terms of its generosity in helping the Third World, but we are far from the worst. I think we are somewhat above the average of the OECD countries. I would accept support from the hon. member's party if he wants this government to reach the aim of .7 much sooner.

Mr. Broadbent: Yes.

Mr. Trudeau: The hon. member says "yes". Of course, he never has had and probably never will have the responsibility of governing—

Some hon. Members: Oh, oh!

Mr. Trudeau: —but I am prepared to sit down with the Leader of the New Democratic Party or with his financial critic and find areas where we could cut expenditures in Canada in order to redivert funds to the Third World. I would be very happy to come up with a bilateral and hopefully even a trilateral agreement.

Mr. Lawrence: What about advertising for the constitution?

Mr. Broadbent: Okay, we will take you up on that.

Mr. Clark: Madam Speaker, do rules of order apply to the Prime Minister or just to this side of the House?

Madam Speaker: I think the Right Hon. Prime Minister is waiting for the heckling to stop in order that he can continue to give his answer.

RECYCLING OF OPEC SURPLUSES—GOVERNMENT POSITION

Mr. Douglas Roche (Edmonton South): Madam Speaker, my question is also directed to the Prime Minister. Given that international trips to influence other leaders on North-South issues must be supported by strong policies at home, and given the latest report of the independent North-South Institute which said last week that Canada and the Canadian government had failed on 13 of the policies in the five-year-old international development strategy, can the Prime Minister now tell the House what priorities he will propose for his government to strengthen Canadian policies so that we will have some credibility in international negotiations?

Specifically, is the Prime Minister now ready to move on this single, most important problem in North-South relations, which is the debt trap of the oil-importing, least developed nations? Is the Prime Minister prepared to support international negotiations which will lead to a recycling of OPEC's huge surpluses and to expedite that by having the voting strength of OPEC in international financial institutions increased?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I find the hon. member's question extremely welcome and his suggestion very appropriate. Just as an aside, I suggest that his leader would benefit from rereading the question and the assertion that travel by leaders of this government can be conducive to helping the North-South dialogue.

An hon. Member: Oh, oh!

Mr. Trudeau: The guffaws come from someone who wants his leader's job, but I can tell him that he does not have a chance. His leader is much better than he is.

Some hon. Members: Hear, hear!

Mr. Trudeau: Madam Speaker, the point made by the hon. member for Edmonton South is exactly the point I made repeatedly in each of the countries I visited, and it is a point I raised with Saudi Arabia when I visited the country in November. That is one of the reasons we have been trying to influence these various countries into accepting the energy affiliate of the World Bank, which would be precisely designed to do the three things the hon. member suggests: help recycle OPEC dollars, permit the transfer of technology for the finding of more energy resources in the less developed countries, and give a greater voting strength to OPEC.

I point out that I think the idea is making progress. There was a meeting in December at which representatives of some of the countries with which I talked were in attendance, but as far as the Canadian government is concerned the hon. member will note that in the budget we undertook to set aside, I believe, $250 million for an international affiliate of Petro-Canada so that we could do this job at least bilaterally if by some chance it were not done by the affiliate of the World Bank.

Mr. Roche: Madam Speaker, if the Prime Minister's 12-year-old government had performed as well on North-South issues as did the Leader of the Opposition in his brief tenure as prime minister, the credibility of the Government of Canada would be much better with respect to North-South issues today.

Some hon. Members: Hear, hear!

Mr. Roche: I want to ask the Prime Minister if he intends to implement the North-South task force report, which was supported by all parties in the House. Several months ago in its interim report the task force said that Canada should support the four emergency measures to break the North-South deadlock recommended in the internationally acclaimed Brandt report: first, an extra $4 billion annually in aid; second, an international energy strategy; third, a global food program; and fourth, a start on reforming the international economic system. Is the Prime Minister prepared to put his leadership behind those emergency provisions now to break the North-South deadlock?

Mr. Trudeau: Madam Speaker, I am prepared to agree with the hon. member that, if his party and leader had stayed in

office, they might have done very well in the field of foreign aid. I was just pointing out to the hon. member that just a few days ago his leader complained that I was too preoccupied with North-South questions and that I was not dealing enough with economic questions in Canada. That is all I wanted to point out. I am in agreement with the hon. member that we should do more, and I hope his point of view prevails over that of his leader when we come to deal with these questions.

Some hon. Members: Hear, hear!

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INDUSTRY

INDUSTRY AND LABOUR ADJUSTMENT PROGRAM

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question is for the Minister of Employment and Immigration. Earlier today he ignored the House of Commons and held a press conference to announce a special program rather than announcing it in the House. During that press conference the Minister of Labour indicated that none of the ministers could tell how the $350 million involved would be allocated as between equipment, high-priced consultants and help to individuals. In the October 28 budget the Minister of Finance announced that half of that $350 million would be spent in the social policy envelope. Could the minister assure the House that half of that $350 million, $175 million, will remain in the social policy envelope and provide help to individuals, or does he agree with the Minister of Labour that it could go for equipment and high-priced consultants?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member for Calgary West, who obviously was in attendance at the conference at which the Minister of Labour, the Minister of Industry, Trade and Commerce and I elaborated on the details of the program, was not listening to the description of the program if he thinks it is for high-priced consultants and so forth. The portion of the program which goes under economic development will be assigned as grants to companies to start new jobs in those communities in which there have been economic turndowns, lay-offs or plant closings. We think it is absolutely essential that we not simply maintain communities but that we help them grow and provide assistance so that they can develop and attract new industry. That is the purpose of half the program.

The purpose of the other half is to provide major assistance so that workers can develop new skills and new job opportunities can be developed.

That is the rough division of the program. The money will be allocated according to the discussions we have in those communities with organizations and committees which are established to inform us of the priorities those communities have for themselves in terms of their own assistance and their own labour.

● (1440)

Mr. Hawkes: Madam Speaker, I take from that answer that we cannot have that assurance, that in fact we are going to turn over expenditures to appointed groups.

I should like to move on to another issue. Two of the programs announced this morning were, first, a portable wage subsidy program for people 45 years of age and over and, second, an early retirement program for people 54 years of age and over. May I ask the minister whether he can give an absolute assurance to the House that, when and if the constitution act of 1980 is passed, those two programs will not be declared illegal? Can he assure the House that there is nothing in those programs that will run counter to the constitution act of 1980?

Mr. Axworthy: There is absolutely nothing in those programs that will be illegal. When the constitution is passed, we will have the right of full mobility for all Canadians.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF HOME AFFAIRS FOR BERMUDA

Madam Speaker: At this point I should like to draw the attention of the House to the presence in our gallery of the honourable John Swan, Minister of Home Affairs for Bermuda.

Some hon. Members: Hear, hear!

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INDUSTRY

McDONNELL DOUGLAS—CREATION OF JOBS FOR CANADIANS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question which I should like to put to the Prime Minister. This morning, together with the Minister of Labour and the Minister of Employment and Immigration, the Minister of Industry, Trade and Commerce announced a $44 million or $45 million expenditure over the course of the next three years for the creation of employment. Given the fact that we desperately need employment opportunities in Canada at the moment, and that is recognized by everyone, I wonder whether the Prime Minister might consider calling in McDonnell Douglas and informing them that since this government is spending $4 billion of taxpayers' money, that company has an obligation to create in Canada jobs to employ not only the 1,000 workers who are going to be laid off now, but also jobs that will employ additional Canadian workers who could be and should be working as a result of this extensive expenditure.

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the hon. gentleman's representations are, of course, taken very seriously by the government. It might be pointed out to the hon. gentleman that the offsets which were negotiated by the government in the purchase of the F-18 will total more than $3.2 million by 1995. Of course, the government is

very interested in overviewing the regional distribution of the total offsets in order to ensure that within Canada there is total employment created as a result of the investments which are to be made primarily in the aeronautics industry, which is of interest to the hon. gentleman and will compromise about 60 per cent of the value of those offsets.

Mr. Deans: Madam Speaker, I have a supplementary question which I should like to ask and I do not know quite who will answer, but I will ask it in the hope that someone knows the answer. The figure for 1995 is no good for us. There are tens of thousands of people unemployed today, and right now there are 1,000 people who have been laid off by McDonnell Douglas. We are spending $4 billion. I ask, why is it that it is impossible to require of that company that they create here in Canada jobs for the people who are unemployed today and who will perhaps not need jobs in 1995?

Mr. Blais: Madam Speaker, under the terms of the agreement which was signed with McDonnell Douglas there was a recognition that that company would request from the marketplace, including Canada, bids in terms of the subcontracts that were to be let. I know the hon. gentleman is thinking about the structural package which involves four components which are to be included within the F-18. As the Minister of State for Small Businesses indicated to the hon. gentleman last week, the bids have now been received, they are being reviewed and a statement is to be made jointly by McDonnell Douglas and the government within the near future.

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[*Translation*]

TRADE

REQUEST FOR PROGRESS REPORT ON PREPARATIONS FOR JUNE 1981 NORTH-SOUTH CONFERENCE

Mr. Herb Breau (Gloucester): Madam Speaker, could the Prime Minister tell the House whether the exchanges he had with the heads of state he met during his recent trip, especially the president of Mexico, have assured him that the preparations for next June's conference on the North-South dialogue are progressing? And in light of his talks with several heads of state does he feel that the June conference will lead to significant conclusions, particularly on issues such as the reform of the monetary system, of the International Monetary Fund, of trade and commerce and of recycling petro-dollars?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would answer the hon. member for Gloucester by expressing my thoughts and saying frankly that I feel moderately optimistic. I spoke with President Portillo and Chancellor Kreisky, the two co-chairmen responsible for organizing the proposed June summits. I assured them of our government's full support, both as a participant and as an adviser should they need further consultations with us. But I am unable to say whether the preparations are going well or not. I think I am confident that the conference will be held but there are indications that other countries have expressed some doubts.

Among others we do not know whether the United States will want to take part or not. I think that many of the invited countries will wait for the decision of the President of the United States before announcing their position. That is not our case. I can assure the hon. member our intention would be to participate in any event if the conference is held.

I would simply remind the hon. member that the main objective of my trip was not to prepare the North-South June conference, which is the responsibility of the two co-chairmen, but rather to make sure that the stage will be properly set for the conference which is scheduled for Ottawa in July and whose central topic will be the North-South dialogue. That was the first priority of my tour.

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[*English*]

ADMINISTRATION OF JUSTICE

JAMES CROSS KIDNAPPING—ARREST OF SUSPECT

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is for the Solicitor General. Now that the last court hearing has been held in the case of the sixth man in the James Cross kidnapping case, one Nigel Barry Hamer, who pleaded guilty to four serious charges of being involved in the kidnapping during the FLQ crisis of October, 1970, in view of the fact that most of those arrests have taken place under the supervision of the RCMP, that Mr. Hamer was identified as being an accomplice very shortly after the actual kidnapping took place, that there has been constant police surveillance since then, and that there have been authorized telephone tappings of Mr. Hamer's telephone since then—

Some hon. Members: Question.

Mr. Lawrence: —my question to the Solicitor General is simply this: Why has it taken ten years to arrest somebody who is obviously guilty?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, this investigation was conducted by the Quebec Provincial Police, although the RCMP co-operated fully over the years and provided information to that police force. I think the question which the hon. member has asked should be directed to the attorney general of that province.

Mr. Lawrence: The object of my question is, obviously, to try to find out if there has been any negligence, bungling, lack of co-operation or complicity to hide someone from public scrutiny in a very serious matter. Obviously the RCMP has been involved and the Solicitor General is in charge of the RCMP. Has he asked the Minister of Justice of the province of Quebec this question? Has it occurred to him to ask it?

An hon. Member: Did you?

Mr. Lawrence: Obviously I could not until the individual pleaded guilty because the court case was in progress—

Some hon. Members: Oh, oh!

Mr. Lawrence: —but the Solicitor General can do so now. Has he asked these questions?

Mr. Kaplan: I have asked for a briefing from the RCMP on their responsibilities in this matter and I am satisfied, on all the questions that the hon. member asked with respect to the RCMP, that their behaviour has been satisfactory.

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AIRPORTS

OWNERSHIP AND CONTROL OF NORTHERN AIRPORTS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I should like to put a question to the Minister of Transport. Does he have any plans to remove those airports in Canada north of the 60th parallel from the ownership, control or otherwise of the Department of Transport?

● (1450)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is part of the policy that there can be the possibility of transfer of airports from the administrative jurisdiction of my department to the jurisdiction of the local territories. But if for practical purposes this should occur, my department would maintain its responsibility for the funding of these airports.

Mr. Ellis: My supplementary question is for the same minister. I must ask him if he feels that this will, in fact, improve or in any way better the safety of these airports.

Mr. Pepin: Madam Speaker, the transfer will not take place if the safety is impaired.

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REGULATORY REFORM

TASK FORCE REPORT—STATUS OF RECOMMENDATIONS

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, my question is for the President of the Treasury Board. After months of hard work, hearing from the private and public sector and from many government bureaucrats, the special task force on regulatory reform provided this House with its recommendations for regulatory reform on December 19. I would like to know from the President of the Treasury Board whether the government has taken any action with respect to the recommendations or whether it intends to take any action with respect to them. If not, why not? If it has done something, what has it done? And could we please have an answer to the question?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I thank the hon. member for his question. I would like to take this opportunity to congratulate him and the other members of the committee who delivered to us an excellent report. There were 29 recommendations contained therein which I had the opportunity to review over the Christmas break.

I can assure this House, Madam Speaker, that the government's commitment to regulatory reform is very solid. It is moving forward, and moved forward even during the time in which the report was being prepared. We are confirmed in our efforts by the tone of the report. In areas such as process, to which the report directs its attention, we are looking very seriously at each and every one of the recommendations. We have already developed a work plan in that particular area, as well as in the area of cleaning up the regulations. We must ensure that those regulations which are duplicative and outmoded can be eliminated. This would also involve statutes. Hopefully I will be able to bring forward a bill in the relatively near future to try to clean up some of the statutory duplications in other areas where these provisions are outmoded.

In addition, we are looking at the area of process, with which the report deals extensively. We are also looking carefully at such things as, perhaps, a regulatory agenda and other matters of that nature. I have already written to my colleagues in the cabinet, and I have sent to those whose departments are concerned with regulations a proposed work plan. I wish to assure the hon. gentleman and members of this house that not only is the report not gathering dust, but it is moving forward at an accelerated pace. Again I want to thank the committee for the efforts it made during such a brief period of time.

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EXTERNAL AFFAIRS

UNITED STATES AID TO EL SALVADOR

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is for the Prime Minister. With the United States having now decided to supply lethal military aid to the increasingly repressive junta in El Salvador, in direct violation of last year's United Nations resolution which Canada supported, will the Prime Minister express now in the clearest possible terms this country's opposition to American military support of the junta? Will he, in his anticipated meeting with President-elect Reagan, a meeting which he alluded to earlier in the question period as being a real possibility, voice our grave concern with respect to American military intervention in El Salvador?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I certainly hope that the agenda would permit President-elect Reagan and myself to discuss such areas of regional concern to both of us.

I had occasion to talk about this matter very recently in Mexico. My understanding is that the United States is not at this time supplying military hardware to the junta and that it is re-establishing some of the bilateral aid programs which had been interrupted. If I am misinformed on the United States

policy I stand to be corrected, but I would have to examine that policy.

I could say that it is not a policy that we would share or follow. As the hon. lady knows, this government has always refused to ship arms or any form of military hardware to countries which were trouble spots, such as this.

Miss Jewett: Madam Speaker, I would like to preface my supplementary question to the Prime Minister by saying as the Secretary of State for External Affairs is now informing him, that there is an additional $5 million which is going into lethal military aid—guns, ammunition and combat helicopters—over and above the other $5 million in what is called "non-lethal" military aid.

The Prime Minister mentioned speaking about this when he was recently in Mexico City. I wonder if he was able to meet the executive members of the democratic revolutionary front from El Salvador who wished to meet with him in Mexico City. If he was not able to do so, and since executive members of the front will be in Ottawa this week, will he meet with them this week in Ottawa?

Mr. Trudeau: Madam Speaker, I remind the hon. lady that I arrived in Mexico merely in time for dinner with the president. I left the next morning. It would have been impossible for me to meet with such a group.

I accept the hon. lady's earlier point about the military aid. The Secretary of State for External Affairs informs me that she is, of course, correct. I was not aware of this.

In so far as meeting with the group, which she suggests, the Secretary of State for External Affairs tells me that he will be meeting with them.

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FISHERIES

DESIGNATION OF PART-TIME FISHERMEN

Mr. Brian Tobin (Humber-Port au Port-St. Barbe): Madam Speaker, my question is for the Minister of Fisheries and Oceans. As the minister knows, a new licensing regime is under way in Atlantic Canada to determine who are part-time and who are full-time fishermen. Can the minister assure this House that no fisherman who has been designated part-time to this point in time will be denied the right to participate in the fishery this year to the same extent to which he participated last year, until such time as he has had an opportunity to test his part-time designation before an appeal committee? The minister may know that many of us are concerned that these appeal committees may not have time to hear all the appeals which are forthcoming. Can he give us some assurance with respect to this matter?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I certainly can give the hon. member some assurance.

Some hon. Members: Hear, hear!

Mr. LeBlanc: If hon. members opposite wish to listen they may learn a couple of things.

Madam Speaker, there were a number of appeals put forward by fishermen and they are being heard. Where there are simple mistakes which can be corrected by departmental personnel, this is being done—and there were some because we are dealing with a very large number of people. But no one whose status is uncertain will be deprived. There will be temporary permits issued for the coming season. This is particularly applicable to the herring fishery.

* * *

BANK ACT

INQUIRY WHEN REGULATIONS WILL BE PUBLISHED

Hon. Marcel Lambert (Edmonton West): Madam Speaker, in view of the absence of the Minister of State for Finance, may I direct my question to the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance. In view of the fact that the Bank Act was passed by this Parliament prior to November 30—almost six weeks has elapsed since then—and that under several of the provisions of the act regulations must be published and remain published for 60 days before they become operative, would the parliamentary secretary advise us when we can expect those regulations as a total package, so that the Bank Act will not be standing still for four or five months, or more, before it will be fully operative?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, I can assure the hon. gentleman that the regulations are moving along at a very rapid rate. I cannot give him an exact date as to when all the regulations will be promulgated. I can assure him they will be brought down very shortly and I will undertake to get an exact date for him, if I can.

* * *

● (1500)

PRIVILEGE

MISS MACDONALD—STATEMENTS MADE BY MR. AXWORTHY

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, you will recall that last week I raised the question of the pressure that was being brought to bear on the president of the Canadian Advisory Council on the Status of Women and, indeed, on other members, by the Minister of Employment and Immigration (Mr. Axworthy) who is responsible for the status of women. This matter took the form of both questions in the House and a question of privilege. In the minister's response during the discussion on the question of privilege, he quoted and, in fact, based his remarks and defence to a large extent on a statement from a press release, which appears at page 6140 of *Hansard,* and which reads:

The executive committee in December expressed concern about the timing of the constitutional conference.

That is the constitutional conference sponsored by the Advisory Council on the Status of Women to be held in mid-February. The press release on which the minister based his remarks was authored, I understand, by a member of the executive committee of the advisory council, Win Gardner. By the way, Win Gardner happens to be a constituent of the minister's, but I dare say that the statement itself was dictated in the office of the minister. The point is that the minister claims now that the concern about the timing of the constitutional conference was expressed last December. Since he made that claim last Tuesday, his remarks have been challenged by the president of the advisory council, Doris Anderson, who, in an interview on "Canada AM" last Wednesday morning, made this statement:

There is nothing in the December minutes of the council that could substantiate that statement.

In other words, she was expressing a view which is quite contrary not only to what the minister claimed but to what was claimed by Win Gardner, a person who just the previous week had sent out a notice to some 3,000 women in Manitoba stating that the conference was still on in February. Her statement, which appeared in the Manitoba ACSW newsletter of January, made this comment:

The conference on women and the constitution, sponsored by the Canadian Advisory Council on the Status of Women, will take place in Ottawa on February 13 and 14.

My question of privilege is that since my original question was raised last Tuesday, with which you dealt, Madam Speaker, the minister's statements have been questioned even more, and even directly refuted. The minister claims, and of course the House is asked to accept his claim, that the question about the timing of the constitutional conference which was scheduled for February was raised last December, that it came to his attention and to the attention of the council last December. But that is not reported in the minutes of the meeting of last December. A leading public servant, the president of the Canadian Advisory Council on the Status of Women, who is responsible to the minister and to this House, says that there is no truth to the minister's statement and nothing which would substantiate his claim that the conference was called into question last December, that the plans of last December were that the conference was to go ahead.

In fact, the plan, as recently as early this month, was to go ahead with the conference. Surely it is up to the minister to provide such proof, if indeed he can do so, that the conference was called into question last December. As members of Parliament we are entitled to that proof, if the minister can produce it, which I very much doubt.

Both the minister and the president of the advisory council must answer to Parliament. We are being asked to look at a question on which two points of view are being put forward and in which the positions which have been taken are increasingly divergent. That divergence of difference of view is being further developed and exploited by one of the members of the advisory committee to the council, a Miss Hellie Wilson. I will refer to her in the same manner as the member from New Westminster did because she has been acting, unofficially, as liaison between the minister and the Advisory Council on the Status of Women.

I learned within the last few days that Miss Wilson has taken upon herself, perhaps at the urging of the minister, to phone members of the advisory council and to tell them before their meeting later this week that, in the words of one of the members of the advisory council who had been told by Miss Wilson, "Doris Anderson must go." That is the kind of comment which this woman, who is acting as unofficial liaison between the minister's office and the Advisory Council on the Status of Women, is making.

What is really at stake, in a matter of growing importance to a great many women across this country, is the credibility, integrity and independence of the Advisory Council on the Status of Women. If the minister continues to attack the council and its president irresponsibly, as he has been doing, then he runs the risk, unfortunately, of bringing about the resignation of a valued public servant, and the risk of undermining, for all time, the credibility of the Advisory Council on the Status of Women as an independent body.

Therefore I would ask that this question of privilege, because of this new conflict which has arisen since Madam Speaker's ruling, between the minister and the president of the Canadian Advisory Council on the Status of Women, be considered in the light of the president's probable resignation if this kind of attack continues, in the light that we do not have full information as to the arguments on both sides of this case, in the light that we as members of Parliament are becoming increasingly involved in this spectacle which this minister is creating, and that, therefore, the whole matter be referred to the Standing Committee on Privileges and Elections.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the question of privilege raised by the hon. member does not deserve a very lengthy reply as there is one basic flaw in her argument. The question of privilege seems to be based upon a statement which I made in the House with regard to a meeting in December. I was quoting from a statement which was issued by the entire executive committee of the advisory council. It is not my assertion, but an assertion which was written in the statement which was released publicly, not by one person but by the entire executive committee.

I was simply repeating that statement in the House. I was very careful to make sure that the statement was put in quotation marks so that hon. members would understand clearly that I was simply substantiating my remarks to this House. If there is a question of validity about the accuracy of that statement, I would simply reiterate what I said before, that it is a matter which should be resolved between the president of the advisory council and the executive committee. It is the executive committee which decided against the proposal and which took its decision, and it is the president of the advisory council who raised an objection to that decision and who made the charges, not me.

The president of the advisory council has threatened to resign. I have not asked for her resignation. She is the one who has been carrying the public offensive. I am simply trying to keep the facts clear. I would suggest to members of the House that the best way to ensure the integrity and independence of the council is to allow it the right to decide on its own issues, not bring them into this House, as the hon. member has done.

● (1510)

If we have any concern, it is to make sure that the autonomy of that council is protected. That autonomy will not be protected by constant interference or intervention, or trying to find an issue that would bring it into another forum. The best way to protect the independence of the council is to show that we trust it to make its own decision.

In reply to the assertion of the hon. member for Kingston and the Islands (Miss MacDonald) I would simply say that I was reading from and reporting a statement. If there is an inaccuracy in that statement or if there is a difference of opinion between Mrs. Anderson and the executive committee, it should be resolved between them. I was not party to those meetings nor, as I have said, was I party to any of the discussions concerning the time of the conference until the executive committee requested a meeting with me to ask my opinion, which I gave. That is the only time I discussed the matter with any member of the executive committee in a direct fashion. That was the only time in which I raised—had the issue raised with me. I gave them my opinion and judgment and left it at that, saying it was up to the council to make a decision.

I would simply say, Madam Speaker, that there is no question of privilege. There is obviously a difference of opinion, but the best place for that to be resolved is in the council itself. That is the best way that both the interests of the hon. member and of myself can be maintained while protecting the council's independence.

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I should just like to say that the advisory council meets tomorrow. I am confident, as I am sure I have every reason to be, that it will fully support Mrs. Anderson in her valiant attempt to ensure that the independence of the advisory council is maintained. I am sure we will discover that that will have been accomplished, tomorrow.

Madam Speaker: Order, please. I am afraid that the hon. member for Kingston and the Islands (Miss MacDonald) has not argued that her question of privilege is founded in a way that has satisfied me. The fact that an alleged or real conflict which might have occurred—

Miss MacDonald: A real conflict.

Madam Speaker: —between the minister and the president of the Advisory Council on the Status of Women has accelerated or has been accentuated, does not in itself constitute a question of privilege. It might be a serious matter and a matter which might have very serious consequences as well—

Miss MacDonald: It sure will.

Madam Speaker: —but it is not within my purview to rule upon that kind of question. This is merely a matter of a difference of opinion, a difference of interpretation, between two members of this House, and therefore I must rule that there is no question of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

RAILWAYS

TABLING OF INQUIRY REPORT RESPECTING MISSISSAUGA ACCIDENT

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, pursuant to the provisions of Standing Order 41(2), I wish to table documents which have to do with questions falling under the administrative responsibility of the government. I therefore take this opportunity to make public in the House the report of the inquiry into the Mississauga railway accident whose author, as hon. members know, is Mr. Justice Samuel Grange.

[*English*]

I might add, Madam Speaker, that Justice Grange is honouring us with his presence in the gallery of the House this afternoon, with some of his dedicated staff.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 254, 739, 1,599, 1,763, 1,822, 1,825, 1,831 and 1,837.

[*Text*]

AUTOMOBILE PRODUCTION AND SALES

Question No. 254—**Mr. Herbert:**

1. What percentage of the new automobile sales in Canada in (a) 1977 (b) 1978 were (i) fully manufactured in Canada (ii) partly manufactured in Canada (iii) imported?

2. What are the estimated percentages for 1979?

3. What was the percentage of Canadian content of the cars partly manufactured in Canada in 1977 and 1978 and what is the estimated percentage for 1979?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports: there are no automobiles sold in Canada which are fully manufactured in Canada, in the sense that all

of the workmanship, all of the parts and all of the materials originate in Canada. The nature of the industry is such that new parts destined for the assembly of new motor vehicles can flow freely between Canada and United States and vice versa—as long as a given percentage of new cars sold in Canada are actually cars assembled in Canada regardless of origins of components. Cars are imported into Canada and are also assembled in Canada with more or less imported parts. On a number of units sold in Canada basis, Statistics Canada estimates show that in 1979 domestic production (units assembled on Canadian assembly lines) accounted for about 34 per cent of total sales. In 1978 the figure was 27 per cent, and in 1977 24 per cent. On a value basis the percentages may be quite different depending on the mix of automobile by size and model. Input-output data suggest that in 1976 about 35-40 per cent of the value of total intermediate use (excluding parts for final sale) in motor vehicle manufacturing was Canadian.

Year	Produced in Canada (000's units)	Exports (000's units)	Produced in Canada for Domestic Consumption (000's units)	(Per cent of final sales)	Imports (000's units)	(Per cent of final sales)	Sales in Canada (000's units)
	(1)	(2)	(3)		(4)		(5)
1977	1,162.4	921.4	241.0	24.3	754.5	76.1	991.4
1978	1,143.4	873.7	269.7	27.3	743.0	75.1	988.9
1979	987.7	650.1	337.6	33.7	707.1	70.5	1,003.0

Sources:

(1) Canadian Motor Vehicle Manufacturer's Association
(2) Statistics Canada publication 65-203
(3) Column 1—Column 2
(4) Statistics Canada publication 65-202
(5) Statistics Canada publication 63-208 and 63-207

AIR CANADA PASSES

Question No. 739—**Mr. Cossitt:**

1. With reference to the answer to question No. 77 which states in part, that Air Canada's practice "is similar to other Canadian carriers" in regard to the issuing of passes to those persons who have no government connection, what is a full description of "similar to other Canadian carriers"?

2. With further reference to the answer which states in part, that "the airline regards details of its promotional pass issuance as proprietary" (a) is Air Canada a Crown corporation owned by the people of Canada (b) does Air Canada report to Parliament through a Minister of the Crown (c) under what authority does Air Canada have the right to deny information to the elected representatives of the people (d) has the government lost control of Air Canada and its operations (e) is Air Canada immune to requests for information from members of Parliament or from the Minister of Transport and, if so, what steps will the government take to rectify the situation and does this come under the government's policy to permit more freedom of information to the Canadian people?

3. Is it the policy of the government to allow a Crown corporation to refuse information to members of Parliament and, if not, will this situation be corrected and, if so, on what date?

4. What is the name of the person or persons who made the decision that "the airline regards details of its promotional pass issuance as proprietary"?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the management of Air Canada and the Prime Minister's and Privy Council offices as follows: 1. "similar to other Canadian carriers" means that Air Canada conforms to the same rules of the Canadian Transport Commission and its practices, in the application of those rules, are the same as other Canadian carriers.

2. (a) Yes.

(b) Yes.

(c) Air Canada withholds only that information which it regards as proprietary.

(d) No.

(e) Within a general framework of financial accountability and policy direction, Air Canada is not immune to requests for information from cabinet or Parliament. However, successive Canadian governments have allowed Crown Corporations operating in a commercial and competitive environment not to reveal publicly confidential commercial information, the disclosure of which would be injurious to their competitive position. This approach is in line with the policy reflected in the access to information bill.

3. See answer to 2. (e).

4. It is a corporate decision.

DISCOVERY TRAIN

Question No. 1,599—**Mr. McKenzie:**

1. What was the initial cost to the government of the "Discovery Train"?

2. What is the annual cost to the government for maintaining the train?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the National Museums of Canada that the reply to the above question is as follows: 1. The purchase price of the Discovery Train was $629,482 ($575,000 U.S.). Of this amount, $541,540 was donated from provincial governments and private sources, leaving $87,942 as the initial cost to the federal government of the Discovery Train. Following receipt of the rolling stock, made as a gift to the Crown, fabrication and start-up costs totalled $4,946,971.

2. The annual cost to maintain and operate the train are as follows:

1978-79	$2,329,266
1979-80	$3,291,219
1980-81	$3,016,759
Total:	$8,875,410

Included in these figures are salaries, travel costs, repair and upkeep, equipment, and communications.

Order Paper Questions

ADVERTISING EXPENDITURES

Question No. 1,763—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Supply and Services for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. J.-J. Blais (Minister of Supply and Services): (a) $71,000 (paid announcements); (b) $2,865,180; (c) $90,050.

DND—SCHOOL BUS RENTALS

Question No. 1,822—**Mr. McKinnon:**

Did the Department of National Defence place a $23,400 contract, file number TOX80-1695/2 with J.I. DeNure (Chatham) Ltd., for school bus rentals and, if so (a) how many buses are involved (b) for what purpose?

Hon. J.-J. Blais (Minister of Supply and Services): Contract TOX80-1695/2 was awarded by the Department of Supply and Services on behalf of the Department of National Defence to J.I. DeNure (Chatham) Ltd. for the rental of school buses. The contract was awarded on June 13, 1980, and was valued at $23,400.

(a) A total of ten buses were involved; five buses for the period June 16 to August 22, 1980, and five for the period July 2 to August 22, 1980;

(b) The buses were used to transport approximately 1,800 cadets attending the Ipperwash summer camp in June, July and August, 1980.

DND—CAR RENTALS

Question No. 1,825—**Mr. McKinnon:**

Did the Department of National Defence place a $12,000 contract with *Location d'autos et camions, Budget de Chicoutimi*, file number QUE80-1938/1 for car rentals and, if so (a) how many cars are involved (b) for what purpose?

Hon. J.-J. Blais (Minister of Supply and Services): Contract QUE80-1938/1 was awarded by the Department of Supply and Services on behalf of the Department of National Defence to Location d'autos et camions, Budget de Chicoutimi for the rental of cars and mini-buses. The contract was awarded on June 13, 1980, and was valued at $12,000.

(a) Seven cars and three mini-buses;

(b) The vehicles, in (a) above, were used to transport approximately 1,800 cadets to summer camps in Bagotville, Jonquière and St. Honoré, Quebec during the months of June, July and August, 1980.

DEPARTMENT OF AGRICULTURE—STAFF IN EMBASSIES

Question No. 1,831—**Mr. Herbert:**

Does the Department of Agriculture maintain staff in embassies or consular offices and, if so (a) in which ones (b) in each case, how many public servants are retained?

Hon. E. F. Whelan (Minister of Agriculture): Yes. (a) France, New Delhi, Brussels and Washington. (b) One.

ANIMAL PATHOLOGY LABORATORIES

Question No. 1,837—**Mr. Herbert:**

In each of the past five years, what was the cost to maintain the Animal Pathology Laboratory in (a) Quebec (b) Ontario (c) Saskatchewan and, in each case, what was the personnel strength on March 31, 1980?

Hon. E. F. Whelan (Minister of Agriculture):

Costs to Maintain Animal Pathology Laboratories
(Including Personnel)
($000)

	1980-81*	1979-80	1978-79	1977-78	1976-77
(a) Quebec	$487.0	$329.1	$354.8	$334.1	$344.8
(b) Ontario	$6,992.7	$7,006.9	$6,742.7	$5,835.8	$5,050.6
(c) Saskatchewan	$503.6	$484.9	$512.0	$413.1	$307.2

Strength on March 31, 1980

Quebec	8
Ontario	248
Saskatchewan	15

*Estimated

[*Translation*]

STARRED QUESTION

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call starred question No. 1,349?

[*Text*]

*SHOE IMPORTS

Question No. 1,349—**Mr. Blenkarn:**

Is the government contemplating extending the quota arrangements for the import of shoes into Canada?

[*English*]

Mr. Ralph Ferguson (Parliamentary Secretary to the Minister of State (Small Businesses)): In so far as the Department of Industry, Trade and Commerce is concerned: on December 1, 1977, the government imposed quotas on imports of footwear for three years. This decision followed a report by the Anti-Dumping Tribunal, which concluded that imports were causing or threatening to cause serious injury to Canadian production and employment. The quota regime was in conformity with the provisions of GATT Article XIX. The import quotas cover all sources and all types of footwear, except footwear made of waterproof plastic, rubber or canvas, and downhill ski boots. Imports have been limited to approximately 32.5 million pairs annually, about 80 per cent of annual footwear imports between 1974 and 1976. In July, 1980, the Anti-Dumping Tribunal was asked to undertake an inquiry into whether imports of non-rubber footwear would continue to cause or threaten to cause injury to Canadian production of like or competitive goods in the absence of special measures of protection. To provide adequate time for the tribunal to carry out its investigation, the government announced that the global quota on footwear would be extended for an interim period of up to one year beyond the current expiry date of November 30, 1980. The results of the inquiry are expected in February. At

that time the government will be in a position to adopt an appropriate import and industry sector policy. In the meantime, a number of specific footwear items aggregating about 500,000 pairs have been identified which no longer appear to pose a serious threat to the Canadian industry and accordingly will be released from the global quota's coverage on December 1, 1980.

[*Translation*]

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

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND AND TO PROVIDE BORROWING AUTHORITY

The House resumed from Friday, January 16, consideration of the motion of Mr. MacEachen that Bill C-54, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to the Committee of the Whole.

Madam Speaker: On Friday last the hon. member for Calgary Centre (Mr. Andre) raised an important point of order in which he argued that Bill C-54, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds, differed from the ways and means motions upon which it was based in so far as the bill provided a borrowing authority in Part I which had not been included in the ways and means motions. A number of hon. members took part in the debate, and I thank them all for their assistance to the Chair in this matter, and especially for the manner in which they gave it.

No argument was offered to suggest that the taxation provisions of the bill were not based on the ways and means motions. The arguments related solely to the inclusion of the borrowing authority in the bill, a provision which was not in the ways and means motions upon which that bill is based.

Hon. members also pointed out that prior to 1975 it was our practice to include a borrowing authority in the supply bill, but this practice was discontinued after a ruling by my predecessor on December 9, 1975, at page 924 of the *Journals*, partially on the grounds that under our supply procedures there would be no opportunity to debate the borrowing provisions.

Subsequently, borrowing authority has been granted by means of separate legislation, as in 1979 and in 1980, and also through provisions included in the income tax bill in 1977.

The argument was made on Friday that while the ways and means motions constituted effective notice of taxation provisions in the bill before us, there had been no notice of the provision of borrowing authority.

Members will appreciate that one of the basic principles governing our proceedings is that notice must be given of matters of substance to be debated in the House. This principle is reflected in our Standing Order 42(1) which reads as follows:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper—

No one will disagree that the authority to borrow is a matter of substance. Indeed, the borrowing authority aspect of the bill constitutes a separate bill as cited in clause 1, namely, "This part may be cited as the borrowing authority act, 1981-82."

● (1520)

I am, therefore, of the opinion that lacking specific notice for the borrowing provisions, these provisions, as contained in part I, should be struck from the bill, and I so order.

Some hon. Members: Hear, hear!

Madam Speaker: I should make clear to members that I have no quarrel with the practice of combining in the same bill taxation matters based on ways and means motions with other matters, provided that the provisions of Standing Order 42(1) are fulfilled and notice properly given. Precedents to that effect can be found at page 42 of the *Journals* for October 20, 1978, relating to Bill C-10, and page 114 of the *Journals* for 1976 relating to Bill C-22.

I, therefore, order that the bill be reprinted with the necessary changes.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, before proceeding with the remarks I wanted to make on Bill C-54, I would seek your advice and ask whether I may still comment on the changes which this bill will make to the Canada Pension Plan and so on, or whether that is the point you have just made?

Madam Speaker: It seems to me that the hon. minister may make the comments she wants to make before the House in the course of the debate. Should the occupant of the Chair feel that the comments are not relevant to the order paper of the House she will simply be called to order.

Miss Bégin: Thank you very much, Madam Speaker. I am very pleased today to take a few minutes of the time of the House to voice my support for Bill C-54.

[*English*]

It was about ten years ago, in December, 1970, when the report of the Royal Commission on the Status of Women in Canada was tabled in this House, condemning discrimination in the Income Tax Act against spouses, more accurately against wives, who work in family businesses such as farms and neighbourhood stores. During these past ten years women's groups across the country have repeatedly requested an amendment to the Income Tax Act in order to permit the deduction of salary paid by husbands to wives as a legitimate expense for what is called unincorporated small business.

[*Translation*]

If I may, Mr. Speaker, I would particularly like to recall the very strong representations made by the association féminine d'éducation et d'action sociale, formerly Quebec's Catholic union of rural women, which under the dynamic guidance of Mrs. Dominique Goudreault of Nicolet had then changed its name and set for itself a vocation of feminism in support of women who had spent years looking after others. So in recent years the association established a work committee specifically for its 35,000 members, those who are in partnership with their husband in a small family business. I think it is accurate to say that roughly one third of those women are in agricultural undertakings, one third work in businesses of every description, and one third in what is known as small businesses such as corner stores, tobacco stores, grocery stores.

Nearly four years ago—I believe it was in the spring of 1977 when I was holding the national revenue portfolio—representatives of the association came to see me to explain in detail the injustice they suffer under our income tax laws because they could not deduct from operating expenses the salary that their husbands would pay them or their contributions to such social programs as unemployment insurance, the Canada Pension Plan, the Quebec Pension Plan and so on. They were right, and since social changes do not occur overnight by any means, we had to wait until today to see at last the results of that feminine movement which has gained support from so many others throughout the country.

[*English*]

Bill C-54, therefore, answers this call for more justice for women who work for their husbands in small family businesses. It acknowledges in concrete dollar terms the contribution of wives who work in these small enterprises, such as family farms, or family stores in cities. It is another example of this government's commitment to improve the status of women in Canada.

One aspect in the bill gives me particular pleasure, both because of my present position as Minister of National Health and Welfare and because of my past association with the royal commission. Wives will now be able to participate for the first time in the Canada Pension Plan, which comes about as a result of a consequential amendment to the Canada Pension Plan contained in this bill. In effect, the adoption of the proposed changes will make the salaries paid to wives for employment in unincorporated family businesses pensionable earnings for the purposes of the Canada Pension Plan.

In other words, wives will now be able to participate in their own right in the Canada Pension Plan, just like all other salaried workers in Canada. They will be guaranteed a full pension on retirement and they can protect their families against dangers of disability or death.

[*Translation*]

It is important to note, Mr. Speaker, that I am referring here to compulsory and not to voluntary participation. Whenever the owner of a non-incorporated business declares in his operating costs the salary paid to a spouse, for income tax purposes, he must automatically deduct from that salary contributions to the Canada Pension Plan. As in the case of any other payment made to the Canada Pension Plan, the employer, that is the husband, must also pay to the plan a further contribution equivalent to that of his employee.

According to the estimates drawn by the department, such an amendment, which is an improvement and a mere act of justice, would affect approximately 375,000 Canadian women who from now on will be contributing to the Canada Pension Plan. The parallel amendment announced by the Quebec government for the Quebec pension board would add approximately 125,000 contributors for a grand total of half a million Canadian women who will henceforth be in a position to contribute through their employers, that is their husbands, to public pension plans, something which they could not do previously. I am sure that all members from all sides of the House have some of them in their constituencies, because these women are employed in corner stores, and convenience stores in larger cities and in tobacco shops and grocery stores in towns and villages, or on family farms. This may also affect the wives of fishermen who have set up small businesses. Truly unfair conditions will thus be corrected.

I remember that when I was minister of national revenue, my officials, faced with this feminist activism from usually very placid quarters, had said to me, "The only way we can deal with this unfair situation is for these small family businesses to incorporate." To this suggestion, women would retort, I think, most appropriately, "This is a way of life which we are eager to protect, a way of working for a couple of children who could not support an army of accountants, managers, administrators, and so forth. We want to protect a way of life with a minimum of paperwork and bureaucratic interference. That is the reason we cannot and will not incorporate. We want to maintain a family flavour to our businesses. I am very glad to see that our so-called system has adapted to these people instead of the other way around. I might add that—

• (1530)

[*English*]

Mr. Lambert: It is ten years behind the time.

Miss Bégin: It is not ten years behind the time as the hon. member for Edmonton West suggests. If the member had any knowledge of the slow pace of social change, he would find that rather fast. Nothing is slower to change in any country than matters concerning income tax, for one very simple reason. The specialists—I remember the hon. member was a specialist as the parliamentary secretary to—

Mr. Lambert: Mr. Speaker, I should like to ask a question. Would the minister please wait for the first five minutes of my speech, and I will tell her what happened in 1971 when her administration—

Mr. Deputy Speaker: The member is not asking a question, he will have an opportunity to make a speech later.

Miss Bégin: I have learned in the last ten years concerning the development of more simple justice and better opportunities for women in the country, that any social change, be it more tolerance between Canadians of different ethnic origin, religion, or language, or in the development of better justice for women vis-à-vis the men in the country, occurs at a slow pace. I will always be impatient in front of the House because of the slowness of that pace. On the other hand, I realize that this is so because changes in mentality, behaviour and attitude cannot be legislated. They must be slowly pushed into evolution by public discussion, information, more education and so forth.

Those who established the tax industry—and of course I am talking about more people than simply those on the government side—considered or used to say a few years ago that such a change would open the door to "abuses". Any minister of national revenue is afraid of that word because we do not know for sure the exact calculated risk one must take in the face of a major change which will permit the use of an income tax provision in favour of many more people.

It is estimated that approximately half a million new Canadian taxpayers will benefit from this income tax provision, namely, women who work for their husbands. It will mean that one woman out of six will benefit. A significant additional number of Canadians will finally receive through the system the benefits they rightly requested, by removing an injustice in the Income Tax Act.

[*Translation*]

Anyway, Mr. Speaker, what really matters is that Canadian women who can avail themselves of this correction or amendment to the Income Tax Act be made aware that this amendment has been or rather, I presume, will be adopted by this Parliament.

At this stage, I should like to thank particularly the Minister of National Revenue (Mr. Rompkey) who, jointly with the Minister of Finance (Mr. MacEachen), made every effort in early December to inform the employees of the Department of National Revenue so that they may answer inquiries properly with regard to the implementation retroactive to January 1, 1980, of this income tax provision. If I may be permitted, I would ask every member of the House—

[*English*]

I think a provision such as this one applies to people everywhere in the country. I would like to ask colleagues on both sides of the House to include a little note in their householders, or to use their mailing lists, to reach as many small unincorporated businesses as possible in their ridings in order to let them know the deadlines are quite close. I think they are at the end of the month for family businesses to take advantage of this change in the Income Tax Act.

The enactment of this amendment to the Canada Pension Plan will represent an important step in the participation of women in the plan. It adds to other CPP provisions which were specifically designed to benefit women. For example, I can cite the section which permits the splitting between spouses, in the event of divorce, of Canada Pension Plan credits earned by either spouse during the marriage. Unfortunately very few people have taken advantage of the credit splitting provision. Between January, 1978, when the provision came into effect, and March, 1980, there were only 970 applications for credit splitting. In contrast, between 1978 and 1979, 86,000 divorces were granted in Canada outside the province of Quebec.

Numerous efforts have been made to inform women of their new right, efforts which have included periodic inserts in family allowances or pension cheques. Also advertisements were placed in newspapers, and letters were sent to provincial and territorial law societies. I am concerned that women are not using the program because they do not know of it. It is the old problem in most governments of getting the information to the people for whom the bills were passed.

As hon. members may recall from the material I sent in July of last year, I made another attempt at informing people by sending letters to approximately 32,000 lawyers across Canada advising them of the details of this provision and of its low rate of use. Personally I met with a few lawyers in past months who told me that the letter was their first opportunity to learn about the provision. So, we have increased the awareness of people who deal with matters of separation and divorce. They will ensure that more women benefit from the provision.

In speaking about provisions in the Canada Pension Plan which favour women, I should also mention what we call the dropping-out provision. This provision allows a parent who remains home to look after young children to drop those years of low or no earnings in the calculation of lifetime pensionable earnings on which Canada Pension Plan retirement pensions are based. The child rearing drop-out amendment was approved by Parliament before I assumed my portfolio approximately four years ago. By the way, it had the support of all parties in the House. It has not come into force yet because the provinces of British Columbia and Ontario very unfortunately refused to give their consent. The day they give their consent—very precisely, the day Ontario gives its consent—the provisions will be immediately in force and will greatly benefit women who recognize raising children to be one of their prime responsibilities.

We have calculated that the average net benefits to women with children will be increased by 22 per cent. If I may, I ask my colleagues to bring every pressure to bear on the government of Ontario, in particular, to drop its ban on a provision which will improve the lot of Canadian women vis-à-vis pensions in their own names.

● (1540)

[*Translation*]

Of course, these provisions are far from being perfect and they will not solve all the problems of women who have reached the age of retirement, but they will help to give them a reasonable pension. Some problems remain to be solved, namely, that of public pensions, which is readily identifiable, in particular the old age security income supplement for single people who have to apply for all or part of the supplement. About 75 per cent of these pensioners are women. Unfortunately, they are still below the poverty line in spite of the $35 a month increase which has been granted since the cheque of last July, at the cost of something over $500 million. I am of course talking about the old age security supplement for needy pensioners who are still below the poverty line. I simply want to emphasize that this aspect of the problems concerning pensions and women ought to be recognized. The cost of bringing all single pensioners above the poverty line, once and for all, if we could take this additional step today, would amount to approximately $700 million. I cannot tell when we shall be able to do so, but it will certainly not be this year or in the immediate future, because of the economic conditions, but it will certainly be for us a priority as soon as our economy shows signs of recovery.

I simply wish to identify the problems thereby indicating that because of a lack of funds we are unable to consider immediate solutions. Another problem has to do with women between 60 and 65 who, because they are widowed or separated, do not benefit from the spouse's allowance, the special program for the spouses of pensioners, and who, because of a very legitimate pride, do not want to apply for provincial welfare assistance to which they are entitled. In my opinion, this problem can be solved only by implementing a guaranteed annual income or a pension for people in need, not only for women, but for all people between 60 and 65 who are in need. To implement such a program or to bring about another definition of poverty would mean nearly $1 billion in additional expenses. This is why I would consider it dishonest on my part to give any hope of such a program being implemented in the near future. We want first of all to bring above the poverty line those over 65, and then we can determine how best to attack the problems of needy men and women under 65 who are not yet entitled to official retirement benefits. In any case, the hon. members are aware that the problem of pensions will be at the heart of the debate on social policies and their improvement in the eighties.

Last week, or ten days ago, we announced that a national conference on pensions will be held at the end of March, to which will be invited the main parties concerned in private pension plans in Canada, that is, representatives of employers in the small business sector, of provincial, municipal and federal governments in their capacity as employers and legislators, and other interested parties, not only management but also the workers, the unions and women's groups as well as groups of retired people. They are the only ones who have a first-hand knowledge of the weaknesses in our pension system because they suffer from them in their daily lives. I would also add that the situation of women who work without pay, that is housekeepers, is just as deplorable. Much can be said about improving their lot. This bill only tackles one aspect of their problem, but no more can be done for the time being. Generally speaking, despite the passage of time and the will to solve that old problem, working women are still locked in the lowest-paid jobs and their presence in the work force tends to be sporadic, at least during child-bearing and child-rearing years before their children start attending daycare centres and school regularly.

[*English*]

Before I conclude, Mr. Speaker, let me mention two other provisions of this bill which relate directly to my portfolio of National Health and Welfare. Before doing that, it has just come to my mind what the hon. member for Edmonton West may have been referring to. He and other members of this House have requested the improvement which is taking place today. I mentioned one group of women in particular because I think we owe them credit for the constant work and pressure and the presentation of briefs they have made toward this improvement, and that is the work of AFEAS. The hon. member for York South-Weston (Mrs. Appolloni) as well as, I suppose, the hon. member for Edmonton West who, for the short time his party was in power, expressed the same intent.

An hon. Member: We were defeated.

Miss Bégin: You could have done it before that but you did not. Hon. members had expressed the same recognition of this injustice in the Income Tax Act. This will be settled with Bill C-54, and all of us are very pleased about that.

There are two other measures in Bill C-54 that relate in part to my ministerial responsibility. One measure has to do with an amendment to the child tax credit provisions which will ensure that the credit received in a given year will go in as many cases as possible to the person currently looking after the child.

In the first two years of its existence the child tax credit has proved, and I think I have the concurrence of everybody on that, to be extremely successful in delivering a measure of financial assistance to low and middle-income families raising children. Millions of mothers are in the process right now of filing their 1980 tax returns to claim a non-taxable benefit, and I insist this time on a non-taxable benefit of up to $238

per child subject to a reduction, of course, if a family earns a joint income of over $21,380.

This current amendment is intended to resolve a problem which arose in a relatively limited number of cases, but I am sure hon. members will agree that the result will be important to the families concerned. The problem relates to children who undergo a change of custody in the month of December; for example, a child who is adopted in that month or who returns from the custody of an institution, or a child who goes from the care of one separated parent to the other parent.

The previous provision which based eligibility on entitlement to the December family allowance meant that the child tax credit would not reflect such a change in custody even though it occurred before the end of the taxation year. Instead of going to the parent who was currently looking after the child in the year the credit was paid, the credit would be payable to the parent who was no longer caring for the child or, in the case of institutionalized children, no credit at all would be payable.

• (1550)

The refinement—because it is a refinement only—contained in this provision is expected to benefit approximately 8,500 children who will move from the custody of one parent to that of the other in the month of December, or move from the custody of an institution to a parent in that month of the year. There will not be any impact on the total cost. It is simply a change in who gets the cheque, but in terms of hardship this surely is a very welcome measure.

I may dream—because I am not a specialist in the Income Tax Act; I am obviously not the Minister of Finance—that another change would be brought forward at a later date which would grant a tax credit pro rata per month according to the number of months in a given year since a child has been born or is still below the maximum age to qualify for the child tax credit, instead of according to the status of that child as of December 31. However, that is for the future. The present provisions are surely practical and welcome.

The last provision in Bill C-54 which interests me is an amendment to the Old Age Security Act which will ensure that any energy conservation grants received by pensioners after 1980 will not count as income for purposes of defining entitlement under the guaranteed income supplement program. This means that pensioners will be able to apply for and receive this grant without worrying that that will affect their pension situation.

Mr. Lambert: Why discrimination against the others?

Miss Bégin: Does the hon. member want to ask a question?

Mr. Deputy Speaker: Order, please. Does the hon. member for Edmonton West (Mr. Lambert) seek to ask a question?

Mr. Lambert: I will do it formally so it appears on the record. If that credit will not be taxable in the hands of those over 65, why the discrimination? Those under 65 will have it taxed in their hands as though it were income.

Miss Bégin: Mr. Speaker, I will have to look into the specifics of that question or, I suppose, one of my colleagues will have a chance. I am the minister responsible for pensioners. We establish public pensions to be paid at age 65 for practical reasons. Officially a person is considered to be a pensioner at that age for the purposes of our payments. I am obviously talking about a program for which I have direct responsibility, the guaranteed income supplement, which measures the poverty of seniors. We have decided that a grant under the energy conservation program will not penalize seniors who are officially seniors, if I may put it that way, with respect to public pensions. There may be other dimensions to not granting that to people below age 65, and I will ask one of my colleagues to answer that question.

That being said, I think this measure should not have any difficulty getting the approval of all members of Parliament. I remind my colleagues in the House this afternoon that exactly the same thing has already been done for pensioners who receive insulation grants, which have proved so beneficial in helping Canadians upgrade their home insulation and cut their heating bills.

In concluding let me state again my support for the bill which is before us. It may look like a long list of all sorts of improvements, but let us analyse how many people it touches and how many women it reaches. It not only grants them decent salaries but also provides them with pensions. There is the provision for pensions and other related benefits in their old age. I will conclude simply by saying that I urge the speedy approval of this bill.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, with respect to the child tax credit provision, I wonder if the minister could tell us when we can get justice for orphans so that they are not discriminated against?

[*Translation*]

Miss Bégin: I wish I had been given notice of that question to be able to answer it properly.

[*English*]

The fact is that for a long time the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) has been pressing the government to correct the Family Allowances Act with respect to family allowances and orphans. Unfortunately, I am not in a position today to give him any good news, but I can assure him that I fully support future improvements to the system, which I am sure will come.

Mr. Knowles: Mr. Speaker, I rise on a point of order. I think it would be recognized as an understatement for me to say that when the minister was discussing clause 123 of the bill she took in quite a bit of territory in her discussion of the position of women in relation to pensions and so forth. I had no objection, I welcomed her statement, but I hope the same latitude will be granted to the rest of us.

Mr. Deputy Speaker: The Chair was listening very carefully during the minister's speech, and it appeared that her remarks were relevant to provisions of the bill.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, first may I say that as a result of Madam Speaker's ruling the House is proceeding under Part II of the bill, that we will expect to see printed a new bill from which Part I will have been expunged, and that we are deemed and recognized at this time to be proceeding under Part II only. I think this is quite well understood.

The debate has changed dramatically since that time because I can say that 60 per cent of my speeches had to be set aside for some other date because, as we remember, last year when there was a borrowing authority bill here, it was debated possibly ten or 12 days, and everything under the sun, including the kitchen sink, was discussed ad nauseam prior to the byelection of November 16 or 18 or thereabouts. The bill was used purely as an electoral platform in the ridings involved, and the televising of the debates in this House was used in that connection.

However, we can now return to a much more relevant debate. I personally have found it very difficult to understand how the government was putting both its feet into its mouth by including Part I in this particular bill, which could have taken 20 days to pass, bearing in mind that it incorporated the economy as a whole under the government's own definition last year. The government would be hard put to say otherwise this year. Second, this bill invites extensive discussion of the energy policy brought about by certain changes in the Income Tax Act to implement certain parts of that energy policy.

I promised this busy minister that I would talk about consideration of the incomes of spouses and their taxability, and the consideration of spouses working in family businesses to be separate taxpayers. I invite the minister to read the debates on the tax reform which came into force in 1972 just before the hon. lady came into this House, because she will see that on many occasions when I was spokesman for the opposition with respect to income tax bills and these particular provisions, I insisted that we either consider, as they do in California, at the option of the taxpayer, the filing of joint returns, or that wives who are bookkeepers, telephone secretaries or what have you for two-man plastering firms or trucking firms, should be paid salaries like any other people.

● (1600)

I do not want to offend the hon. lady because I offended her once before by using a phrase that was somewhat on the crude side. Under the Income Tax Act it was cheaper to hire one's mistress than to hire one's wife. There were many areas of discrimination. To make my point I can use the example of the little Chinese corner store which is in my constituency, the little restaurant. We had the silly situation of the spouse of the proprietor of restaurant A working for the proprietor of restaurant B, while Mrs. B was working for Mr. A.

[*Translation*]

What utter nonsense!

[*English*]

But if the minister will go to her former colleague, who is now president of the Canadian Transport Commission and who was then minister of finance, and to the then minister of state for finance, who is now a member of the Federal Court, she will find out about the arguments that were used against me, both in Finance and in National Revenue. The tame majority on her side of the House obediently voted me and my colleagues down. We had no chance. What she is acknowledging today was honestly put forward ten years ago.

Mr. Blenkarn: Finally, they are accepting our wisdom. Finally they understand.

Mr. Deputy Speaker: Order, please. The hon. member for Edmonton West (Mr. Lambert) has the floor.

Mr. Lambert: Thank you, Mr. Speaker. I do not know, but it seems to me that perhaps I preceded the commission in my submissions. I do not know that the commission reported before 1970. In any event, this has always struck me as something that was rather strange having had contact with my many Chinese friends in Edmonton who are in these little businesses, as well as with my Lebanese friends. I am referring to the "Ma and Pa" stores. But then I look beyond that, at the little country firm, the plastering company, the plumber's company, the country lawyer, doctor or dentist, those whose wives may be nurse-receptionists but whom it is immaterial to pay, except that it is a gratuity which the husband would be giving her. There would be no advantage to paying her.

Of course we must realize that there will be formalities. There will have to be a regular salary which will be agreed to; there will have to be deductions by the husband, and remissions to the Minister of National Revenue for monthly instalments of income tax deductions at source, for Canada Pension Plan and for unemployment insurance. The amount of paper work will appal these families, particularly if, in addition to that, they would have to hire a babysitter and then claim expenditure for child care. The paper work makes one wonder whether it is worth the candle.

However, I should like to point out one case to the minister. I have found in my practice as lawyer and as member of Parliament that former spouses have come to me and said, "What kind of damn fool arrangement am I in now? I was married, I have two children, my former husband lives in X. By reason of the court order, he pays me $500 a month, that is so much for support of the children and so much in monthly payments on the house which we own jointly as long as I live there. We have a joint tenancy. He is able, by reason of the fact that it is a court order, either under a judicial separation or under a divorce, to get that payment to me deducted from his gross income. It is entirely charged to me because I have the care of the children, but I am paying also"—and here is, frankly, where her lawyer is a mug—"income tax on the principal, interest and taxes on the house". The husband, who

is a joint tenant, has the right of total inheritance. May I have the minister's attention, please?

Mr. Deputy Speaker: Order, please. Will the hon. member please address his remarks to the Chair?

Mr. Lambert: Excuse me, Mr. Speaker. To continue the point, the husband being the joint tenant will be entitled to half of the proceeds, either on disposition by sale or entirely if his former wife should die. The spouse in this case, the mother looking after the children and the former home, is saddled with paying the income tax on the part of the payment she makes on behalf of her former husband, but he gains the entire benefit.

If the minister will reflect on that she will see that these women, who have not carefully thought out their settlements and whose lawyers have not done so either, have saddled themselves with an unjust proposition. Some of them ask why they should have to pay tax on the allowance for their children. They are allowed the children's allowance under the Income Tax Act, that is for dependent children, and therefore one counterbalances the other. I will say, however, that I think it is high time we looked at it again. We should look again at the children's exemption for those who are in receipt of family benefits, because that matter has not been touched for a considerable time and it is subject to review. That is not the only place where we could amend the Income Tax Act.

Now let us look at the Income Tax Act. I do not wish to speak directly to the minister, but I do not think that any of my remarks now reflect directly on any of her duties. So if she has other more pressing matters, I will understand.

When one looks at this bill, one sees the provisions of the budget of December 11, 1979, with some serious exceptions to which I will refer. There are some provisions in the December 11, 1979, budget which were a carry-over from the preceding budget of the now Minister of Justice (Mr. Chrétien), which had not been incorporated into law. I have found some instances in the bill which go back to 1977. There is a thread which runs from 1977 through 1978 to 1979. There are areas in Bill C-54 which do not tie in with the budget of November, 1979. There has been a conspicuous elimination of relief for farmers under capital gains of permitting them transfers into registered retirement savings plans. This was to give them an additional one-shot relief from capital gains; but, no, that has been eliminated from this particular bill. Then there is the liquidation dividends paid to non-residents. Any reference to those in Bill C-54 has been eliminated. The definition of a Canadian corporation has been eliminated from this act. Worse still is the elimination of any energy tax credit.

● (1610)

I find rather touching the words of the minister on Friday afternoon when he said, as reported at page 6283 of *Hansard*:

> The slowdown in spending growth will be achieved in significant part by removing the burden of financing petroleum compensation payments from the general government revenues and putting it where it belongs. While this burden will be shared by consumers they will still pay less for energy than if we had moved more rapidly to international levels.

The point is that there is nothing but irrelevancy after irrelevancy, and total falsehood. I would not say the minister was deliberately misinterpreting the energy tax credit and the related features in the budget of December 11, 1979. But the energy package at that time—the 18 cents, first of all, was destined to cover the additional premiums due to be paid to eastern refiners to keep down the additional cost of fuel which would be purchased in the year to come. In other words, there was to be a reduction of that damned fool subsidy.

It is the most idiotic piece of hocus-pocus that has ever been perpetrated on the Canadian people—to subsidize the consumption of a decreasing natural resource while refusing to pay to Canadian producers anything approaching the market price of that commodity. It is brainless. The French pay nearly $4 a gallon for gasoline. It is the same thing with the Germans, the Japanese, and the British. The Americans are paying considerably more than we are. In fact, in many states Americans are paying over $2 a gallon. Here the Canadian public is being told, "You poor darlings, you cannot pay more than $1.25. We will pay Alberta and Saskatchewan oil producers 40 per cent of the world market price." Under the agreement between the Clark administration and the Alberta administration the level was to be 75 per cent of the Chicago price, or the world price, whichever was lower. That is a vast difference. The people of Canada were deliberately bamboozled by people who knew, or should have known, what they were talking about. They kept telling the people of Canada, "You shall have candy. The other people will take your candy away from you."

In that statement by the minister on Friday he said "The slowdown in spending growth will be achieved"—Ha! In other words, the rate of spending will not increase quite so fast, even though it is increasing beyond our control, because we have no control over the price we will pay offshore. If Venezuela, Kuwait, Saudi Arabia or Iraq decide to increase their petroleum $10 a barrel tomorrow, that is precisely what Canada must pay. Of course, the federal purse will take it in the neck. Everybody else adjusts to it and others out-compete us.

The song we have heard about Canadians being able to compete is downright foolishness. They cannot even compete now when they have a three to one advantage. There is something wrong somewhere. Either the cost of production through mismanagement, or the unit cost of production through our manpower is too high, or simply our unit cost of production is too high on a restricted market. Whatever the reason may be, it is not the cost of fuel—it would never be the cost of fuel.

Those people using natural gas are receiving a real break. And what advantage do they make of it? Nothing. All we hear are gripes that we are being out-competed from abroad and "we want this protection, this quota imposed." They want this and they want that. Canadians have become a "we want" society. It is high time Canadian society learned the facts, particularly people in central Canada. Yet the minister says "The slowdown in spending growth will be achieved in signifi-

cant part by removing the financing of petroleum compensation payments from general government revenues and putting it where it belongs." It always belonged with the consumer, like every other thing.

It is only one particular group or class of producer in one area of the country, in one industry, which is getting it in the neck. All I say is that if oil were a commodity produced in Ontario or Quebec, we would not have the situation we have today. The government would not dare to annoy that group of taxpayers. But for Alberta and Saskatchewan—it says, "Give them the boots", and that is all it has been doing, but with an increasing danger. Once again, there will be a decline in revenue from income tax for the year 1980. There will be a decline in corporate income tax, both from foreign oil and oil supply firms and those hundreds of Canadian oil and oil supply firms, the activities of which will be considerably curtailed during this next year or two years even if the government's energy policy were to get back on the rails. It will be a repetition of what happened in 1971 and 1972.

● (1620)

The hon. member for Bow River (Mr. Taylor) will remember when he was a minister in the Alberta government how revenues for that province dipped very seriously as the result of the—

[*Translation*]

—manipulations—

[*English*]

—is what I would call it—

[*Translation*]

—mere manipulations—

[*English*]

—of so-called bright people dealing with a subject about which they knew nothing. At the time the director of research for the Royal Commission on Taxation admitted that they had not gone into the consequences of their proposals with regard to natural resources. I heard him admit that in the amphitheatre in the Banff School of Fine Arts at a public conference or seminar involving the oil industry. That man barely got away that day with his skin, and he certainly did not get away with that action in the literal sense.

In the same way we have so-called smart individuals in the Department of Energy who are playing around in a theatrical way and devising an energy policy which is doomed to failure from start to finish. The industry and the outside commentators are against the policy, and we see it everywhere, but there is no critical assessment being made by the government. The provinces involved—British Columbia, Alberta and Saskatchewan—are absolutely flabbergasted. I predict that there will be a drop in corporate and personal income tax revenues for this year as the result of the energy policy by over 5 per cent in total. There will be a loss of 30,000 jobs in 1981 in those three provinces as a result of this policy. We are not talking about crossing sweeper wages. We are talking about people who are earning good solid wages and salaries the year round. We are talking about Canadian companies which are successful and which are a credit to the ingenuity and get-up-and-go of our Canadian businessmen.

We are in this situation because those people who are fussing around with the energy policy, from the minister down, do not know the difference between twelve o'clock noon and twelve o'clock midnight when it comes to the operation of the oil industry. Fools let abroad is what it amounts to. That policy will have nefarious results in so far as income tax is concerned. For example, I can refer to the most recent sale of leases which took place about ten days ago. This sale involved a mere $8 million when it should have been $80 million, but nobody is investing. Forty drilling rigs have gone, there are 100 more lying idle, and there will soon be another 100 more lying idle as the programs wind down and no new programs replace the old ones.

When one looks at this matter one feels like weeping. I will have many other opportunities to come back to this topic. The government ministers who are responsible, the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. MacEachen), and the Minister of Energy, Mines and Resources (Mr. Lalonde), will have their noses rubbed into it very hard.

I have one other point I would like to make with regard to those three ministers. It concerns the government's policy with regard to the values of Canadian equities on the stock market. The day after the Minister of Energy announced his policy, he boasted that the market had opened strong and that there had been no deleterious effect as the result of his statement. By nightfall, it was readily calculated that over $600 million had been lost on face value by Canadian companies in the oil industry. That loss has continued and has not been recovered.

The policy is to Canadianize the industry. It would seem that the Canadianization is to take place through depressed stock values. If these men were financiers or operators in the stock market, they would be charged with deliberately manipulating the market in order to acquire stocks at depressed values as the result of the stories they spread around. These ministers deliberately acted to rig the market. But we are watching that darling of the government, Petro-Canada, which will use the dollars of Canadian consumers, raised through the imposition of a tax on a barrel of oil, to raise a fund in order to acquire interests in oil companies. It is there. However, that goes somewhat beyond this bill, and for that, Mr. Speaker, I excuse myself—but it is there.

One of the characteristics of this bill which bothers me is the absence of any real relief from capital gains tax. I oppose capital gains tax except when it is levied in a certain, limited way, only if it could not be levied in a different way. I do not like the concept of capital gains tax at any time. Capital gains tax was introduced in response to so-called land profiteering. Under the income tax law at the time, anyone who sold land as a matter of a business venture, and that involved more than just selling one lot, whatever profit he or she made was deemed to be income because it was a venture and, accordingly, it was taxed. The royal commission sat for a long time and brought forward a report with a loud voice. The government pondered,

and then brought in a capital gains tax of 50 per cent. This meant that 50 per cent of the increase, rather than 100 per cent, was brought into income. The only exception was that the family home, whether rural or urban, was exempted.

● (1630)

We tried to get the family farm, in fact all agricultural property which was going to continue to be used for agricultural purposes, exempted from capital gains tax. Amendments were offered but the then Liberal majority voted against them. Whether a sale from a father to a son or daughter was involved, or a sale to his brothers and sisters, all within close family, and whether by life transfer or testamentary gift did not matter; those properties were subject to capital gains tax.

When the Hon. John Turner was minister of finance he exempted farm property that passed within a family once in a lifetime. That did not include the incorporated farm, however. For those people from western Canada where incorporated farms are very common, there was no relief whatsoever.

I know that the income tax department worked hard on this matter. If a father sold his farm to his son, and the father had used it as a general purpose farm but the son turned it into a livestock feeding operation, that was not deemed the same category of farming and so the sale was liable to capital gains tax. If a dairy farm in Ontario was converted into a sheep farm, or the reverse, that too attracted capital gains tax. After some awkward shuffling, however, that was changed as well.

I say to you, Mr. Speaker, that this House should not be satisfied until all capital gains tax is removed from all agricultural land that is to continue to be used for agricultural purposes.

Some hon. Members: Hear, hear!

Mr. Lambert: There has been talk about North-South relations, Mr. Speaker. Yesterday I saw some advertising in which Cardinal Leger, formerly of Montreal, spoke about the necessity for the North to feed the South or else in ten to 20 years it might not exist. The capital gains tax in this country discourages and certainly inflates the cost of raising food not only for ourselves but in order to meet the obligations that the Prime Minister hopes we will undertake.

The situation is compounded by the fact that in 1971, when this House was considering the Income Tax Act, $1 purchased $1 worth of goods, but today it purchases only 45 cents worth of goods. An acre of land worth $1,000 at that time is now worth about $1,100 on the average when the index is applied. A young farmer who is asked to buy land at that price and finance it at today's interest rates will respond not only with a loud raspberry but with some rather shocking language which would be deserved.

Since the year the act was passed I would say that capital gains tax, on the basis of inflation, has increased the value of farm land by at least one-third, because the vendor always says that the purchaser shall pay and holds himself out to be exempt from the tax as much as possible.

The government is the chief beneficiary of inflation under the Income Tax Act, with the exception of the control that was put on personal income tax by the indexation provisions. Corporate income tax just goes up; it feeds; it is a cancer. On capital gains it is nothing much more than that.

I see that I have exhausted my time, Mr. Speaker, but I shall come back to this. I have enjoyed speaking to a House that I think has listened, and I hope I shall be able to deal with this in detail at another time. I wish to attempt to convince my hon. friends in this House and people in the country that one of the chief difficulties we have in Canada today is an income tax act which penalizes progress and rewards government as a result of inflation.

Some hon. Members: Hear, hear!

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, today I should like to undertake to discuss a number of issues in the time allotted to me. In the speech that I am about to give, I should like to try to describe the economic realities facing Canada and the western world which have provided the underpinnings of Bill C-54. I should like to try to evaluate the current economic policy of the government in this light and to provide the rationale for the measures included in Bill C-54.

Finally, Mr. Speaker, I should like to comment on the criticisms put forward during this debate and prior debates regarding those particular policies and the inclusion, or lack thereof, of certain tax measures such as those mentioned by the hon. member for Edmonton West (Mr. Lambert).

The most serious and pressing problem facing Canada today is the problem of inflation in its current manifestation, which we call stagflation. According to Dr. Haberler, a noted world economist, we can define stagflation as follows:

> Coexistence of sharply rising prices and wages and large unemployment and excess capacity both in the aggregate and in particular industries.

I think this describes the situation that we face in Canada today relatively well. That is our problem.

Before a solution can be found, I believe there must be a clear understanding of the cause of the problem. To understand the cause, it seems to me that one has to accept a very simple and irrefutable fact. Again I quote Dr. Haberler who said:

> Every inflation, including stagflation, is a monetary phenomenon in the sense that there has never been a significant inflation that has not been caused or accommodated by excessive monetary growth—and no inflation or stagflation can be stopped without monetary restraint . . . The longer inflation lasts the more intractable it becomes because money illusion—

Money illusion is, effectively, inflationary expectations or the basing of decisions on nominal variables rather than real after-inflation variables.

> —is eroded and inflationary expectations are sensitized.

● (1640)

Without money illusion, decision making on the basis of nominal rather than real variables, Keynesian economics does

not work. Therefore, in today's society where the public has entrenched well established inflationary expectations, the current prescription of the New Democratic Party is futile and counterproductive. They say, for example, that to overcome our malaise we should have monetary expansion in excess of our ability to produce goods and services. In other words, we should have an expansionary fiscal policy as the tool. But to control the inflationary factors which would indeed result, we should have some form of an incomes policy, whether it be in the form of a prices review commission or in the form of generalized wage and price controls. I know some members have put this suggestion forward in the past.

The belief is that expansionary monetary policy would reduce interest rates, stimulate demand and investment and, therefore, employment and growth, and the incomes policy would control inflationary pressures. I am sincerely convinced the promoters of this policy, Mr. Speaker, are living in a fool's paradise. Without the existence of money illusion, that is again the lack of entrenched inflationary expectations in our society, expanding the purchasing power faster than output, we will do nothing more than generate increased inflationary pressure.

Mr. Blenkarn: That was your policy from 1975 to 1978.

Mr. Evans: This part of the prescription is precisely responsible for the persistent upward acceleration of inflation in western countries for the past decade and a half.

In the second half of the prescription, an incomes policy, or what I would refer to tongue in cheek, as the chicken version proposed by the Leader of the New Democratic Party (Mr. Broadbent), a half of an incomes policy, is a fair prices commission with roll-back powers, a necessary part of the over-all policy which has been put forward by the NDP because even they recognize the inflationary consequences of the expansionary monetary and fiscal policy of which I speak. They know that expansionary fiscal policy, accommodated by monetary growth, will result in exactly what I have described, so they propose Part II, which is the controls policy.

Controls have never provided a solution to inflation, and they never will because they do not address the problem, only the symptom. Rising prices are not the cause of inflation, just as a fever is not the cause of an illness. Therefore, while controls may allow a respite, as they were designed to do in 1976, during which the real cure—restraint—can be affected, they are totally inappropriate for the long term especially when the fundamental cause of inflation is being exacerbated rather than reduced.

I would like to draw an analogy for hon. members which, however, may be too simple. Let us suppose we have a kettle on the stove, boiling away. Let us suppose we do not like the steam coming from the kettle. There are a number of policy options you could choose. First, the heat could be turned down which would be the appropriate policy. Second, the kettle could be capped and the heat turned down and you get rid of the steam immediately. But that is a dangerous policy. It was proposed by Walter Gordon and his associates—controls and turning down the heat at the same time. The third option is to cap the kettle and turn up the heat. That is the NDP policy, which is not only dangerous but stupid. The way to stop the kettle from boiling is to reduce the heat. The way to stop inflation is to reduce the growth, and purchasing power, more in line with the average growth in output of goods and services.

Mr. Deans: You wouldn't know how to make tea with hot water, for goodness sake!

Mr. Evans: The NDP approach is equivalent to saying that the kettle is not boiling because we can no longer see the steam. But in both the physical and economic worlds the end result is clear and obvious—there will be an explosion.

Hon. members may now say yes, but inflation is one thing, stagnation is quite another. Stagnation of growth and employment certainly cannot be related to inflation. Certainly they are not caused by the same phenomenon. I suggest they are inextricably related. Further, if we do not come to grips with the problem of inflation, then the problem of stagnation will certainly worsen. This is so because of the effects which rising inflation has on consumers and on the business community. It creates great uncertainty about the future. It encourages current consumption. It discourages saving. It discourages investment, Mr. Speaker. It creates an attitude of living for today. It destroys faith in the future. Prosperity and rising standards of living are not consistent with such a scenario, and that scenario is coming to pass in the western world.

We have all seen the rise of the "me generation". We have all seen the growing pressure to enhance the well-being of this or that special interest group, not only to make them better off absolutely but to make them better off relative to other groups in our society. We have begun to devote our energies not to making Canada and Canadians wealthier, more fulfilled, but rather to bickering over our relative share of existing wealth. This is a sure prescription for social disaster. I contend that this social malaise has its roots in the economic malaise.

Miss MacDonald: It is in the Liberal party.

Mr. Deans: And it is caused by Liberal governments over the years.

Mr. Evans: When there is uncertainty and fear for the future, the reaction is to take what you can for today. This situation was well described by the late Professor Fred Hirsch in his book "Social Limits to Growth."

Stagnation is the result of the process I have described, and the signs are everywhere. We see a decline in research and development not only in Canada but in the United States and in other western nations as well. It follows, when inflation has created growing uncertainty about future rates of return on investment, when inflation has driven interest rates to high levels, by necessity investment time horizons shorten and quick payback is required on investments.

Research and development, which have long-term payoffs—

Mr. Blenkarn: Mr. Speaker, I rise on a point of order. The bill was altered earlier by Madam Speaker's ruling that the

borrowing authority portion of the bill which deals with the economic condition of the country be taken out and stricken from the bill. This afternoon we are considering only income tax amendments.

My friend has spoken eloquently with respect to inflation, the monetary causes of inflation and that type of thing, but at no time has he referred to the bill or to the Income Tax Act. I suggest, sir, that he is out of order and I ask you to correct him, please.

The Acting Speaker (Mr. Ethier): Order, please. Hon. members will have noted that I just arrived to replace the hon. member who was in the chair before me. If the speaker who had the floor had not confined his remarks to the bill, he would have been reminded.

Mr. Evans: Mr. Speaker, it is important that I try to point out the exact relevance of the remarks I am making. If you have designed an Income Tax Act and amendments thereto which will raise revenues, whether there be enough revenue for certain members or too much for others, it is important to understand the general economic context within which those revenue-generating measures are put forward. It is also important to understand the general economic context which relates to the necessity for certain tax measures to be placed within that tax bill and the necessity for not putting in others. That was the intent of my speech, and I suggest to you, with all deference, that that is a totally relevant subject to be discussing when we are talking about an income tax measure such as the one we are discussing today.

Mr. Deans: I don't know where.

Mr. Evans: I was talking about research and development. Tax measures are required to enhance research and development.

Mr. Blenkarn: Where are they in the bill?

Mr. Evans: Without growth in ideas, products and processes in Canada, Canada is sure to fall behind in the industrial world. In other words, stagnation is sure to worsen. Not only is investment in R and D stifled by rising inflation, so too are other investments in new capital equipment necessary to modernize and adapt our industry to changing circumstances.

● (1650)

One measure in the bill is the small business development bond which will certainly help small businesses to modernize their plant and equipment to make them more competitive in the world. Such investment requires stability and the prospect of fair rewards. But in an environment where we increasingly fight among ourselves over the spoils, is it logical that those who would invest can expect society to permit those rewards to be paid? I say probably not, and we see examples of that right in the House of Commons—unsubstantiated, though deeply-felt claims of corporate rip-offs and condemnation of individuals who take advantage of tax policies specifically designed to promote such investment. It is a "Catch-22" situation.

We want people to invest in small businesses or in rental housing, so we create in the bill before us tax incentives such as the small business development bonds and MURBs. But when an individual in our society invests so as to take advantage of these provisions, and as a result his taxes are reduced—and this was the intent, to reduce taxes, to increase incentive and to direct investment in a direction which is felt to be socially desirable—then we hear from certain corners of the House a great rail at those individuals, that they are ripping off the system. No wonder we face an investment problem. It is because there is a political schizophrenia. We encourage people to do it, and then we beat them over the head when they take advantage of exactly what we have asked them to do.

Similarly, we hear cries that rates of return on investment are too high, that business is taking too much, that we should increase taxes on the business community—that this bill should increase the taxes on that community—but we fail to look behind the scene to realize that reported profits have been greatly exaggerated by inflation, not only by rising prices per se, but more important by the gross underevaluation of plant and equipment used in their production. Current accounting practice requires that depreciation be charged on original cost and not replacement cost. During rapid inflation this creates a gross overstatement of net revenues and thus profits. But worse, it means that capital cost allowance, depreciation, does not come close to providing the funds necessary for reinvestment and modernization. As a result the quality of our capital stock deteriorates over time, productivity and competitiveness decline, and jobs are lost. These are the jobs we hear from the NDP are absolutely required, the jobs we agree are absolutely required. But the policies they believe should be included in this income tax bill would lead to less jobs being created in the future. Politically inspired rhetoric may be satisfying to some in the short term, but it is seriously wrong for the longer term.

We see the same myopic view in the media. On a recent airing of the program "Question Period", Don McGillivray, the national economics editor of Southam Press, asked in all seriousness why savers should expect a real rate of return when real wages have not been rising. If that is an indication of the depth of understanding of the savings and investment process of the national economics editor of our national newspaper, then it is no wonder the public is so confused. What is worse, the guest on the show, an economics critic of the opposition, who shall go unnamed in the spirit of non-partisanship, could not answer the question.

We must begin to realize that the money illusion is dead, that savers demand a real rate of return if they are to forgo current consumption in favour of future consumption. Why should we ask our citizens who wish to save for retirement, for the education of their children, or whatever, to subsidize through interest rates less than inflation those who wish to consume more than they earn today? Why is it that borrowers seem to be favoured in some parts of this House? Is it more noble to borrow than to save? I say absolutely not, and that brings me to my point. We must take steps now to alter this

attitude, to reward savings since, without savings, there can be no investment and, I contend, no new jobs for the future.

I agree, though not often, with Professor Lawrence Klein, a Keynesian economist, at the University of Pennsylvania, who wrote the following:

We must go from being a high-consumption economy to being a high-saving economy if we are to re-industrialize and improve our standard of living.

Mr. Blenkarn: Mr. Speaker, I rise on a point of order. In this review of tax policy, could the parliamentary secretary tell us where there is any inducement in the bill to increasing savings, as he mentioned? Can he at least give us the clause?

Mr. Evans: Absolutely, Mr. Speaker. The rates of return offered by such measures as the small business development bond and the MURBs will be an inducement to saving. It will help individuals to put away money which they might otherwise have consumed in the current period, and to invest it for the development of small businesses and rental accommodations for the future. It is intuitively obvious that general and specific provisions are included in that particular piece of legislation.

Mr. Blenkarn: Mr. Speaker, I rise on another point of order. Perhaps the parliamentary secretary could explain how the massive reductions in the depletion allowance and depreciation help savings?

The Acting Speaker (Mr. Ethier): Order, please. I should like to remind the hon. member that oral question period is usually between two and three o'clock.

Mr. Evans: Thank you, Mr. Speaker. I am sure in future discussions the hon. member for Mississauga South (Mr. Blenkarn) and myself can resolve the problem he seems to have raised.

Miss MacDonald: Just talk to the Minister of Finance (Mr. MacEachen) about it.

Mr. Evans: We must promote policies which reward saving. I cannot believe the vast majority of members opposite, as well as members on this side, would disagree with that particular policy. I hope we will work together to develop policies which will reward saving, and allow a fair rate of return on investment, if we are to improve our deteriorating growth of productivity, if we are to create the industries and secure jobs of the future which I know all members are extremely anxious to provide. We must be willing to sacrifice some current consumption for a much better future. As the Prime Minister (Mr. Trudeau) so aptly put it in his much-maligned and misunderstood statement, we must reorder our priorities. I think that is an intuitively and eminently sensible thing to be said at this point in our history.

It must be emphasized that the changes to which I refer are not a matter of choice; they are a matter of necessity. The world is changing rapidly. We must change, adapt, or we will surely be left behind. Our industries must be encouraged to modernize, to engage in research and development, to develop new products and processes, to become more efficient and competitive. In the future Canada will face stiff competition from abroad. The GATT will force us to respond; the less developed countries will force us to respond. We must begin to reduce institutional rigidities in our labour and capital markets. We must begin to enhance, not restrict, the free flow of labour, capital, goods, services and ideas across the country. We will not have the luxury of choice in this matter; we will do it now or it will be forced upon us later.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Fraser Valley West (Mr. Wenman)—External Aid—Consideration of tripartite aid to Third World countries; the hon. member for Algoma (Mr. Foster)—Municipal Affairs—Request for extension of community services contribution program; the hon. member for Prince Albert (Mr. Hovdebo)—Grain—Reimbursement of producers for loss of income from depressed prices.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions.

PRIVATE MEMBERS' NOTICES OF MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): Item No. 14, the hon. member for Lévis (Mr. Guay). Shall the item stand?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent?

Mr. Collenette: Mr. Speaker, I rise on a point of order. I made reference to this matter the other day. Motion No. 14 is in the name of the hon. member for Lévis who resigned this House some time ago. I draw that to Your Honour's attention. Perhaps we could decide whether or not that item should be stood. It seems somewhat silly to stand a motion if the member is not now in the House.

• (1700)

EXCISE TAX

SUGGESTED REMISSION OF TAX ON BUILDING MATERIALS IN DISASTER AREAS

Mr. Bruce Halliday (Oxford) moved:

That, in the opinion of this House, the government should consider the advisability of remitting the excise tax levied on building materials used in the course of repairing and/or replacing building and other losses as a result of major natural disasters so deemed by provincial authorities.

He said: Mr. Speaker, I rise today to present this motion which the House has just heard read. It arises from a disaster which struck southwestern Ontario on August 7, 1979. It involved two tornadoes that struck a number of counties in southwestern Ontario. I have boiled down what I wanted to discuss today, in essence, to a proposal that the government should consider rebating the federal sales tax it receives for building materials sold to rebuild after natural disasters. I would suggest to the government that this is a form of undesirable tax inasmuch as it levies a tax on those people who have suffered a real loss as a result of something over which they had no control. In the words of many it could be considered an unjust or inhumane tax.

I should like to speak to this in the total context of the suggestion that this is a small part of the total disaster assistance matter which is of concern to the federal and provincial governments in Canada.

To put the matter into the narrow focus I want to emphasize today, it is my understanding there will be a response from the government, probably from the Parliamentary Secretary to the Minister of Finance (Mr. Evans) who, I hope, when he addresses this question will not only tell us about what the federal government does by way of disaster plans, because that is very well laid out and is quite familiar to any of us who have experienced a disaster in our constituencies, but will also address himself to the question, either on his own behalf or, I would hope, on behalf of the government, as to the morality or the ethics of taking taxes from somebody who through no fault of his own, is forced to spend large sums of money on a rebuilding program because of a natural disaster.

The particular disaster that came close to me personally began in southwestern Ontario on the evening of August 7, 1979, and involved two tornadoes. I emphasize that this disaster involved tornadoes, because most disasters in which the federal government has been involved by way of assistance have been floods. A flood in most cases does not create the same level of damage to an individual as does a tornado. What I mean by that is that a person living in a rural area in the business of farming who is subjected to a natural disaster will probably be affected to a greater extent as a result of the tornado than as the result of any other kind of disaster.

Many people in the counties of Oxford, Brant, and Haldimand-Norfolk lost not only their homes but their businesses as well, that is, they lost their barns, their implements and their stock, as well as their income for the current year, namely, the crops. In many cases all of those things were lost in just a matter of a few minutes.

On that occasion there were two tornadoes about three-quarters of an hour apart, running parallel six or eight miles apart, for a total distance of about 50 miles.

As I make this plea to the government members today I would remind them of what Teddy Roosevelt said in the United States a number of years ago, back in 1910. When discussing the object of government he said, "The object of government is the welfare of the people." I want to suggest that if a government does indeed have the welfare of the people in mind its main role is to protect those people against things from which they are unable to protect themselves. A second role of government today is to do for the people those things they cannot possibly do for themselves.

Let me suggest to the parliamentary secretary and other members of the House that if the government is going to protect the citizens of Canada, one of the things it must protect them against is natural disaster. The fact that a government would exact taxes from those same people who, through no fault of their own, fell victim to a natural disaster, is hard to believe; it is almost unconscionable. I hope the parliamentary secretary will address himself to the propriety, the humaneness and the morality of a government taxing those who have suffered loss.

My whole story can be quickly summed up in a letter I received from a gentleman in Woodstock by the name of Mr. William Graham, a very well-known citizen in that area and across the country as he has been very much involved in the chamber of commerce for many years. This letter was sent to me on November 8, 1980, and I should like to read it:

This letter will confirm some of the discussions we have had over the past few months since the tornado of August 7, 1979, devastated this part of western Ontario and especially Oxford county.

As you know, at that time I was president of the Woodstock District Chamber of Commerce and at present I am Chairman of the Board of Trust of the Woodstock General Hospital. I am also president of a retail business (Reg Hall Ltd) and secretary-treasurer of a manufacturing company (Timberland Equipment Ltd). I am also still involved with the Ontario and Canadian Chamber of Commerce.

I feel my personal involvement in the community allows me to speak with some authority as to how the federal government dealt with the above mentioned disaster.

I would like to add here parenthetically, that this is essentially non-partisan inasmuch as this disaster occurred when my party was in government but was following rules, regulations and agreements which were formulated by the former Liberal government in 1970. I do not have any particular brief from a partisan point of view as I present this particular problem. Mr. Graham goes on to state:

I feel I can also speak with authority on the side of those who were affected as my personal residence sustained damage in excess of $40,000.00, and my personal loss for such things as landscaping, trees, driveways, excavating, tree removal, etc. will amount to well over $10,000.00.

This was a man who was able to insure himself to the extent he needed, but he still had a loss of $10,000 on things that were uninsurable.

He goes on to state:

At the time of the tornado I sincerely felt that you and your colleague at Queen's Park, Dr. Harry Parrott, were doing everything possible to expedite the financial commitment of your respective governments but, as time passed, it became evident there was no clearout plan in place, especially at the federal level, and a lack of participation by Ottawa certainly left a very bad taste in the mouths of many, many people.

As we have discussed on many occasions, I find it very difficult to understand why the federal government would want to collect taxes on building materials to rebuild a devastated area. I find such an act immoral or possibly I should say criminal. Many of those affected people did not know where their next dollar was coming from and the only thought in their minds was to get a roof over their family and a shelter over their animals, quickly, before winter came. From my discussions with the Canadian Chamber of Commerce who, as you know, had a conversation at that time with Mr. John Crosbie, then finance minister of the federal government, their findings indicated that the above mentioned tax exemption was a very popular suggestion with the politicians and not so popular with the bureaucrats in Ottawa who did not want the extra work in establishing a system to exempt 600 families from these taxes. I would like to see the federal government develop a plan in co-operation with the provinces for dealing with disasters such as the tornado.

I know there is a plan in effect but it does not deal adequately with this type of thing. This plan in effect gives the people of Canada the perception that the federal government, no matter which party is in power, does not care about the people of Canada who are faced with that kind of disaster.

Mr. Graham goes on to state:

This plan could be especially directed at putting into place proper funding arrangements. As far as I can understand, there is no such definite plan in place and I urge you and your colleagues in Ottawa to move on my suggestion.

● (1710)

He has a perception that there is no plan in place because there was no evidence from Ottawa that Ottawa had any concern about the fate of these people and about their deep financial losses.

I trust this letter will assist you in your efforts to move the politicians and bureaucrats toward the above mentioned suggestion. I sincerely hope so, I would not want to go through such a traumatic event again in my lifetime and I would hope that those who must would not have the worry of federal and provincial funding as we here in Oxford had in August, 1979.

Mr. Graham is obviously very concerned about the level of assistance and the evidence that the people at the senior government level do not care about people who suffer as a result of natural disasters.

I have just a few words to say about this disaster in order to explain what we were dealing with in this area at the time. This disaster affected about eight municipalities. As I mentioned, three counties were affected. Those were Oxford, Brant and the regional municipality of Haldimand-Norfolk. It affected the townships of East Zorra-Tavistock, Blandford-Blenheim, Southwest Oxford, Norwich, Delhi, Burford and the two cities of Nanticoke and Woodstock.

As a result of the losses which were suffered in this disaster a total of 688 claims were received by the committee which was put in charge of looking after disaster relief. About one-third of those were found not to be eligible. In that area 235 farms were affected, including 40 acres of apple trees which were completely wiped out. Eight churches were badly damaged, as were four cemeteries and 256 homes in the city of Woodstock alone.

The Ontario government, which is governed by the dominion-provincial agreement, is responsible for tornado relief and disaster relief and has now come up with some figures on the over-all costs. When this tornado first struck, it was initially estimated that there was $60 million worth of damage and that perhaps $20 million of that damage was not insured.

The final figures which Ontario gave to us indicate a total loss of $13.5 million, which is one of the biggest losses Canada has had for a long time as a result of a natural disaster. Of that, $5.7 million worth of damage was insured. That left uninsured damages amounting to $7.8 million. The committee in the local area which was charged with the responsibility of paying out relief funds paid out a total of about $7.1 million.

The losses sustained in that disaster were quite significant and should certainly be of concern to us as legislators who are in a position to produce the laws which should help people across the country.

One cannot help but take account of the fact that many people deserve recognition for what was done after that disaster. I refer to people at the federal and provincial levels as well as local people. I refer to the Ontario Provincial Police and the public utilities commissions of the various areas. The Mennonite Disaster Service did a tremendous job in supplying help to those who needed it. Various churches, service clubs and individuals gave their time, money and goods to help those who were affected by this disaster.

I want to say a few words about the roles of the two senior governments after this disaster. There is no doubt that there is a federal-provincial agreement now in place which, I submit, is very inadequate. I know now there are plans afoot to change this, and I will come to that matter in a minute.

As I mentioned earlier, the federal role is very imperceptible to the Canadian people. They do not realize that the federal government has any role at all. As we look into the changes which are to come along, that has to be addressed. The Ontario provincial government has usually adopted a stance whereby it guarantees a matching payment to local funds set up to establish relief. The Ontario provincial government promised a matching grant in the ratio of three to one and, in some cases, possibly as high as four to one. There is some argument about this. I have a number of documents which show that there was a promise of three to one matching grants. This was never finally achieved because the final grant paid by the province of Ontario to the local fund for relief was somewhat less than the $3.7 million or $3.8 million raised by

the private sector in local campaigns. It is disappointing to me that the provincial government allowed people to believe that it would match personal donations in the ratio of three to one when in fact the ratio was less than one to one.

I know the Ontario government made other commitments, but the perception of the people of my area was that the provincial government would give $3 for every one dollar. There are many disillusioned people who would not now give in a similar disaster because of the way this was handled.

The effect of a disaster such as this was probably best summed up by the claims co-ordinator and his secretary who were in charge of the disaster relief program in the Oxford, Brant and Haldimand-Norfolk area. I have a 15-page document here in which they went through the chronological sequence of events during the rebuild period, and there is a summary at the end which is worth reading to show the emphasis put on the effect the disaster has had on human beings. The summary reads as follows:

> The lives of the victims will probably never be quite the same again, because in less than one hour on the evening of August 7, 1979, their lives suffered a grave disruption in the form of total destruction of all they had worked for, and in many cases, for the whole of their lives, and now retirement was not to be so comfortable. Many memories had gone with the wind, literally. Most just began to realize, late in the winter months, how the shock had affected their personal beings. Many years will pass before a recovery can be realized both materially and emotionally.
>
> Thanks to many generous and caring people, the trauma was eased somewhat.

Finally, I want to move to what I think should be the response of the government to the problem we have before us. Back in May of last year I asked a question of the Minister of Finance (Mr. MacEachen), and in my supplementary question I asked this:

> Does the minister condone the raising of revenues by the federal tax on building materials at the expense of those who have suffered immeasurable loss and grief as a result of natural disasters?

The minister's reply was as follows:

> Madam Speaker, I am sure that in certain cases the application of the tax system may have unfortunate effects such as the one he described, but there is not to my knowledge within that system at present a way by which these particular difficulties could be overcome.

I presume as a result of that question on May 20, 1980, that six weeks later, on July 4, the Prime Minister (Mr. Trudeau) announced the appointment of the President of the Privy Council (Mr. Pinard) as the person to be responsible for, and I quote:

> —providing ministerial guidance for policy development, interdepartmental co-ordination and liaison with provincial governments in the area of emergency planning.
>
> Mr. Pinard's new responsibilities will cover federal planning related to natural disasters, major accidents—

I see an attempt by the government, and I praise the government for it, to recognize the fact that there is a problem between the federal and provincial levels with respect to funding after natural disasters and, more particularly, a problem regarding the federal government's image. This is not a big problem. I hope the parliamentary secretary does not try to tell us that to rebate this kind of tax on building materials would be a problem because the federal government already rebates to schools. It rebates 1.5 per cent of tender prices to schools. It rebates about 2.5 per cent of total hospital construction costs. I know there are certain criteria within which eligibility lies, but nonetheless this is done for many other public and municipal institutions when rebates seem appropriate. Gasoline taxes are rebated to farmers. There is just no reason, from a logistical point of view, why this could not be handled simply in much the same way as it is for schools and hospitals.

I see that my time is almost up. I want to close by appealing to this House, and to the parliamentary secretary in particular because I realize he has an important role to play in this area relating to the remission of federal taxes on building materials.

In the broader area of disaster planning I remind the government of something Edmund Burke said a couple of centuries ago which is still very apt. When he was giving his second speech respecting conciliation with America Edmund Burke said this:

> It is not what a lawyer tells me I *may* do; but what humanity, reason and justice tell me I *ought* to do.

● (1720)

I think all of us here in the House of Common as legislators must take heed of what Edmund Burke said, that we have an obligation to do what we ought to do. I urge the parliamentary secretary, as he speaks to this question, to address himself to the matter of whether or not there is an obligation on the part of governments to forgo that tax which is levied on the poor people who have suffered losses, losses which in no way can an insurance policy replace and in no way can funds raised by the public replace. Many of those losses consist of memorabilia, losses which cannot be replaced by money. The least we can do as a federal government is to forgo those taxes which we would take from Canadians, and rightly so in other situations, but not when they are the victims of a natural disaster designated as such by provincial governments.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I hope I can respond to some of the questions of the hon. member for Oxford (Mr. Halliday). He can rest assured that this government, and certainly the Minister of Finance (Mr. MacEachen), are extremely concerned about the problems he has put forward. It is my understanding that we will have difficulty in supporting this particular measure or this particular approach, but it certainly goes without saying that the hon. member has our whole support in his concern for disaster assistance, whether it be here in Canada or in other parts of the world. I am sure that his support is not only in the case of Canadian disasters but would go to other areas as well. An example of that, of course, is the disaster which has devastated villages in Italy recently. Certainly disaster assistance must be provided in such cases, as it should be in the case of the disaster in Mississauga.

If we want to establish some mechanism for assistance by the federal government, however, we should look for an approach which is both workable and efficient. There are some

serious problems inherent in the proposal before us, I would contend, and that proposal, of course, is to provide for a remission of the excise tax on building materials used to restore buildings damaged or destroyed in the disaster.

The tax in question is the sales tax. The problem is that this tax is assessed on the value of goods shipped by the manufacturer of the building materials. By the time these goods pass through the hands of wholesalers and retailers to their ultimate use, the tax has long since been paid and is embedded in the price of the materials. So it is not at all clear how the refund can effectively be made, or indeed how to determine the amount that should be refunded.

I know the hon. member for Oxford has indicated that he hoped I would not raise the administrative problem and use that as a guise for saying that the government cannot accept his proposal. But certainly the administrative problems are obvious, whether one thinks of refunding the tax to the manufacturer who paid in the first place or to the eventual purchaser. The sales tax we are talking about is 5 per cent on the value of the manufacturer's shipment, not the 9 per cent rate which generally applies to other goods subject to sales tax.

When one adds on costs of warehousing and transportation after the building materials leave the manufacturer, plus mark-ups at the wholesale and retail level, the original 5 per cent tax becomes a considerably smaller proportion of the final price of the materials, perhaps only 2 per cent or 3 per cent. Furthermore, the cost of building materials normally represents about one-half of the cost of the average construction.

So when we consider all of these factors I submit that the 5 per cent sales tax is a pretty small part, not much more than 1 per cent of the final cost of the building. It is clear that refunding this amount to a disaster victim would not go very far in helping to re-establish that person in the style to which he was accustomed prior to the disaster. As a result, it would certainly seem to me that we should be looking at much more generous and larger funds to be paid to the disaster victims, and whether there should be included in that particular package of funds which goes to an individual something that could be called a refund of the tax. It does not seem to me to make any difference to an individual who has been victim of a disaster whether the moneys that are being paid to him are earmarked as a partial refund or a total refund of a sales tax. What really matters to the individual is whether funds will be made available by the federal government, the provincial government or the municipal government to help re-establish himself, irrespective of where that money comes from or how it is earmarked.

One other factor which should be considered is the administrative cost of remitting the tax. There is a direct way of handling a problem which I have just described, which is the direct payment of funds to the individuals affected. It seems to me that if you have so much money available to pursue these programs and we use part of that available money for the administrative cost of making a specific form of payment, money which if it were not spent for that perhaps could enlarge the amount of money available to the government to help the disaster victims, then it seems to me that that cost is something that is hard to justify. We should be using the moneys to help the disaster victims, as I have said. I suggest that this administrative cost might well be hard to justify in relation to the amount of the benefit we should try to provide under this particular program.

The kind of problems I have been describing are typical of the problems which arise when we seek to achieve a particular goal, whether to assist a certain group of taxpayers or to encourage certain kinds of business activity, or even to discourage other activities, by means of special tax provisions.

A year ago the Department of Finance provided an authoritative outline of what these special tax provisions have been costing in the way of tax revenues forgone. These so-called tax expenditures which were put out under the previous minister of finance, the hon. member for St. John's West (Mr. Crosbie) and the present Minister of Finance, indicated that these figures run into many billions of dollars. Obviously the proposal being debated today would not be an expensive one. However, we should examine carefully not only whether the expense is justified but also whether a tax exemption is the best way of assisting people who suffer losses from natural disasters. The alternative method, of course, is through an expenditure program.

For many years there has been a policy on federal financial assistance to victims of natural disasters. One of the principles underlying this policy is that the provincial governments have the primary responsibility for dealing with disasters. Not only do they have the constitutional responsibility for property, but provincial and municipal services are the ones most closely and directly involved in dealing with the kinds of disasters we have heard discussed here today.

However, the federal government stands ready to assist provinces where the cost of dealing with a disaster is greater than the province could reasonably be expected to bear on its own. Since 1970 the formula has been that federal aid becomes available when total costs exceed $1 per capita of population in the province. The federal contribution starts at 50 per cent and there is provision for an even larger federal share if the losses are particularly heavy.

One of the points which the hon. member for Oxford mentioned was that the federal government is not seen to be participating in the assistance to individuals who have been struck by a natural disaster. I agree with him wholeheartedly that that is of great concern because I think the Canadian taxpayers should understand and realize that the federal government is actually involved in looking after their welfare when a situation like a natural disaster occurs. I think the hon. member is totally correct, the federal government is not receiving the kind of credit it is due when those kinds of payments and those kinds of assistance are being put out by the federal government.

● (1730)

The federal contribution, as I said, starts at 50 per cent, but the federal contribution does not provide for federal aid where

losses could have been covered by insurance. With that exception, it includes the cost of restoring essential private property to its pre-disaster condition, or restoring small business enterprises where the owner's livelihood has been threatened by the disaster. I suggest this approach, Mr. Speaker, is a reasonable one. It does not attempt to respond to every situation involving property loss from natural causes.

For example, not long ago, as the hon. member for Oxford has mentioned, tornadoes caused extensive damage in his constituency. Almost all of the losses were covered by insurance. In any event, there was no request by the provincial authorities for federal aid in that case. Where citizens can provide their own protection through insurance, this should be the normal procedure. This is an area where the role of government should be to help with problems which are beyond the ability of individuals to deal with.

To conclude, Mr. Speaker, I do not feel this kind of problem should be dealt with by means of a further tax concession. At best, the proposed remission of sales tax would provide only marginal assistance, as I have indicated, even assuming that an answer could be found to the serious problem of how in the world to administer the particular tax remission. Where a case can be made for government assistance, I think it would be preferable to provide that aid through direct expenditure programs.

I thank the hon. member for bringing forward his suggestion and bringing this very important problem before the House for debate today.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I, too, thank the hon. member for bringing this issue before the House today. I think it is important, not only from the point of view of those who suffer from disasters, both past and future, but it gives us an opportunity to look at the whole question of what disaster is. It enables us to look at some extension of programs which would apply to housing and building improvements generally.

As a new member of the House, it is surprising to me that our federal government has not already made compensation by removing the excise tax for victims of major disasters. I thank the government member from Ottawa Centre (Mr. Evans) for explaining some of the intricacies of the financing of these matters. The fact is we can find ways to do these things and we should not be leaving it to such complicated mechanisms. Of course, I realize the provinces, too, are involved.

It is also important that we look back at the kinds of disasters we have had in Canada. While I was waiting to speak, I talked to several of my colleagues who reminded me of a number of disasters we suffered in recent years. Mississauga was mentioned. In the port of Vancouver, which surrounds my riding, we suffer the possibility of disasters from explosives coming into our port almost daily, not to mention the very dangerous materials which are brought into that area by rail, truck and, now, by air as well. So there is a high possibility of disasters happening there.

We also recalled the floods in Manitoba. I think it was within the last two years where rural communities were inundated. Surely there was extensive damage to homes. In fact, whole rural communities suffered. They certainly would have appreciated help in the way of removal of the excise tax from any materials they would use for home repairs. In British Columbia, which is a mountainous community, houses are quite often built on the slopes of hills. We have disastrous floods in the spring. I recall on a number of occasions houses being flooded and, in fact, some houses being swept into gullies as the spring floods came down the mountainside.

My colleagues also reminded me of tidal waves. There was the Tsunami tidal wave in Port Alverni, which caused extreme damage to homes in that area. So there is no question we should do something about this immediately, to remove the excise tax and use mechanisms to make this a kind of relief for victims of disasters, not just for the person selling the building supplies.

We, in our party, believe that this measure does not go nearly far enough. We believe there should be no excise tax on building materials generally. Why should we be taxing and reaping a profit from the disaster our present housing crisis is creating? I know the IWA in British Columbia has a very strong policy with respect to the removal of this tax. It has pleaded for the removal of it. It does not like to see our Canadian forest products going over the border to the United States. The industry has not done too badly this year with regard to jobs, mostly because of the Canadian dollar and the fact that so many of our supplies, even our forestry supplies for housing, are going to the United States.

We would like the tax removed on building supplies generally so that not only would jobs be created for our people in the forest industry, but so that we would have more affordable housing supplies for the repair of homes and, of course, the building of new homes.

I think it is timely to look at the whole question of disasters. I spoke in the House last week, as did many other members, about the tragedy of our housing crisis in Canada. Surely this is a disaster of the first order which faces all of us in our constituencies.

If we look at the state of housing in certain areas, particularly on Indian reserves, what could be a worse national disaster and more of a national disgrace than that? Some 50 per cent of the people living on reserves are living in housing, if you can call it that, which is completely uninhabitable by our standards. The houses do not have running water, toilet or sanitation facilities. They do not provide any kind of warmth in the wintertime. In fact, the neglect of this housing is such a disaster that it is causing deaths in many Indian families.

Of course, just the removal of the excise tax on building materials will not completely solve that problem. The solution requires major and immediate government action to put more money into native housing and to work with native groups in order to do away with the bureaucratic hassles they constantly face. Thus, they would be able to get on with the job of upgrading present housing, bringing down the cost of construc-

tion materials, which this removal of the tax would do, and building new houses. We are far behind in this area, and it is a national disgrace.

I am reminded also of housing in some of our downtown areas, particularly in my own riding of Vancouver East. We have hundreds and hundreds of people who are living in really desperate housing conditions in downtown areas. There are workers from the forest and fishing industries of our province who have had health problems, and many women who are raising children on their own who must live in these conditions. They are living in fire traps, old rooming houses and hotels, with cockroaches as constant companions. There must be programs to upgrade this accommodation, and to build new accommodation.

I plead that the kind of incentives, including the removal of excise tax on building materials, not be given in such a way that the values of them go to the landlords or the absentee landlords who own this type of housing. It should be done in such a way that it would be an advantage to the people who need the housing. They deserve it and they have a right to decent housing.

• (1740)

There is also the need for the removal of this excise tax so that we may have a national program to improve older homes. Such a move would help undermine the escalated pricing which occurs as the result of speculation. In many of the older areas of Canada, such as the maritimes, Ontario and Quebec, if not the western areas, there are many houses which the owners cannot afford to repair and, as a result, that housing stock is being lost. I am glad that the minister responsible for CMHC has mentioned this matter as a priority. I wish that he would raise some money for the proposal. Major emphasis should be put on the renovation of older homes.

In conclusion, we feel that there should be no excise tax charged to people who suffer as the result of natural disaster. Even more important is the necessity to remove the tax from general building materials and, particularly, from materials used in the construction and repair of essential homes. We feel that the government should get on with such a program immediately.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I commend the hon. member for Oxford (Mr. Halliday) for introducing this motion. Nobody has control over natural catastrophes. They are an act of God. I was very disappointed in the comments of the parliamentary secretary. In the first place, insurance policies do not cover natural catastrophes such as floods, tornadoes, prairie fires and so on. There is no way that people, even if they have the money, can protect themselves from natural disasters.

I am always amazed at the way in which we scramble and jump to help those in another country who suffer a natural catastrophe. It seems that we can never do enough for such people. This occurred recently as the result of the Italian earthquake. Surely we should have policies which give as much to our own people as we are prepared to give to other people. Charity begins at home. I do not object to sending help to those in other countries who suffer a natural catastrophe, but I do object to the way in which we deal with natural catastrophes in our own country.

The parliamentary secretary suggested that the federal government could pay half the expenses and the provincial government could pay the other half. When one looks at natural catastrophes, such as the flood in B.C. during the Christmas season, one sees that millions of dollars must be spent to restore highways, railways, railway beds, bridges and so on. It has been my experience that once these expenses have been paid, there is very little left for the pockets of the people who suffered a loss as a result of the catastrophe.

A natural catastrophe occurred in my riding just a few years ago. While my home was not involved, a terrific flood carried away homes, filled basements with silt and ruined furniture. There was no federal government or provincial government help. Contributions came from private citizens. When these contributions were divided among those who had suffered, people who had lost as much as $1,500, $2,000 or $4,000 in property received as little as $75, $40, $20 for their losses, a mere pittance. These people had no way of knowing that the Red Deer River would flood.

The constituents of the hon. member for Oxford had no way of knowing that a tornado would hit their area. I saw the results of a tornado out west. It lifted buildings right off their foundations and carried them for 20 feet and dropped them on the ground where they would splinter and be completely ruined, along with the furniture. It is a terrible catastrophe and something which is very hard to believe.

Surely, after a catastrophe in which ordinary people lose everything they have, we should not give them mere excuses of how difficult and how much it would cost to administer a program which would merely give back the excise tax, which is all the motion asks. I am sure that we are capable, with our sophisticated bookkeeping systems of today, of working out the amount of excise tax which would be applied to such homes. I agree that this tax would not be enough, but it would help. It would also show such people who may have to rebuild and refurnish their homes, after they have spent a lifetime reaching that goal, that at least the government is sympathetic to their plight.

I have another suggestion for the government. When a home owner has lost his home as the result of a natural catastrophe, he should be able to deduct the cost of rebuilding and replacing what he has lost from his income tax. One may say that many people do not pay income tax. Most workers pay income tax, and it would help many people. I see no reason why the excise tax could not be applied at the same time. The difficulty is that when the catastrophe occurs, everybody is sympathetic, but as time goes by, very little of the help goes to the individuals to help replace their losses, and that is why I think we need a policy for Canadians which is based on the help the government is prepared to give to people in other countries who suffer a natural catastrophe.

I know that our hearts go out to those who suffer the ravages of a tornado or who suffer the effects of a volcano, and so we should help those in our country who suffer the loss of their buildings and their home, the people we know best. There should be an established policy. I hope that the next time there is a catastrophe, the party in power will establish a policy to deal with natural major catastrophes which will be just as good to the people of Canada as to people in other countries.

Removing the excise tax and deducting the cost of rebuilding from income tax, even if it is spread over two years or three years, would be a tremendous boost. At least it would show people that the Government of Canada is as concerned about Canadians who suffer a natural catastrophe. as it is about people in other parts of the world who suffer such a catastrophe. I strongly support this motion.

Mr. Al MacBain (Niagara Falls): Mr. Speaker, today we are being asked to support a proposal for tax relief by way of sales tax remission for persons who have suffered property losses from major national disasters. It seems that very often when it is felt that some group needs financial assistance or when some kind of social or economic activity needs to be encouraged, the solution is proposed by way of tax concessions. Perhaps the feeling is that we are not really spending public funds when we provide a tax concession. After all, it does not enter into the expenditure totals. Certainly, the past tendency has been that once the concession is written into the tax law, its annual cost in terms of lost revenue has been virtually ignored.

● (1750)

Tax concessions are not subject to the test of annual approval in the way direct spending programs are.

That situation has begun to be changed by the publication, starting a year ago, of a tax expenditure account. This provides estimates of the cost, in terms of revenue forgone, of the tax concessions now provided in federal tax laws. In reading this report, one is struck by the great number and complexity of these tax incentives and preferences. One is also struck by their very large cost, totalling many billions of dollars. Although the Department of Finance, in this publication, cautions that one cannot properly add them all together, because of the nature of the tax concessions, it is interesting to note that the total for 1979 is more than double the size of the budget deficit.

I should note in passing that this new attention to tax expenditures now means that the cost of new tax concessions is being taken into account in expenditure decisions of ministers. This is a progressive step, since it ensures that the impact on the total budget deficit of instituting new tax concessions will be fully taken into account in planning government expenditure priorities.

These considerations are relevant to debate on the motion before us. When we are being asked to provide a new tax concession, it is very valid to consider whether it would not be preferable to seek the same goal by means of some direct expenditure program.

In the case of losses from natural disasters, there is an established method for direct expenditure assistance by the federal government. Based on past experience, a policy has evolved on the scope of federal assistance and on the kinds of losses that qualify for aid.

The policy reflects Canada's federal structure in that it recognizes the prime responsibility of the provincial governments in dealing with property matters. Very often a situation can be dealt with by the local community, with provincial assistance. But where the disaster is of such a scope that it is beyond the reasonable capacity of the province, federal help is available. Since 1970, the policy has been that federal contributions are available when the losses exceed a threshold of one dollar per capita of population in the province. In Ontario, for example, this threshold would be about $8.5 million; in Manitoba, it would be just over $1 million. For total losses over this level, the federal government pays 50 per cent. The federal share can be even larger where the losses exceed higher thresholds—75 per cent of losses for the fourth and fifth dollar per capita of population, and 90 per cent for losses that exceed $5 per capita.

This policy does not cover losses on property that could have been covered by insurance. This is an understandable exception, since individuals should not be discouraged from taking reasonable steps to provide for their own protection when possible. Cost-sharing does apply to such things as the cost of meeting the immediate disaster situation, like emergency accommodation or the construction of temporary dikes, and also the cost of restoring public works and essential private property such as homes, barns and machinery, and small business enterprises, where the owner's livelihood has been threatened by the disaster.

I suggest that on the whole, this is a reasonable approach to the problem, once you accept the premise that the federal role should apply only to major disasters that are larger than the province should reasonably be expected to cope with. I note that the resolution we are debating states that it should apply to major disasters. However, it leaves it up to the provinces to decide when the assistance should come into play, and I suggest that it is not a good principle for one government's expenditures to be made on the initiative of another level of government.

In view of the fact that we do have a well elaborated policy of direct federal assistance, I find it hard to conclude that a further element of assistance should be provided by means of a tax concession. If governmental assistance to disaster victims is not adequate, then changes to the policy could be considered. But I should note that under the present approach, whereby provincial and at times federal support is available for rebuilding, the cost of sales tax on building materials is automatically covered. The same applies to losses covered by insurance.

A case can also be made for delivering assistance by means of direct expenditures rather than by tax concessions. There

are situations where tax concessions are more appropriate, where the scope of assistance can be easily defined in tax law.

In the proposal before us, however, there would be large administration problems. It calls for remission of sales tax on building materials used for reconstruction of disaster losses. Since the tax is levied at the manufacturer's level on the value of goods shipped, by the time the materials are finally sold at retail, it would be most difficult to determine what part of the final price represented the original sales tax. We cannot talk in terms of remitting the tax at the manufacturer's level, since at that stage there would be no way of knowing which of his shipments would qualify for eventual exemption.

We are not talking about a large amount of money. The sales tax on building materials is 5 per cent. At the retail level, after all the intervening costs of shipping, handling and mark-ups, this tax would represent a considerably smaller percentage of the retail price. Bearing in mind the probable cost of administering such a specialized tax remission, I seriously wonder whether it would really be worth the effort.

In other words, what I am saying, Mr. Speaker, is that tax remission is not the way to go about solving this problem. I understand the concern and I appreciate the delivery and the passion of the hon. member for Oxford (Mr. Halliday) because of his close relationship to the two tornadoes in that area. I suggest to the House, however, that if we are to give more relief at the federal level than we have in the past, we should do so directly and not in a roundabout way by tax remission. This is costly from an administrative standpoint and it is difficult for the people who receive it to appreciate that it is federal help.

I understand very well what the hon. member for Oxford said about the present program not showing sufficient federal presence. That is unfortunate, because in many of these cases federal money will be present but not perceived by the people who receive it directly or indirectly. I say to the hon. member that not only do I agree with him on that point, but I submit that there are many federal programs where the same point could be made, that notwithstanding the fact that federal moneys are present in abundance in many cases, the federal presence is not felt by those who receive its benefit.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND AND TO PROVIDE BORROWING AUTHORITY

The House resumed consideration of the motion of Mr. MacEachen (Deputy Prime Minister and Minister of Finance) that Bill C-54, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to Committee of the Whole.

Mr. Deputy Speaker: When the debate was interrupted at five o'clock, the Parliamentary Secretary to the Minister of Finance (Mr. Evans) had the floor.

Mr. Blenkarn: Mr. Speaker, I rise on a point of order. Prior to the dinner hour the parliamentary secretary was speaking of savings and so on. I asked him in an earlier point of order about what items in this bill would refer to savings. He made comments about MURB programs. I do not know whether the parliamentary secretary knows it, but there is no MURB program in this bill.

Mr. Deputy Speaker: Order, please. Is the hon. member making a point regarding relevance? If I may say so, the Chair has been very disturbed about the rule of relevance for some time during the course of debate. The Chair has done its best to call hon. members' attention to the point. In the case of the hon. member who is speaking, he prefaced his speech this evening by stating that he was giving part of the economic background to a measure concerning taxation. The Chair has had great difficulty in defining exactly what is relevant or irrelevant in the circumstances. In light of this explanation, the Chair proposes to allow a certain lenience to all hon. members, provided they talk generally about the subject.

Mr. Blenkarn: Mr. Speaker, I am suggesting that the parliamentary secretary, knowingly or unknowingly—I presume unknowingly because I suggest he has probably not read the bill—referred to the question of MURBs in the bill, but they do not exist—

Mr. Deputy Speaker: Order, please. The Parliamentary Secretary to the Minister of Finance.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, as you mentioned at the outset, I did discuss the purposes of my intervention. The major purpose was to try to establish the foundation for the current tax legislation now before the House in the form of Bill C-54. It is extremely relevant to the debate to understand why the government has decided to introduce certain measures and why it has decided not to introduce other measures which hon. members have raised in this House.

• (2010)

For example, the hon. member for Edmonton West (Mr. Lambert) raised a number of issues relating to energy which he said should be included in the bill. It is extremely important to understand the fiscal situation of the government and the reasons why the government has chosen to introduce some pieces of legislation and some tax measures and why it has chosen not to introduce others. Without that understanding, it seems to me the debate we are entered into now will be one which deals with very small, nit-picking issues. Now that hon. members understand, I hope they will take what I am about to say in a better light.

Earlier I talked about the problems of inflation, that inflation was the major problem. We must bring inflation under control for purposes of investment and productivity increases. The tax measures in Bill C-54 have a number of purposes, some of which relate directly to investment and productivity. Perhaps I was incorrect when I mentioned that the hon. member for Mississauga South (Mr. Blenkarn) misinterpreted me, but I was referring to MURBs and small business development bonds as the types of measures the government was bringing forward. This particular tax bill is a small but very important part of the over-all economic package arising out of the budget.

The Excise Tax Act and the Excise Act will come forward in due time. Previously I was talking about the uncompetitive situations and inefficiency in the Canadian economy. All of us must agree that there are industries in the economy which are having an extremely difficult time. The current Chrysler crisis is an example of what I mean. The automobile industry, and Chrysler in particular, is facing extreme difficulty competing in world markets with its product lines and in its financial situation. We must ask ourselves seriously whether industries which cannot compete in world markets should continue to be subsidized. Will we protect inefficiency or will we be forced by world competition to move away from such behaviour? We must free up capital now used for perhaps subsidizing industries which no longer compete in world markets, because the GATT treaty will force us to do it, for the purposes of building the industries and labour force of the future. I know all members are very concerned that we have the training and facilities in place to ensure that our workers are trained to do meaningful jobs and get paid worth-while salaries.

The Chrysler case points to another problem. Competitiveness will have to be the cause of the union movement as well as management. We are seeing that kind of action taking place right now with regard to Chrysler workers. Workers will have to ask themselves honestly, as have Chrysler workers—and I commend them for it—is what I am receiving fair relative to what I am producing, or does it put the firm for which I work in a position where not only can it not compete in world markets, but the possibility of failure is very serious and real? As I said earlier, this will be done voluntarily or, as in the case of the automobile industry, world competition will force it upon us.

Let me turn to my final point, the role of government policy, specifically the budget and monetary policy embodied in Bill C-54, in responding to what I have described. The government understands the problem as I have described it. Its economic policy, including Bill C-54, is the beginning of the response we will see from the government in dealing with the problem. I believe the situation is serious, and both federal and provincial governments must respond. The October 28 budget is the beginning of this response, and I think it is an appropriate beginning. But first let me briefly address monetary policy.

I, like the minister, firmly endorse the actions of the governor of the Bank of Canada. Quite honestly, I think he is acting in the only truly effective way to bring inflation under control. He is reducing the growth of the money supply or the growth of purchasing power more into line with the potential output of the system. This is key to our success in conquering stagflation, as I pointed out in my earlier remarks.

Perhaps some will not argue with the policy of restraint itself, but with the means. They will say that interest rates should be held down and that the dollar should be allowed to fall. I would respond in two ways to this. First, the dollar has fallen from 87.5 cents earlier this year to 82.5 cents; second, interest rates have been kept below those in the United States with the consequent outflow of short-term capital. The Bank of Canada followed a balanced approach which puts clear priority on fighting inflation, one which does not succumb to what I would refer to as a Keynesian fallacy. This policy will continue, as the minister stated. It certainly should continue if we are to correct the basic problem facing us, that is, inflation. For if we succumb to demands for expansionary monetary policy and expansionary fiscal policy by bringing in additional tax measures under Bill C-54, then, while we may have a short-term drop in interest rates, the fires of inflation will be rekindled and we will set off another round resulting in even higher interest rates later.

The hon. member for Broadview-Greenwood (Mr. Rae) correctly noted this tendency for inflation and interest rates to ratchet higher in each successive cycle we have watched over the last ten years. The policy he proposed of easing monetary restraints, of expanding fiscal policies and of bringing in additional expenditure programs in Bill C-54 will ensure the perpetuation of this process.

From another point of view, others will say that the Bank of Canada is not being firm enough, that it should crack down much harder. I strongly disagree. The policy of gradualism will work and with less cost to society. The current British example is what happens during a hard crunch. We believe that such a policy would create a large number of Chryslers or a large number of industrial failures in the economy which would be highly disruptive and costly to Canadians.

With regard to the budget per se and the policies which have been translated into the tax measures in Bill C-54, they make a sound beginning in attacking the malaise I have described. Again the approach has been balanced, occasioned not only by choice but by the nature of federal fiscal realities. The minister has committed himself to a reduction in the deficit and in

financial requirements. This is clear in the budget. Some will say that it is too gradual, that it should be tougher. Again it is a matter of balance. A tougher stand would require major tax increases during a recessionary period with much greater hardship on Canadians.

Those promoting the notion that great expenditure cuts are possible as an alternative to tax increases are simply fooling themselves, unless one would cut back on statutory programs to help those in greatest need, which is totally contrary to the commitment of the Prime Minister (Mr. Trudeau) to Canadian people. Indeed, that does not appear to be the case with regard to any opposition party since both call for major increases in such statutory expenditures. For example, the NDP calls for a cost of living tax credit to be included and a tax cut for low and middle-income Canadians. On the other hand, the Right Hon. Leader of the Opposition (Mr. Clark) has been even more aggressive. During the emergency debate, he called for the introduction of an energy tax credit, a shelter allowance, mortgage interest deductibility and an exemption for home heating fuels from the energy tax. With regard to the suggestions and the proposals of the right hon. gentleman, by using the figures in the December, 1979, and the October, 1980, budgets, I have calculated that these four policies would increase the deficit by $2.5 billion in 1981-82, climbing to over $5 billion in 1983-84. This is clearly inconsistent with deficit reduction and, indeed, with any notion of fiscal responsibility to which his party is supposedly committed.

The budget and this bill also set the stage for a redirection of fiscal priorities by placing heavy emphasis upon investment expenditure in the energy and economic development areas. Net expenditures in these areas will rise from $6.9 billion in 1981-82 to over $13 billion in 1983-84, making room for the new initiatives to be brought forward in the industrial and research development areas in coming months.

● (2020)

The government is also providing the foundations for an increase in productivity in Canada. A number of analyses have pointed to a number of causal factors in the decline of productivity: first, uncertainties which I have already mentioned brought on by inflation; second, the distortions in real rates of return, to which I alluded earlier, again caused by inflation; third, the lack of strong emphasis on savings and investment; fourth, legal-institutional setting which lessens the emphasis on competence and work effort; and, finally, reduced competition, paper burden, and the heavy burden of regulation.

This situation was correctly summarized in a statement by the U.S. Department of Commerce Advisory Committee on Industrial Innovation. It said:

> It is necessary to recognize that the problems that confront today's economy are primarily problems of an inadequate or structurally constrained supply of investments or savings. This situation is different from the economic environment that has been the setting for most economic policy-making since the 1930s' depression, during which the primary concern has been a macroeconomic use of tax policy to increase consumption and limit savings in the economy.

The government's commitment to combat inflation and reduce the deficit, making more room for private investment growth, is clear, and is reinforced by budget measures to promote economic development, and more such measures will be forthcoming. The Prime Minister and the Minister of Finance (Mr. MacEachen) have both called for a shift in priorities which will result in greater saving; the Minister of Consumer and Corporate Affairs (Mr. Ouellet) has committed to bring in competition legislation; initiatives have been in place for some time to reduce paper burden on business; and new initiatives resulting from the regulatory studies done by the Economic Council and the parliamentary task force will be considered in the near future.

I believe these measures do indicate a commitment by the government to address the root causes of our economic malaise. The approach is a balanced one which promises to get us back on track in Canada without creating massive dislocations and hardships in the process.

Bill C-54 is one key element in that process of getting us back on track, implementing a solid and sound economic policy, and I urge all members in this House to give their full support to the bill. Thank you.

Some hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the parliamentary secretary who has just spoken gave an excellent speech prepared in respect of the borrowing portions of this bill. Unfortunately the borrowing portions of the bill were struck out by the Chair earlier today. If we ever heard an irrelevant speech, we heard one today. I am surprised that this Parliamentary Secretary to the Minister of Finance (Mr. Evans), with these very important amendments to the Income Tax Act, would not on second reading have led us through the details of this rather complicated measure so that when we reach Committee of the Whole the parliamentary secretary—

Mr. Evans: On a point of order, Mr. Speaker. I should like to inform the hon. member that I, the Minister of Finance (Mr. MacEachen), and the Minister of State for Finance (Mr. Bussières) will certainly take him point by point through the bill during Committee of the Whole.

Mr. Deputy Speaker: Order. That is not a point of order.

Mr. Blenkarn: Thank you, sir, for interrupting the parliamentary secretary. He clearly has had a difficult time understanding this bill. He read well and he managed one question concerning the savings concept when he was talking about macroeconomics; when talking about how this bill was important in respect of MURBs. Unfortunately, he did not understand MURBs. The whole concept of MURBs was developed in 1974 by regulation 1105B of the Income Tax Act. That regulation expired on December 31, 1979. New regulations in connection with MURBs were introduced by this government. I do not have the new regulation number, but this has been done by regulation and it has absolutely nothing to do with this bill. Yet, the parliamentary secretary who is supposed to

know about these things and is supposed to be able to come to this House as Parliamentary Secretary to the Minister of Finance to help explain the minister's bill does not even know what is in the bill.

An hon. Member: He thought the borrowing part would still be there.

Mr. Blenkarn: I suppose my friend is right in that he thought the borrowing part would still be there and he had the department write his speech for him. The department wrote a wonderful speech about macroeconomics, which has absolutely nothing to do with this bill.

The parliamentary secretary mentioned the small business development clause, and I will be dealing with that in my speech in respect of the bill, but by and large what he said had nothing to do with the bill. He said we should improve savings, but all the way through the bill there are provisions where capital cost allowances are reduced and where allowances for exploration and development are reduced. In other words, the tax impact on the producing section of the country is increased. Yet the member talks about the necessity for increasing savings, and he talks about how the wonderful Liberal program is going to bring us to the new millenium. He has not read the bill and he has not even tried to read it, yet he comes to this House purporting to be the Parliamentary Secretary to the Minister of Finance, able to talk to us about the importance of this finance bill, a bill dealing with very complicated amendments to the Income Tax Act. Surely, Mr. Speaker, he ought to be chastised, if not by you, by his colleagues and by his minister.

Let me deal with one specific matter. He talked about the auto industry, he talked about Chrysler and he talked about the fact that we have to promote the sales of automobiles and so on. If he looks at the small business development portion of this bill, he will see it specifically excludes automobile and truck products from the provision of the small business development part. If anything, the bill discourages the purchase of automobiles and trucks. Yet, the parliamentary secretary talks about that as something the government is encouraging. He is the Parliamentary Secretary to the Minister of Finance—really!

Let us talk about the bill before us. First let me talk about the generalities in the bill. This bill is a cleanup statute. There was a budget presented in 1978 by the now Minister of Justice (Mr. Chrétien). There was a budget presented on December 11, 1979, which was defeated. There was a statement called the "mini-mouse budget" on April 21. What happened to it? We never even had a vote on it. There was a budget on October 28 last year. We now have this very extensive statute attempting to clean up the income tax changes made over that three-year period.

One of the most serious problems we have in this country has been created by the delay, particularly of this government, in bringing forward income tax statutes in order that the business community could know where it stood. When the Minister of Finance (Mr. MacEachen) stands up on a budget night making suggestions in common parlance in respect of changes to the Income Tax Act, people cannot rely on those changes until they actually see the statutes in cold print, yet the business community has over the past three years been invited to think of what may well be in the statute, but never knowing for sure what is in it because the statutes have never been brought forward for passage.

• (2030)

Thank goodness this government has at last brought forward this bill. At least now we know where we stand. As an illustration of the problem of not knowing where we stand, let me talk about the Small Business Development Bond for a moment. It is in this legislation. That concept was first enunciated by the hon. member for St. John's West (Mr. Crosbie). Hon. members opposite threw it out. They thought it was no good. Hon. members to my left threw it out too. They thought it was no good. All of a sudden in April the concept of the Small Business Development Bond was reintroduced by the Minister of Finance. But did he introduce for the business community the details of the bond? Not on your life.

Mr. Miller: He doesn't know what the details are.

Mr. Blenkarn: Did he do anything? In a press release he said what he would do, and when young businessmen, and businessmen generally, applied to banks and lending institutions in order to take advantage of the provisions of a Small Business Development Bond, they were told that until the banks and lending institutions saw the details of the legislation and until it was passed, they would not lend. They were told that if they wanted to borrow money in the meantime, the banks and lending institutions would give them the option to convert to the Small Business Development Bond if, as and when it turned out to be all right, but there were no guarantees with respect to interest rates at all. What has happened is that businessmen have been hornswoggled, diddled around and played with since December 11, 1979, because no government, and certainly not this one, has been prepared to introduce the details of the legislation on which the lending institutions could operate.

The same applies to the provisions in this bill whereby spouses of sole proprietors can be paid a wage. That was first introduced on December 11 but, of course, voted out by these fellows because they did not think that budget was any good.

They introduced those provisions on April 21. They thought they were good on April 21 but no good on December 11. When all of a sudden they became good, legislation still was not introduced. As a consequence, all through 1980 sole proprietors did not know whether they could pay their wives or not. Here we are in 1981 enacting an amendment to the Income Tax Act for the taxation year 1980. All through 1980 business people had no sense of where they were going. They called the Department of National Revenue, and I remember many of them calling my office and asking me what they should do. In Toronto, the department told them it was not sure whether the statute would ever be passed. The department told them to pay their wives if they wanted to, but that they

might have to pay income tax on it. It is about time governments made it a strong policy that when they introduce budgets, they forthwith file notices of ways and means. I see the President of the Treasury Board (Mr. Johnston) nodding. It is about time they introduced income tax changes forthwith because in the business community, certainty is more important than almost anything.

When there are tax changes in budgetary provisions which are not included in specific amendments to the Income Tax Act, advisers to business people and to ordinary citizens in general cannot tell whether a thing is proper or improper. All they can go by is the general wordings of ways and means motions, which certainly are not in technical language, and they cannot give with certainty any advice to their clients.

Let me deal with the clauses in this bill. I propose to go through them from the beginning right through. The first clause with which I want to deal is clause 3(3) at page 3 which deals with volunteer firemen. A number of proposals were made, beginning in the spring of 1979 with respect to volunteer firemen. Throughout our country a great number of people work for volunteer fire departments. They feel that volunteer firemen should be able to deduct from their ordinary earned income up to $1,000 for costs associated with being volunteer firemen. Generally speaking, volunteer firemen are expected to pay for their clothes and those things which are at peril in fighting fires. If anything, what is in this bill is an insult to the volunteer field. The suggested allowance is up to $500.

That is not a tax credit of $500, but an allowance against earned income. Unless the volunteer fireman is in a tax bracket very close to 60 per cent, all he will get is a small percentage of $500. Let us assume, for example, that a volunteer fireman has an average rate of tax of about 20 per cent. That would mean he would be earning something in excess of $21,000 a year. At an average rate of tax, he will save $100, but out of his own tax paid earnings he has to pay the cost of another suit if his suit is ruined in a fire, the cost of boots or the cost of whatever is required. The allowance in this clause for volunteer firemen is insignificant, improper, unbelievably small and is a suggestion by the Minister of Finance that he does not appreciate volunteer firemen at all. I am not speaking in my own interests or in the interests of the city of Mississauga. When I first started practising law in the village of Port Credit, there was a volunteer fire department. I suppose its members were allowed $300 way back when a dollar was a dollar was a dollar.

Mr. Deans: When was that?

Mr. Blenkarn: Now, after a 120 per cent devaluation of the dollar in the last 10 or 11 years, they are allowed to deduct $500 from their taxable income.

Mr. Jarvis: That is shameful, you Grits.

Mr. Blenkarn: That is shameful. Hon. members opposite do not believe in the volunteer sector. They really do not want to do anything to help volunteer firemen, who are prepared to give their time, their effort and, indeed, their lives to their fellow man, to cover their costs. The amount of $500 ought to be doubled. That would not cost the treasury much money. If the treasury, the minister and this government had any feeling for the cause of volunteers, who are prepared to risk their lives, they should at least double the amount. The $500 suggested in this clause is an insult to volunteer firemen in every small municipality, township and hamlet in this country.

Let us move to clause 4, which is at page 5, for the benefit of hon. members who happen to have their bills here. All of a sudden there is a suggestion that those who are in receipt of income from offices or employment are entitled to deduct the cost of interest associated with purchasing their airplanes if they are required for their employment.

Let us look at this clause very carefully because if a salesman can show that his automobile is used in his business, then the cost of interest associated with its purchase may be deductible to the extent that the automobile is used, but with respect to an airplane, all one need do is have his employer require him to have an airplane. He does not have to use it. He does not have to fly it anywhere. If his employer requires him to have an airplane, he is entitled to have the cost of interest associated with its purchase deducted from his income.

• (2040)

Is that not wonderful! Today I was expecting the parliamentary secretary to have explained why only those with airplanes are given this allowance, but not those with cars who have to use them. Is that not interesting! There is no provision for renting an airplane, you cannot deduct it. There is no provision for renting a car, you cannot deduct it. But if you have an airplane and you are required to have one, you can get away with an allowance. When this comes to Committee of the Whole, I think the minister's parliamentary secretary had better be able to answer some very serious questions on that.

I will now refer to page 9 of the bill where the number of grants is dealt with. Throughout the Income Tax Act and throughout the regulations, we have provisions for grants for insulation and energy conservation. I do not want to get into the whole question of urea formaldehyde on this point and the way the government has bungled that issue—that is a matter for another day—but apparently these grants are to be taxable. Probably that is proper. Perhaps the government could tell us where the grants to businesses are going. Has the government a grant program for businesses, for corporations, or is the grant merely for homes? Because the grant clause in the bill seems to refer to property used principally for the purpose of using income. I did not know that the minister had decided all of a sudden to establish a grant program for property for the purpose of income. We would like to know about that new grant because, presumably, all of a sudden we have one coming in.

I will now move on to the next matter which concerns me, that is in connection with interest income. At the bottom of page 9, subclause 3 of clause 12, which continues on to page 10, contains a provision which states that interest income

accruing to a business can no longer be treated on a cash basis, but must be treated on an accrual basis. Presumably there is some benefit to a revenue when it is treated on an accrual basis rather than a cash basis. But my friend, the parliamentary secretary, was talking about the advantages of business, helping business, and so on. I want to point out to him that what he is saying is that business must accrue interest and pay tax on interest, whether or not it is collected, instead of, as at present, using interest income of a business on the basis of a cash declaration. A great number of businesses wind up entering into financial transactions where the interest on the loan or on the advance or sale of equipment is not payable for two or sometimes three years from the time the original transaction took place. The effect of this clause is to make those businesses pay income tax in the current business year, even though there is no possibility of receipt of income on a cash basis during that year, the next year or even the year after that. The effect is to improve the flow of revenue to the government, but it seriously impairs the ability of a business to pay.

In effect, the receipt of income, or income that you have not received but you are due to receive, is subject to cash on an accrual basis. This is a change in the rules. This change in the rules is a serious problem for many businesses, and we will want to hear in the Committee of the Whole stage the extent to which this change is necessary because it will seriously harm a number of businesses, particularly businesses involving the sale of real estate.

On pages 17, 18 and 19 of the bill, there is a clause dealing with Small Business Development Bonds. Those are the clauses to which I referred earlier which enable a small business to treat its advances from a lending institution in a fashion which is very much like a term preferred or an income bond which was previously allowed. The effect is that the small business pays the interest from its tax paid surplus and the recipient of the interest receives the money in the form of a dividend.

Since the small business tax rate is approximately 20 per cent to 25 per cent, depending on whether the small business is a manufacturing business or a general small business in another field, it is paying a tax rate which is significantly less than normally paid by the lending institution. Consequently, the lending institution can reduce the rate of interest it charges on loans to the small business by approximately 25 per cent. In other words, sir, under the provision on Small Business Development Bonds, conceivably a small business could borrow on today's market for somewhere around 12 per cent or 12.5 per cent on a term loan, whereas it would probably have to pay 17 per cent to 19.5 per cent on a term loan on straight interest. The effect is that the small business has a break.

The problem is that this provision in the bill, under which nobody will lend until the act is passed, expires on April 1, 1981. So, in effect, this is a gift for nothing because it will expire almost by the time the act is passed. Therefore, small business will not have much advantage. Secondly, the terms of the Small Business Development Bond are far more restrictive than those that were contained in the budget of my colleague, the hon. member for St. John's West. The money raised on this particular security must be raised to buy new productive equipment. Even the terms of the productive equipment are narrowed down.

As I mentioned earlier, you cannot include such things as automobiles or trucks. What you can invest money in is restricted. The problem with most small businesses is that they need money from banks and lenders to carry their inventory, their accounts receivable and their work in progress. But loans for that purpose are not allowed under a Small Business Development Bond. So, first, the act is narrow because it prevents the use of a Small Business Development Bond for normal commercial purposes, and secondly, the fool thing expires on April 1, 1981. Nobody has been able to borrow on it yet, and will not be able to until this act is passed, gone through the Senate and the rest of it. If he is lucky, a businessman may have two months to negotiate a deal. What foolishness!

● (2050)

Mr. Blais: It's retroactive.

Mr. Blenkarn: The minister says it is retroactive. Yes, sure it is retroactive, but nobody would lend on it, simply because they did not know the terms under which to make the loan. Does the minister know of anyone who has received one? He is the Minister of Supply and Services and is supposed to know these things. I do not know of anyone who has received one. I do not know of an institution which has made one yet.

Mr. Evans: Roynat.

Mr. Blenkarn: The parliamentary secretary says Roynat has made them—yes, option deals, not real deals.

Mr. Blais: Most of the banks have lent all their money under the program.

Mr. Blenkarn: Let us leave this question of the Small Business Development Bonds. There are a great many things in this statute which must be looked at very closely.

Mr. Blais: There are only two banks which have any money left.

Mr. Blenkarn: I do not know anyone who has made one and I suggest that the minister does not have any client or constituent who has made one. The minister believes his own press clippings—or his own press release, since he does not get any press clippings.

I would like to deal with a matter which appears on page 28 of the bill, the question of the 3 per cent inventory allowance allowed to companies in the business field. This inventory allowance was first invented as an allowance to help business fight the problem of inflation. It allows business to receive a tax credit or a tax allowance against their taxable income, a 3 per cent inventory allowance. In a sense, that looks after the problem of the inflationary effect of inventory re-evaluation. This particular section clears up some of the abuses with respect to the inventory allowance.

My point is this: the inventory allowance is not large enough. When this section was put in place, we were talking of inflation in the range of 5, 6 or 7 per cent. We are now talking of inflation, authorized and promoted by this government, in the range of 12, 13 and possibly 14 per cent. So, that inventory allowance should be increased. I say this in terms of the problem with respect to inflation to which the parliamentary secretary referred in his long remarks—perhaps irrelevant to this bill.

What the parliamentary secretary should be doing is proposing amendments to the inventory allowance which would increase it to 5 or 6 per cent to allow business, particularly manufacturing business, to have a better break against their inventory problems, which are created by inflation. As prices go up, the cost of replacing inventory becomes greater. Therefore, a tax allowance on inventory appropriate to shelter the inventory costs to some extent should be established. That inventory allowance is much more valuable to corporations paying 40 to 50 per cent in taxes. It is not as valuable to small business which only pays 20 or 25 per cent in taxes, but it is valuable. The inventory allowance should be larger in order to compensate for the inflationary effects on inventory.

On page 33, the bill deals with the question of cash accounting. At the present time, the only people entitled to be on a cash basis in business are farmers. The bill includes fishermen, to enable them to be on a cash basis as well as farmers. I have no quarrel with that. What really bothers me is why this government, which professes to be so interested in the benefits to small business, should not include them on that basis as well.

One of the great problems a businessman faces is when he suddenly arrives at year-end after having just made a sale. He must pay tax on that sale although he has not yet been paid for it. So he has a receivable. Big deal! He has a bank overdraft too. Big deal! He has the tax man screaming at him for money. Now, why are we not decent to this small businessman? Why select farmers and fishermen and not look after small businessmen in the same way? Is it because the small business community does not have the clout the fishermen or the farmers have?

I suggest this government had better smarten up and look after the interests of small business people. They do have clout and they will exercise it, particularly when they look at this bill and the horrors of accounting they face with respect to the wads of incomprehensible matter contained in it. It is about time the government seriously considered allowing those people who make up the small unincorporated businesses, whether they be fishermen, farmers or storekeepers, to conduct their business on a cash basis and to pay tax on cash receipts. I submit the difference in income to the government would not be that great. The cost of accounting on an accrual basis is an enormous penalty and it discourages people from going into business. It discourages people on every front. It imposes on them an obligation to pay tax before they receive the money. The elementary justice in taxation is you should not be taxed until you receive the pay. Surely small business ought to be treated as equitably as the act proposes to treat farmers and fishermen.

I refer now to page 40, which is an amendment to subsection 44 of the act. It deals with the question of replacement property. This section and other sections thereafter deal with the whole question of capital gains. I am sorry the President of the Treasury Board has left the chamber. He wrote a book called "Fiscalamity". Its subject matter was capital gains. In it he indicated how disastrous capital gains were to the economy of this country. It is clear in analysing this statute that the government has been weaving its way around the problem of capital gains. The truth of the matter is, despite the government's white paper cooked up by some person in the Department of Finance who does not know his up from his down, capital gains are a real problem. They are largely a problem because of the incidence of inflation. Most of the capital gains earned in this country today are not capital gains, they are inflationary gains.

At 10 per cent inflation, the value of your money is less than half in seven years and less than one eighth in 20 years. Most of the gains which are attacked under the capital gains provision of this income tax bill are really inflationary gains. People have not earned anything. In fact, they have more pieces of paper for what they put up. But they have not earned a thing, nor received a thing. These are inflationary gains. So, a number of these sections attempt to deal with these inflationary gains.

• (2100)

These sections are gobbledygook. What we should have is an inquiry before the Standing Committee on Finance, Trade and Economic Affairs into the white paper concerning capital gains. The entire Income Tax Act with respect to capital gains ought to be rewritten. If there must be a capital gains tax at all, it must be indexed. I suggest that earning capital gains in Canada's economy with inflation is the same as the chance of winning a lottery. In other words, the chances of such gains are very small, and ultimately are not really capital gains.

If an organization is designed to make a capital gain, then surely that is income in the nature of trade. It is very unlikely in our society that one can make a real capital gain. The revenues which the government is presently collecting from capital gains tax, roughly $1 billion a year, is really an inflation tax. It is an improper, expropriatory, unjust tax. The hon. member for Broadview-Greenwood (Mr. Rae), who spoke on Friday while I was not present in the House, mentioned that Canada did not properly collect death or inheritance taxes. He is right, but it is for the wrong reasons.

We do collect death and inheritance taxes when we have deemed realization on death. Unfortunately, we only collect it from some people. If one has a deemed realization on a huge gain on a single family home and occupies that house, then he pays no tax. But if one has money in a farm which was not passed on to an offspring, then God help him, and that phrase indicates the hopelessness of the situation. The farmer is destroyed because he is wiped out simply because such a sale

immediately puts him in a 60 per cent tax range. If we take 60 per cent of 50 per cent of the gain, and the gain is all inflation, it means the farmer does not have anything like the purchasing power he thought he had to pass on to his family. The family may have to sell the place in order to pay the tax.

We must have an inquiry into capital gains tax and deemed realization of death. Perhaps we should exchange the capital gains tax for some type of estate tax, death tax or whatever one would like to call it. Certainly we could tax that type of transfer, but we should tax it equitably, unlike the present system which taxes persons who make taxable gains. But if a person does not make a taxable gain, but makes a gain, then that person is scot-free. It is unfair, inequitable and damaging to the economy of Canada.

Section 56 and a number of sections following deal with the support of children. I recently handled a most serious case in my constituency office which concerned a chap who had been ordered by the court to support his children from an arrangement in which he was not married. The chap found he could not deduct that support from his income. As I understand these particular sections, this will now be the case, and I think that is an equitable situation.

In the minute I have left, let me wind up by saying that, even though I have not finished with the statute, by and large, a number of these changes are proper. They should be proceeded with as quickly as possible. The Income Tax Act itself, however, should be reviewed by Parliament, it has now been ten years since the Carter commission and it is high time that we rewrite this statute to make it more readable, simpler and easier for people in general.

Mr. John Gamble (York North): Mr. Speaker, I am delighted to have an opportunity to engage in this debate which deals with Bill C-54, a bill designed to amend the provisions of the Income Tax Act. I sat in this House and listened to the comments of the Minister of National Health and Welfare (Miss Bégin) who, in making the majority of her remarks, directed them to the implications of subsections 3, 4 and 5 of section 74 of the act as it presently stands. There is no doubt that, justifiably, this government has taken upon itself the necessary steps to remedy one of the substantial, well-known inequities which appear in the provisions of our current tax legislation.

Subsection (3) of section 74, prior to the passage of this legislation with which we are concerned, permitted the taxation of income which was effectively in the hands of one spouse and which would otherwise have been paid and was indeed paid to another spouse in a proprietorship. Subsection (4) had the effect of allocating to a spouse who was a partner that portion of salary that was paid by a partnership to a spouse of one of the partners, while subsection (5) had the effect of permitting the minister, at his discretion, to allocate to either one of two partners the entire income of a partnership. Knowing the avaricious appetite of the Minister of National Revenue (Mr. Rompkey), there is no doubt as to where he directed "in his discretion", to use the words in the act, that income. That income was directed to the taxpayer partner who had the greatest other than partnership income.

I listened with considerable interest to the remarks made by the Minister of National Health and Welfare when she commented on the purpose of the bill, which was to effect simple justice. She made reference to the fact that it was extremely difficult for tax laws to be changed in other than a prolonged period of time. She mentioned the term of ten years as being reasonable for one to expect an abusive provision of this statute to be removed. Accordingly, it will come as a great surprise to the minister to learn that these sections in their basic present form, appeared in the Income War Tax Act which was introduced in this House in September, 1917.

What we are confronted with is a situation where it has taken a full ten years longer to deal with this simple justice than it has taken for all the constitutional negotiations between the federal government and the provinces, which the Prime Minister (Mr. Trudeau) is inclined to speak of as being unreasonable for the purpose of the resolution of a problem of this nature. This problem, fortunately, is about to be resolved. It has taken a long time, but the government, in all fairness, should be commended for taking this position and for seeing the wisdom of a similar provision which appeared in the budget of the hon. member for St. John's West (Mr. Crosbie) in December, 1979.

The minister to whom I earlier referred spoke of an endeavour by the government through this bill to adapt to the wishes of the people as opposed to the reverse, where the people, presumably, are to adapt to the wishes of the government.

• (2110)

As I indicated, she also spoke of more simple justice. With respect to this bill and with the exception of the sections to which I have just referred and with the exception of the relief granted to volunteer firemen, that statement is utter nonsense.

From the beginning of 1972 when the present Income Tax Act in its existing form, subject to amendments, was passed, the public generally believed that once the amended act took form, there would be the elimination of anomalies, inconsistencies and injustices that had prevailed in the past. Instead of creating something that could be understood by the taxpayers of Canada we have created a labyrinth, a quagmire through which only the most audacious may venture.

There is a principle in law which holds that the citizen is presumed to know the law, and ignorance thereof is no excuse for any offence committed. We all know that this principle is reduced to absurdity when dealing with the provisions of the Income Tax Act.

The act to be amended by Bill C-54 is rendered no clearer, no more uneasily understood than it was before. As a matter of fact, this bill perpetuates the inconsistencies, difficulties and complexities that have existed in the past and adds to them. In a moment I shall deal with some of those specific provisions.

Let me now turn, as an illustration of something that is overly complex, to the provisions related to the inclusion in income of a portion of contributions to an employee benefit plan. These provisions appear on page 4 of the bill and would constitute an addition by way of amendment to section 6 of the act as it stands.

What we are confronted with, if I may interpret and leave out some of the verbiage, is a situation where an amount included in income being that portion of an amount so received that does not exceed another amount, if any, by which the lesser of an amount exceeds the aggregate of an amount and that portion of one amount is the aggregate of other amounts, all of which are in excess of different amounts.

An hon. Member: Would you repeat that?

Mr. Gamble: Mr. Speaker, that leaves something to be desired from the standpoint of simple clarity. It is not a joking matter, as my learned friend across the House seems to think. Not only is there a presumption of law that the citizen understands and knows the law, but there is a penalty for failing to comply with the law.

What is the requirement of section 6 of the act amended by the addition of this monstrous and complicated provision which appears on page 4 of Bill C-54? In this case I refer to section 239 of the act, which has not been amended, but which nevertheless will be of substantial significance for those who think the matter is something to joke and laugh about. Section 239(1) of this act provides very simply and succinctly for anyone failing by way of evasion to include any amount in the computation of income—I can envisage a situation here where someone in desperation, seeing this revised provision in section 6, will throw the revision aside and simply neglect, because the words are so unclear and complex, to include the required amount in the computation of his income. That being the case, then according to section 239(1) of the act, he is subject to the following penalties:

(f) a fine of not less than 25 per cent and not more than double the amount of the tax that was sought to be evaded, or

(g) both the fine described in paragraph (f) and imprisonment for a term not exceeding 2 years.

In grave circumstances he may be prosecuted by indictment and upon conviction may be incarcerated for a period of not more than five years!

We are providing here for the calculation of income. We have an obligation, I submit, to provide a way in which people can understand what is to be included as income.

I recognize that there are a number of guides published on how one is to interpret this act and, presumably, how one is to interpret this bill. Those guides take the form of information circulars and bulletins issued by Revenue Canada. To the assessors of Revenue Canada, these publications have the force and effect of law, despite the fact that they do not, and the assessors can be persuaded to abandon their determination that the printed word is gospel, only with the dynamite of a decision of the Supreme Court of Canada.

How have we come to the stage of enacting legislation of this complexity without regard to the general dictium to explain the requirements to the people of Canada.

It happens that immediately prior to this great tax revision that took place before the Income Tax Act of 1972 came into effect, the way they could best accomplish their needs—meaning the needs of the Department of Finance and Revenue Canada—was to make a determination of what they desired to achieve on a computer and through the use of algebraic formulae. The formulae and computer print-outs were then to be reduced to words by legislative draftsmen.

That is how we obtained this enigmatic piece of legislation known as the Income Tax Act, and that is how we come to have Bill C-54 before us.

It is not surprising, given the nature of the complexity of the bill, that government speakers have generally rejected the opportunity to deal with the substance of it. It is complex and it is difficult. It is our obligation, I submit, to prepare laws which we understand in the hope and expectation that the people against whom these laws are to be applied, will similarly understand them. That course has not been adopted by successive governments in dealing with tax legislation, since 1971.

I should like to deal specifically now with a problem that I have encountered in an examination of some of the provisions of the bill. We are aware that the ways and means motion, in paragraph 3, was to provide that certain Canadian taxpayers normally resident in Canada, who were absent from this country on their employers' business for a period of not less than six months, should be entitled to exclude from the computation of their income certain fixed amounts referred to in that resolution. Some of the operative words are as follows:

. . . an individual employed by a person resident in Canada or by a partnership or corporation in which such a person has a substantial interest—

Section 3 then goes on to deal with some of the specifics, but the words to which I wish to draw your attention are as follows, and I repeat:

. . . an individual employed by a person resident in Canada or by a partnership or corporation in which such a person—

That being a person resident in Canada.

—has a substantial interest.

● (2120)

In its customary fashion the Department of Finance and the draftsmen of this legislation have concocted a new definition. They refer to the person to which reference is made in the ways and means motion as being a "specified employer". The specified employer is defined, including a person resident in Canada as:

—a partnership in respect of which the aggregate fair market value of the interests in the partnership, each of which is owned by a member resident in Canada—

That extends so substantially the intent that is set forth in the ways and means motion that it completely changes the purpose and the intent as it appears in the motion itself. I

know the answer of the government. These ways and means motions are not the law, they are not intended to cover all the specific requirements. But one would have thought, having regard to the way in which the motion laid out rather explicitly and in detail those requirements to be met before income might be excluded that, broad as they were, but nevertheless specific as they were, we would find contained therein all the essential elements to be dealt with when the bill was introduced. But instead of that we have a new element.

Prior to the introduction of this bill, it was assumed that the individual might be employed by a partnership in which a Canadian resident had a substantial interest. We now find that this individual taxpayer must be employed by a partnership, all of the partners of which, based not upon their partnership interest, but upon the aggregate fair market value of the interest in the partnership, are Canadians. If anything, this unduly creates complexities to deal with the issue before the House, which are completely unnecessary.

Why does the Department of Finance believe that it is essential if a taxpayer is absent from Canada, thereby not requiring him to include an amount in the computation of his income, that he must be an employee of a partnership of which all of the partners, on the basis of the fair market value of their interest, are residents of Canada. What possible difference could it make if one or two of them happen to be resident outside of Canada? What possible difference could it make in the majority of these cases when the taxpayer involved, being an employee in any event, would give up his residence in Canada in order to assure himself that he was in fact not taxable under our legislation?

One of the most fundamental differences, both illustrative of undue complexity and change from the time of the original motion by way of ways and means, changing not only the intent but the effect of the hoped-for legislation, is to be found when we deal with the issue of the Small Business Development Bonds. We are not concerned here with an individual who may or may not find himself, as in the case I illustrated earlier on, taxable in Canada because he left the country to take up employment elsewhere. We are dealing with a provision which was promised small business in Canada in April, 1980, and again promised small business corporations in Canada in October, 1980.

The Minister of Finance (Mr. MacEachen) has in this House exhibited some exasperation with the questions asked of him as to the date of implementation of the provisions of the Income Tax Act as they related to the benefits of acquiring Small Business Development Bonds, saying that the business community, issuing corporations and lending institutions knew this was going to happen and the government would see that it did. Why then need we concern ourselves that the legislation may be just a little bit slow? I will tell you why, Mr. Speaker. Because the intent as described in the ways and means motion has been changed dramatically in the bill before this House. One of the requirements to be found in paragraph (c) of section 9 of that motion was that the issuer was "in financial difficulty."

The issue of financial difficulty is a question of fact to be determined, I submit, on the circumstances in the presentation of some kind of requirement for money for a legitimate business purpose, and the lack thereof. How does this bill deal with the issue of financial difficulty. It is to be found at page 20. One of the requirements for these bonds is that the obligation, being the bond, is issued by the corporation:

(A) as part of a proposal to, or an arrangement with, its creditors that has been approved by a court under the Bankruptcy Act,

(B) at a time when all or substantially all of its assets are under the control of a receiver, receiver-manager, sequestrator or trustee in bankruptcy, or

(C) at a time when, by reason of financial difficulty, the corporation is in default, or could reasonably be expected to default, on a debt held by a person with whom the corporation was dealing at arm's length—

This suggests that a bank under any circumstances, whether it be by small business development bond or otherwise, would lend money to a corporation which had made a proposal under the Bankruptcy Act. This is utter nonsense. The suggestion is in order to be of any value that a Small Business Development Bond might be issued by a corporation to the bank when that corporation is in receivership. That is absolute nonsense. The suggestion is also that that occurrence might take place at a time when the corporation was in default under a debt due to a person with whom the corporation did not deal at arm's length.

That in itself would constitute in some cases an act of bankruptcy under our Bankruptcy Act. What lending institution, other than one which was in the business of sustaining business losses, would become involved in a small business development bond project of the kind contemplated by this bill. The answer is none but those who had taken leave of their senses.

What then is the purpose of the legislation? Why is it here? If you examine paragraph (c) of subparagraph (iv) to which I made reference, one of the requirements started out with the words "at a time when, by reason of financial difficulty". It was on the basis of those words that bonds, if any have been issued, were issued. Those were the words upon which the lending institution might have relied.

• (2130)

The hon. member for Mississauga South (Mr. Blenkarn) made the comment that to the best of his knowledge it is unlikely any bond in fact has been issued which will qualify for these provisions. If indeed this is the case, such a circumstance demonstrates the prudence not only of the knowledgeable taxpayer, who expected an arrangement which was beneficial to him, to take advantage of low interest payments so that he could in fact carry on his business, but also the wisdom of lending institutions which were not prepared to be entrapped by legislation promised by the government in the past but never delivered. Such, of course, is the case confronting us today.

This matter is of some substantial significance. The government promised bona fide, legitimate Small Business Development Bonds in April, 1980. It promised the same type of bond again on October 28, 1980. Yet, it has delivered nothing which could ever meet the requirements of the borrower and the

lender. This has been nothing but a sham and a subterfuge to deceive the business community of Canada.

This piece of legislation requires substantial change in committee if the integrity of the government is to be supported under any circumstances. But, the shocking thing is that the words illustrate the general concept which runs through tax legislation in Canada, that taxpayers will invariably design their plans to cheat Revenue Canada. Accordingly, phrases such as "at the time by reason of financial difficulty" and "with whom the corporation was dealing at arm's length" are included. Revenue Canada believes whatever plans businessmen make are designed to reduce the tax which might otherwise be paid.

At a meeting of the Standing Committee on Public Accounts about one month ago, the president of Eldorado Nuclear confessed that one of the reasons he preferred outside auditors to attend to the needs of the corporation was that they would provide the corporation with good tax advice. As a result of legislation of the kind presently before the House and legislation of the kind it is designed to amend, we have created an entire army of people who do nothing but interpret, advise and consult. Billions of dollars of a non-productive nature are spent which do not produce a ten-cent growth in our real GNP because of legislation of the kind confronting us tonight.

They are hell bent on continuing the program, adding confusion to an enigma, to a mystery, for most people in the country. I have dealt with the penalties which flow from failure to understand and failure to apply these complex provisions.

In the time remaining, I should like to deal with but a couple of matters which I consider to be, in the words of the Minister of National Health and Welfare, in the nature of promoting simple justice in our tax legislation. I refer to two sections of the Income Tax Act as they stand currently. One of them is section 152(4) which provides that the Minister of National Revenue may at any time in the event that there is neglect, carelessness or wilful default, or in the event that a taxpayer has committed any fraud, reassess a taxpayer. The Minister of National Revenue, in the event that such an assessment is issued, is under an obligation imposed upon him by statute. In section 165(3) of the Income Tax Act, upon receipt of the appeal process against that assessment, which happens to be the filing of a notice of objection, the minister shall with all due dispatch reconsider the assessment and vacate, confirm or vary the assessment or assessments. This action is to be undertaken following the filing of the objection, and the taxpayer against whom an assessment of this nature has been levied has 90 days from the date of the mailing of the notice of assessment to take the formal step of filing, by registered mail, the required objection.

It has always puzzled me how it is that the minister imposes the assessment, presumably knowing the facts upon which the assessment is based, and the taxpayer is given 90 days within which to either file an objection or lose all of his rights, subject to some restricted limitations. He basically loses all of his rights to further deal with that matter, and the minister upon receiving the notice of objection shall "with all due dispatch" reconsider and attend to those required acts referred to therein.

One may ask what is the significance of that or why do we care? The fact of the matter is that having instituted the process, the taxpayer can do nothing until the minister moves and does what he is obliged to do under statute. If the Minister of National Health and Welfare has an eye for simple justice, she should refer to this section to place upon the Minister of National Revenue the same obligation which rests upon the shoulders of taxpayers, particularly when the minister presumably knew what he was doing at the time it was done. Why would it even take him 90 days to make up his mind, to confirm the assessment? Instead of that, he has 180 days, although it is not mentioned in the section to which I referred, before the taxpayer can take any step to appeal to a court or the tax review board for justice.

What may happen within that six-month period? Under the provisions of this act the Minister of National Revenue can in one day obtain an assessment against the taxpayer. On the same day, the minister can obtain a certificate of judgment from the Federal Court of Canada and on that day obtain a writ of execution out of the federal court, delivered and executed by any sheriff throughout Canada. Within ten days the sheriff can sell all the property seized from the taxpayer. There is absolutely nothing a Canadian taxpayer can do to stop the process. Of course the answer from Revenue Canada is: "Sue us, sue the Crown"; taxpayers are entitled to sue the Crown. But I ask, with what does the taxpayer retain counsel? The taxpayer has been stripped of every nickel and dime he possesses under the process I have described. The circumstances I describe are not wild figments of my imagination. There are cases where this has occurred in our country.

It is reprehensible that an obligation is not placed upon the Minister of National Revenue to do what should be done with all due dispatch. If need be, a time limitation should be imposed upon him so that the taxpayer can come before a court of competent jurisdiction, or a tribunal, such as the tax review board, for the purposes of determining whether the minister was right in all he has done, because everything he does under the guise of an assessment is properly done; he is not subjected to penalty.

● (2140)

These are significant matters in determining simple justice. I fail to find any reference to any remedial action in Bill C-54. I fail to find any effort made by the Department of Finance to rectify what has been an injustice in the taxing legislation of this country. It is well recognized by the courts in Canada that there is no equity in taxation. That is an accepted principle in law. But, we should not have our act abound with inequity, which is the position in which we currently find ourselves.

What is the motivating force behind assessors of Revenue Canada in issuing assessments of a kind that are unjustifiable? I had occasion before I entered the private practice of law to practise with what was then the Department of National Revenue. Assessors in the department receive their promotions

on the basis of the assessments that are levied. There is no corresponding reflection on their records when those assessments are reversed. There is a personal inclination and motivation to pursue the type of reprehensible conduct to which I made reference. It is to this kind of inequity I submit to you that this House and this government should direct its attention. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Ian Deans (Hamilton Mountain): Thank you, Mr. Speaker. I will be fairly brief in dealing with some matters I feel are related to the bill before us. I want to speak about the principles contained within the act, the principles of taxation and the way in which taxes, once having been collected, are redistributed in our society.

I cannot recall an occasion when I have walked on the streets of Hamilton when someone has not come to me and said he was vitally concerned about both the level of taxation at the personal income tax level and, more importantly, about the way the government goes about spending the money it raises. Everyone has his own hobbyhorse, of course; everyone has his own area in which he feels the government is perhaps misdirecting his funds. People are expressing a frustration every day about the apparent desire of the government to continue to not only raise money, which I think we all understand is necessary, but over how the government determines its priorities in the expenditure of many of the dollars which are so difficult to come by for private individuals.

I was looking at a chart the other day which shows a dramatic turnaround in the balance of the total tax burden carried by the personal income tax sector over and against the corporate tax sector. Although the figures themselves may not be as meaningful, indeed, when you look at them in detail, as they are when you look at them baldly, they are still rather startling.

In 1980 the percentage of total government revenue raised from personal income tax will be 37 per cent while the percentage raised from the corporate tax will be 10.3 per cent. When you look at that over and against the situation which prevailed in 1950, you find that in 1950 the percentage of expenditures raised from personal income tax was 20 per cent while the percentage raised from corporate tax was 22.5 per cent. You have to ask yourself what has happened in society because we have moved the burden of taxation so dramatically from the corporate sector to the private taxpayer. We must ask what has happened in society that has required us to place such an onerous burden, particularly on the low and middle-income taxpayers, taking out of their income such a substantial amount of money at a time when that money might will be better used to purchase goods and services within the community and thereby creating an expanded economy that would enable the corporate sector, if I might say it, to pay a larger share of the over-all tax burden than it is presently paying, because it would be receiving considerably more of the expenditure moneys of the total population.

One cannot help wonder, and I wonder along with many of the people I represent, about the expenditures of government. People have reluctantly become accustomed to carrying the burden of inadequate government management. They have expressed, and I think quite rightly so, that the government does not do a very good job of managing. I think this is primarily because the governments which have been in power have had very natural tendencies to be reluctant to be managers of the economy. Governments do not see themselves in that role. They do not see that they have a responsibility to manage the economy, not only the tax area of the economy I am speaking of now, but the economy in general, and to have a say in the direction the economy will go and to have some influence on the final decisions which are made that so much affect the day to day lives of the people.

People are becoming increasingly aware that they are also having to carry the burden of inadequate corporate management through the tax structure. We have to look very seriously at that problem. It is bad enough that the average taxpayer, the low and middle-income taxpayer, the people who work in plants and can hardly make ends meet, should have to carry the burden daily of the government's stupidity, but that they should also now in this new evolving society have to carry the burden of inadequate corporate decisions through their tax structure is unconscionable. That is what we are seeing happening. On a day to day basis we see the corporate sector awakening to the new idea that it can come to government any time things go wrong and the government, under pressure, will have to hand out more and more tax dollars, primarily because of the inadequacy of the management of the corporations involved. Corporations have found a new method of funding their failures. It is not only becoming more common for small businesses to cry, and I think quite rightly so, that they are mistreated and having difficulty making it in the marketplace because of a very severely restricted economy, but the giants of the industrial sector are lining up one behind the other, unashamedly reaching into the public trough in order to finance their inadequate management decisions which have resulted in failures.

• (2150)

It is very difficult for me to rationalize with the people I represent that they should be burdened on a day to day business with giving handouts to the corporate giants of this world without their having some say in the decisions being made with respect to the futures of those corporate giants. That is the nub of the problem.

When I read the Income Tax Act and look at the suggestions being made, all I can see is a perpetuation of an existing inadequate and unfair system. I cannot express adequately how much I feel the injustice of what is happening in this society. It appears to me that bad management is to be rewarded and that people on the side of good management with foresight, good reinvestment policy and adequate labour relations policy seem to be asked to carry more and more of the burden, along with the average taxpayers of this country. The Chryslers come knocking on the door. The Massey-Fergu-

sons come knocking on the door. There are so many of them it becomes impossible because, as we begin to look at them, we find companies which for years decried the management of government. They told government to stay out of their business. They said that government knew nothing about management and that they, the Chryslers, the Masseys and the others, were the people who knew how to operate in the marketplace.

Yet if we stop and look, we find that they knew nothing about how to operate in the marketplace. They did not know how to manage the businesses they were managing, and they are not alone. The problem with which we are faced is that we have to raise more and more money, not only to subsidize failures but also in order to maintain communities and families which are devastated by the stupidity of the corporations of which I speak. This is a cause for great concern, and I wish more people in this House would give some consideration to what really is happening in this society.

On the one hand, Chrysler is attempting to gain favour with the government in order to try to put back on the tracks a company which has been run into the ground. If we say no, we doom a great number of employees to very serious hardship. If we say yes, then we invite others in the field to line up at the door of the treasury building in order that they too can gain access to the same public funding, and in order that they too can have their bad management decisions funded at public expense. I think this is a cause for alarm. It is a fairly new phenomenon. Ten years ago one rarely, if ever, heard of major corporations knocking at the door of the government for handouts.

That has become a normal practice today, and what concerns me is that we are dealing with this in such a piecemeal fashion that the bottom line of the bill we will have to pay will in the final analysis far exceed the number of tax dollars we will be able to pull in through corporate tax. Eventually we will end up paying out more than we will be able to get back.

We must get a clear picture of what is really going on in this society. Why is it that in private lending institutions there is not an apparent desire to take some risks? It is their business to take some risks in the refinancing, redevelopment and reindustrialization which inevitably must take place in order to relieve taxpayers all across this country who, frankly, cannot afford at this point in time to fund out of their own tax dollars what in essence is the bad decision-making of a few individuals who are, incidentally, still running companies and still making decisions, which will again come back to haunt us. There are some serious problems here and, in looking at taxation and the distribution of taxation, the government will be required to look very long and hard at the kinds of programs which are introduced to try to accommodate the greed which I think has probably been in place over the last two or three decades and which has extracted from consumers substantial amounts, more than consumers ought to have been required to pay.

Having extracted that money, this greed has resulted in a refusal to put sufficient amounts back into the companies involved so that they could maintain levels of productivity and technology which would have kept them in the forefront of the struggle for adequate and reasonably low cost commodities.

Today I went to a press conference held by three government ministers. Those ministers were telling my colleague, the hon. member for Winnipeg North (Mr. Orlikow), and me, together with the press, how they will spend another $350 million of taxpayers' money. They will spend $175 million of that $350 million on a number of grant programs and subsidization programs for workers who are dislocated as a result of the bad management decisions to which I have referred. Over the next three years, they will spend $175 million assisting in the redevelopment of the very companies and others which, by the very terms of reference of these programs, have also made bad management decisions. I must ask myself whether this kind of program is of any value to this country now or in the future. With your permission, Mr. Speaker, I will address that problem tomorrow afternoon.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I rise on a point of order. Perhaps when the hon. member speaks tomorrow afternoon he can tell us on what side he stands and what he is in favour of. I have heard a great deal of comment about both sides. It would be interesting if tomorrow he came down on one side or the other.

Mr. Deans: Mr. Speaker, on the same point of order, I was under the impression—perhaps I was misguided—I had 40 minutes during which to speak and that at any time during that 40 minutes I would be able to explain what I thought was the appropriate course of action to take. I did not realize I had to do that in the time frame set by the hon. member for Nepean-Carleton (Mr. Baker).

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under S.O. 40 deemed to have been moved.

EXTERNAL AID—CONSIDERATION OF TRIPARTITE AID TO THIRD WORLD COUNTRIES

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, Canadians are well aware that a large part of our foreign aid budget is transferred directly from Canada to the poorly developed countries in a form called bilateral aid.

• (2200)

Similarly, people are well aware that more aid is transferred to multinational organizations like the United Nations, called multilateral aid. A less common form of aid which encompasses almost none of the budget for foreign aid from Canada is in the form of trilateral or tripartite aid. Trilateral or

tripartite aid is not a new suggestion. It is only new in the sense that it has been brought forward in the North-South program for survival, the Brandt report.

In many cases you will find that there are all kinds of conferences and all kinds of reports such as the North-South dialogue, the Canadian House of Commons North-South Relations report, the report of the Prime Minister (Mr. Trudeau) who was skiing in the Alps, and so on, but when you get right down to it, so often all these reports evaporate like so much hot air because they contain so little substance, so little that is specific on what we might do to actually make the improvements that are required in the developing and the developed countries. One specific idea which was brought forward in the Brandt report is excellent. As I read it, I knew who it was meant for because it related to Canada. I should like to read from page 140 of the Brandt report a passage which reads as follows:

> The emergence of capital surplus developing countries provides special scope for the establishment of projects on a basis of tripartite arrangements involving developing countries alone or in partnership with industrialized countries. Such arrangements should be supported by both developed and developing countries. Tripartite projects, including, when appropriate, industrialized countries, should be encouraged by nations with complementary resources such as capital and technology.

Our Prime Minister travelled through Saudi Arabia, a country with surplus petro dollars which, in fact, they had to recycle. That nation is known for its contributions to developing nations, specifically through bilateral aid.

But in addition to bilateral aid, there is another opportunity here. While Saudi Arabia has surplus capital, Canada has a great capacity for technological aid exchange. In addition to that, our plants can manufacture and produce surplus goods. So why should we not take the capital of Saudi Arabia and our capacity to produce goods and technological aid, put those two together and transfer them to a third country like Somalia?

In my question to the minister, I made a specific suggestion. The idea I suggested is that we combine the capital of Saudi Arabia with our technological capacity in so far as energy is concerned. In fact, Canada has just set up Enertech, a new corporation, which will do substantial work in research into our resources. Why should we not have Enertech together with CIDA and the capital of Saudi Arabia or that of another OPEC nation provide an exchange to a needy country like Somalia? Somalia is the fourth poorest country in the world with the most massive refugee problem in the world. Can we not, for example, transfer our solar energy technology to that country? We produce solar energy water pumps. The most basic element of life is water. Canada has the capacity to provide the pumps to bring out water from underground. Some nations are already doing it. Why not pump that water from the ground in Somalia, not only to provide water for the people but to provide water for their crops so that they can become more self-sufficient? Here is another kernel of an idea. As a Member of Parliament you wonder about these things, you have ideas and you bring them forward in the House of Commons.

• (2205)

The minister says that he will certainly be prepared to give serious consideration to that proposal. That was November 16. The minister has had time for consideration. The Prime Minister has been to Saudi Arabia. He has been to undeveloped countries. There is no excuse to not move beyond the rhetoric, beyond the North-South dialogue and have that measured in some real and tangible way by Canada. Here is a specific idea. What must I do to have the government take an idea like this? It is not my own idea. It is an idea resulting from a great deal of study in the North-South report. Why do they not take this idea and in a real way measure the success of all these reports? That success is when the kernel of grain reaches the stomach or the soil of that Third World nation, which is poor and needy.

I hope that as a result of having raised this question here tonight in this House of Commons that maybe I will have touched a nerve or chord somewhere in a member or the Secretary of State for External Affairs (Mr. MacGuigan) on the other side of the House. I hope it will not be given some kind of passing, fleeting response but that it will be given consideration.

I brought forth the case of Somalia here in the House of Commons and also in committee. Others have done the same. What must we do to get through to the bureaucracy to tell them we have found a problem? We have found a need of the people to receive, not just this form of aid, but bilateral aid as well, to be identified as a country. Why can we not take the need to receive and connect it with our capacity as a nation to give and to share? I challenge the government with that tonight.

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, first I would like to commend the hon. member who has just spoken on his sincere interest in the developing countries. The government has, of course, been exploring for some time now with key OPEC-Arab aid agencies possible arrangements to utilize OPEC funds to help finance the provision of goods, capital equipment and services for development projects in developing countries.

Although progress has so far been slow, we are currently engaged in, or discussing, participation in some ten projects which have a total cost of approximately $1.6 billion. Most of these projects involve parallel financing of components of very large projects developed by the World Bank and regional development banks. We have been attempting to interest Arab donors in some form of co-operative arrangments for the financing of high priority development projects, such as the hon. member already mentioned, in sectors where Canada has a recognized competence, such as transportation, communications, hydroelectric generation and transmission. Additional meetings at the level of officials are planned for 1981 to explore further the possibilities of such projects.

If I may, I would like to end on this note. It is an excerpt from the task force report on the North-South relations, which reads as follows:

Adjournment Debate

In spite of substantial efforts at various times, Canada seems to have been able to achieve only limited impact in enlisting oil-rich countries in joint efforts, apparently the key objective here.

Apparently, the key objective of the hon. member's speech.

MUNICIPAL AFFAIRS—REQUEST FOR EXTENSION OF COMMUNITY SERVICES CONTRIBUTION PROGRAM

Mr. Maurice Foster (Algoma): Mr. Speaker, on December 15 I put a question to the Minister of Public Works (Mr. Cosgrove), who is responsible for the Canada Mortgage and Housing Corporation, concerning the community services program. I asked this question of him because he recently announced that in 1982 he would be ceasing this program, which has been providing some $250 million per year of assistance to municipalities for municipal infrastructure for housing programs, community improvement programs and so on.

I have had a number of representations from municipalities in my constituency which are very concerned with the termination of this program. They are especially concerned in two communities in my constituency where there are projects which are already committed, where the project has been tendered and where a contract has been let. So, for these communities which so far have no definite commitment from the government, it is a matter of great concern.

● (2210)

One project is the $4 million sewer and water infrastructure project for Little Current, to which the Community Services Contribution Program was to provide $1.29 million. Another project is with regard to the new community development in Elliot Lake at a cost of some $29.9 million, of which the Community Services Contribution Program was to provide funding in the amount of $4.6 million. It was to be used for this rapidly expanding community where the funds are urgently required.

What I would like to know from the minister tonight is whether or not the province of Ontario has recommended these two projects. I understand that the cut-off date for the projects to be recommended by the province of Ontario is February 5. I am interested to know whether the two projects have been recommended, and are included in the funds allocated for the province of Ontario over the next couple of years.

There is no question that these funds and the projects are urgently needed for the communities. In the case of Little Current, the projects are needed for reasons of sanitation and the municipal infrastructure. In the case of Elliot Lake, the project is needed due to the massive expansion of this town, because of the uranium mining industry in that community, over the next four years or five years. When this program was put in place, these projects were planned. The projects were tendered and the contracts have been let, so the Community Services Contribution Program is a major funding instrument to these communities. Both communities will be placed in a catastrophic position financially if the money, totalling some $6 million for both communities, is not made available.

I hope the minister will be able to respond and indicate that the province of Ontario has recommended these two projects for funding under the Community Services Contribution Program and that the federal government is now prepared to extend this program for at least another year so that these projects may be completed and the benefits can accrue to the community and as a result to the entire country.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like to respond further to the question raised on December 15 by the hon. member for Algoma (Mr. Foster) concerning the termination of the Community Services Contribution Program. The decision not to renew the program was a difficult one, and I would like to take this opportunity to outline the factors which contributed to the government's decision.

First, there was the question of whether it was appropriate for the federal government to continue funding the provision of services which, from a jurisdictional point of view, have been the responsibility of the provinces and the municipalities. It is not a matter of whether the program was good, but rather, who should pay for such a program. Second, there is the issue of accountability, whether the government responsible for raising resources through taxation should not also be responsible for the expenditures of such revenues. Third, the effectiveness of the program was analysed from the point of view of job generation and compared with other programs that demonstrate a better return from money spent.

Moreover, Mr. Speaker, the present climate of fiscal restraint contributed to this decision. In meeting the objective of providing more effective government, the continuation of existing programs has been studied with a view to providing funds for new programs or those of a higher priority. The decision not to renew the Community Services Contribution Program now results in more funds being available for addressing higher priorities in the fiscal year 1982-83. The task remains to determine precisely the federal housing priorities in the 1980s. The minister will continue to hold informal discussions with his provincial counterparts and with other interested groups on this matter. It is his hope that this will assist in developing federal housing priorities and programs and lead to the best distribution funds between them.

Under the Community Services Contribution Program, the federal government has allocated a total of $400 million for municipal projects, $150 million of which was for the 1979 program year and $250 million of which was for the 1980 program year.

● (2215)

Over 3,000 projects in some 1,000 communities will have received federal assistance. This is a significant contribution to the provision of local services to Canadians in every province.

The minister wishes to assure the hon. member that the government will meet all commitments under the present federal-provincial community services contribution agreements. As the hon. member is aware, concerns have been

raised about the time committed for the use of the 1980 program year funds. The funding is scheduled to terminate at the end of March, 1982. However, the minister is seeking an extension of that date, to enable communities to have the time to incur the necessary expenditures. He is confident that this extension will be granted, on the understanding that fiscal expenditures in 1981-82 will be reduced to reflect expenditures to be made in 1982-83.

I do not have specific answers about the two projects the hon. member has referred to, but I am sure the minister will be able to provide him with that information.

GRAIN—REIMBURSEMENT OF PRODUCERS FOR LOSS OF INCOME FROM DEPRESSED PRICES

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, more than seven months ago I asked the Prime Minister (Mr. Trudeau) the following question:

Will the Prime Minister fulfil his promise to reimburse grain producers for their loss of income so that some extra cash can be injected into the drought-ridden farm economy?

The Prime Minister's answer on June 2 last year was that the matter "is being considered". At this time, seven months and seventeen days later, compensation for farmers who suffered income losses due to the grain embargo is still being considered.

As late as December 10 the Minister of Agriculture (Mr. Whelan) in an answer indicated as follows:

As far as I am concerned, we intend to live up to what we have said. As I said the other day in the House, we do not intend to welsh on any agreement made by the previous government; this is one we said we would fulfil.

It is good to see that the government is progressing after seven months, but I think all hon. members present tonight will admit that the progress is pretty slow. Let us review for a moment where we stand in terms of embargo losses.

The embargo was put in place on January 4 last year as co-operation with the U.S. in their action to protest Soviet action in Afghanistan. The embargoing of 17 million tonnes of U.S. grain immediately depressed Canadian prices of food and feed grains. Countries which sold into the Soviet market received as much as $50 per tonne more than the prices quoted in countries observing the embargo.

All of this added up to substantial losses for the Canadian Wheat Board which was forced to operate as an arm of federal government policy. This is very significant, because the Canadian Wheat Board is funded by farmers of Canada to sell, as is stated in the charter, "the most wheat at the best price". What we have is an agency, funded by the farmers, selling the farmers short.

We can imagine that the farmers of Canada were upset and that most members of Parliament were upset, including western Conservatives such as the hon. member for Lisgar (Mr. Murta) who brought this matter up in the House. During that period we had a delightful bit of fancy footwork by the Minister of State for the Canadian Wheat Board, Senator Argue, who said it was keeping up normal and traditional levels of sales. Those sales vary from 3 million tonnes to 3.3 million tonnes to 3.5 million tonnes, as the sales increased.

• (2220)

On the other hand, the Secretary of State for External Affairs (Mr. MacGuigan) insisted that this elastic band embargo still meant restrictions on the amount Canada would sell the Soviets until even he changed his position and decided that the government could not agree to restraints at the United States level, but the damage had been done. By not aggressively selling wheat into the Soviet markets, we lost premiums, and we almost lost the market. The Soviet market is where we sell the best grades of wheat. We also lost a good deal of money, an amount which the federal government has calculated several times but has failed to disclose.

In this year, when we are supposed to have freedom of information, Liberal style, I believe that we have arrived at 1984 three years in advance. We are not getting any information. I suggest that the government is doing very well in the "new-speak" department when, on the one hand, the government insists that compensation is going to be paid, that it is very much on its mind, but on the other hand it gives no inkling of how much the government intends to pay.

Many of us believe that the government will try to slip a nominal amount in between the 1979-1980 crop year final payments, which were announced on January 8, and the interim payments which will be announced at the end of the month. I would welcome any guarantees from the government side that this will not be the case. Luckily, we have had some public guidance as to the losses.

The University of Saskatchewan brought forward a study about the middle of July. That study showed the losses were $117 million for wheat and $9 million for barley for the period January to June last year. This amounted to 50 cents a bushel for wheat, approximately $1,200 for each of the 150,000 permit holders in the west. This would be welcome payment to many farmers who not only have to look at their staggering bank interest, but who have to put in next year's crop and feed cattle now at very high prices.

I want to ask the government the same questions again: when is the government going to pay compensation; how much and how did it arrive at the rate?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, with reference to compensation, as I advised the House last Tuesday evening in answer to a similar question, the government is considering the question of compensation to producers for losses attributable to the partial embargo on grain to the U.S.S.R. A report on this subject has been prepared by officials and is now before the ministers for an early determination.

When the question was asked on June 2, the hon. member referred to the drought situation then prevailing in the west, along with cash flow problems being experienced by producers.

As all hon. members are aware, the situation has improved significantly since June. For example, in June the international

price for No. 1 Canada western Red Spring wheat in store Thunder Bay was $197.56 per tonne or $5.38 per bushel. The comparable figure last Friday was $269.62 per tonne or $7.34 per bushel. That is an increase of almost $2 per bushel in seven months. Prices of other grains and oil seeds are also up sharply. Exports are running at a level above the record established a year ago, and this large movement is reflected in producers' deliveries and consequently in cash returns to producers.

● (2225)

In July the government announced higher initial payments for the current crop year, and before Christmas the Minister of State for the Canadian Wheat Board indicated, on December 16, that he expected to announce a further increase in initial payments early in 1981, possibly near the beginning of February.

Hon. members will also be aware of the final payments of the 1979-80 wheat and barley pools which were announced on January 9. The minister noted that the final payments will amount to a total cash flow of more than $730 million to the prairie economy, with about $446.8 million going to Saskatchewan, about $187.3 million to Alberta and the Peace River area of British Columbia and about $96.4 million to Manitoba. The board will this week begin mailing over 336,000 final payment cheques to prairie producers.

As I said on Tuesday evening, to the extent that actual loss can be determined, the western producer can expect to be compensated in the near future. Determination of the amount is a complex problem. The hon. member mentioned the University of Saskatchewan study which indicated a $126 million loss, and the Conservatives last Tuesday said that the loss was $75 million. Government experts also have an evaluation which will be announced when the compensation is announced.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House has now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, January 20, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

RAILWAYS

GRANGE REPORT—CALL FOR IMPLEMENTATION—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise to propose a motion under the provisions of Standing Order 43. The derailment in November, 1979 in Mississauga could well have turned out to be a national catastrophe. Clearly unsafe methods with respect to the movement of dangerous commodities by rail through built-up areas must be better regulated. The Grange report makes 15 recommendations to improve rail safety. I therefore move, seconded by the hon. member for St. Catharines (Mr. Reid):

That this House do direct the Minister of Transport to implement forthwith the Grange report, not diddle around for another year, as he has indicated he will, with more studies but take rail safety seriously and show some respect for the safety of Canadians living near rail rights of way.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

REQUESTED RESCISSION OF CORN COMPETITIVE FORMULA—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under the provisions of Standing Order 43 to seek the support of this House in redressing an injustice to western farmers which has existed since 1974 when the Hon. Otto Lang forced the corn competitive formula for pricing feed grains on the producers. This corn competitive formula has had the effect of depressing feed grain sale prices and is costing the western producer millions of dollars each year. I move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That the government accede to requests from the Canadian Wheat Board, the United Grain Growers and other grain associations, individual producers and western members of Parliament, and rescind the corn competitive formula for feed grain pricing to allow the price to float free and to allow the western producers to derive just returns for their grain.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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HUMAN RIGHTS

ALLEGED VIOLATIONS IN EL SALVADOR—CALL FOR EARLY MEETING WITH U.S. PRESIDENT—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Now that the Prime Minister (Mr. Trudeau) has been informed about the size and lethal nature of U.S. military aid to the junta in El Salvador, and in view of the Prime Minister's stated intention to meet with the new President of the United States in the near future, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House urge the Prime Minister to meet very soon with President Reagan and at that meeting raise the issue of the political deaths and human rights violations in El Salvador, last year's UN resolution against foreign military intervention in that country, and the concern of all Canadians about the escalating U.S. military involvement in El Salvador, "not a policy" as the Prime Minister said yesterday "that we would share or follow."

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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UNITED STATES

EXTENSION OF BEST WISHES TO PRESIDENT AND PEOPLE—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): Madam Speaker, I rise under the provisions of Standing Order 43. Recognizing that today marks the inauguration of the fortieth President of the United States, I move, seconded by the hon. member for Laurier (Mr. Berger):

That this House extends best wishes to President Reagan and the people of the United States, and prays that his term in office will be distinguished by continued friendship and co-operation between our two nations, and greater peace and prosperity throughout the world.

S.O. 43

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

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HEALTH

ANTI-SMOKING CAMPAIGN—MOTION UNDER S.O. 43

Miss Coline Campbell (South West Nova): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing urgency. As most hon. members know, we are in the beginning of the fifth annual national non-smoking week organized by the Canadian Council on Smoking and Health co-sponsored by the Department of National Health and Welfare. The success of this event as a public education campaign on smoking hazards is reflected by the department's latest findings on the smoking habits of Canadians. I move, seconded by the hon. member for Timiskaming (Mr. Lonsdale):

That this House recognizes the importance and validity of this campaign.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1410)

CANADA SAVINGS BONDS

INTEREST TO BE CONSIDERED DIVIDEND—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the fact that because of inflation Canada Savings Bonds no longer present an attractive investment for Canadians since banks and other financial institutions have a much more attractive rate of return for short and long-term investments, I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That the interest received from Canada Savings Bonds and other federal government bonds be considered as dividends so that people purchasing such bonds can claim a tax credit on their income tax, similar to that which now applies to dividends paid by Canadian corporations to Canadian investors.

A positive move in this direction would not only substantially increase the sale of federal bonds, but would reduce to almost nil the redemption or cashing in of such bonds.

Madam Speaker: For presentation, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FARM CREDIT CORPORATION

CALL FOR INCREASE IN FUNDING—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The $260 million the federal government is providing the Farm Credit Corporation is inadequate to meet its demands, and under the present high interest rate conditions many farmers are finding it very difficult to continue their operations. I move, therefore, seconded by the hon. member for Crowfoot (Mr. Malone):

That extra money should be provided to the Farm Credit Corporation, possibly as much as $200 million, and interest rates for farmers borrowing this money be frozen at the existing rate of 12.75 per cent. If these measures are not taken, the survival of thousands of Canadian farmers is threatened.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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DIEFENBAKER CENTRE

CALL FOR ESTABLISHMENT OF PERMANENT TRUST FUND—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. I wish to bring to the attention of members of this House the fact that the Diefenbaker Centre at the University of Saskatchewan in Saskatoon, which is a national institution not only honouring the memory of a distinguished Canadian prime minister but engaging in living history and important scholarly research, is presently sorely beset for the lack of funds and receives absolutely no funding from the federal government. Therefore I move, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That this House directs the government, through the Ministry of the Secretary of State, to establish a permanent trust fund, as was done for the Pearson College of the Pacific, so that the Diefenbaker Centre can continue to thrive and pursue its excellent work without the constant pressure of financial worries.

Madam Speaker: For presentation, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

INDUSTRY AND LABOUR ADJUSTMENT PROGRAM—DISBURSEMENT OF FUNDS—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I rise under the provisions of Standing Order 43. The government announced yesterday that it intends to buy a $350 million band-aid to stick on communities that have been TKO'd through lost jobs. Not content with pillaging jobs from other areas and carrying them off to their own ridings—as the Minister of the Environment (Mr. Roberts) and the Minister of State for Trade (Mr. Lumley) did when they snatched 200 jobs from Parks Canada in Peterborough and as the Minister of State for Mines (Mrs. Erola) did when she snatched hundreds of jobs in east central Ontario by stopping the Eldorado Nuclear plant expansion in Hope township and moved it to her own riding—according to news reports this morning Windsor and Cape Breton are now front runners in this new Liberal sweepstake, so that areas where byelections are pending can count themselves lucky.

I move, seconded by the hon. member for Calgary West (Mr. Hawkes):

That cabinet consider that its duty is to disburse these funds fairly, on the sole basis of need and beyond the scope of partisan bias. In this way they have an opportunity to redress in some measure their previous policies of pork-barrelling patronage.

Madam Speaker: For presentation, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

INDUSTRY

REQUEST FOR INTRODUCTION OF INDUSTRIAL STRATEGY

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my initial question is for the Minister of Industry, Trade and Commerce, who announced yesterday with two fellow ministers a certain program which he described as being:

—measures to respond to serious industrial dislocation situations. These measures will be made available in communities designated on the basis that they have recently experienced large scale industry dislocation that has directly resulted in a significant increase in the level of community unemployment.

Madam Speaker, my question to the minister is simply this: Why does he persist in coming forward with such ad hoc measures, in effect bringing in measures after the fact as opposed to bringing in a proper industrial strategy for this country? Why does he not bring in an industrial strategy which, as he told his interviewers in a recent interview, he feels rightly should take second priority to such things as the constitutional debate?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, what we announced yesterday, in my view and in that of the government, certainly should be one element of an industrial policy framework. What we announced is consistent with the need in this country right now to encourage industrial restructuring and the adaptation of labour to present and emerging situations in a way which will help bring about strong, permanent economic growth in ways which meet international competition.

I am sorry the hon. member does not agree with this but I think working people in his riding and across the country would agree with what we did yesterday in carrying out a commitment made in the budget of October 28.

Mr. Stevens: Madam Speaker, my supplementary question is for the Minister of Industry, Trade and Commerce. Let me tell the minister that what workers in Canada want are jobs, not last minute aid programs such as he is suggesting.

Some hon. Members: Hear, hear!

Mr. Stevens: Madam Speaker, I would like to ask the minister whether he is aware that the recent Bank of Montreal *Business Review* points out that "1980 was undoubtedly the worst year in Canada's post World War II history". According to the *Business Review* per worker output declined about 3.5 per cent and the gross national product in real terms fell about .5 per cent, the first drop since 1954. If the minister is aware of those statements, would he indicate to the House why he persists in saying that industrial strategy for this country should have second priority to the constitutional debate?

Mr. Gray: Madam Speaker, it is not my position that industrial strategy should have second priority. At the same time, certain types of decisions must be made to provide a foundation for putting in place the right kind of industrial strategy for this country. We provided that foundation in the budget presented by the Minister of Finance on October 28. If the House will allow the Minister of Finance to present his measures so that they can be adopted—measures providing for some $6 billion in increased expenditures under the economic development program—then those kinds of decisions will enable us to move forward in the area of industrial strategy. The test of the hon. gentleman's commitment to this will come

in the way he responds to my hon. friend's budget presentation.

Some hon. Members: Hear, hear!

REQUEST MINISTERS READ INAUGURAL SPEECH OF U.S. PRESIDENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in view of those answers from the Minister of Industry, Trade and Commerce perhaps my supplementary question should be to the Prime Minister. Would the Prime Minister undertake to the House, perhaps even promise, that he and his ministers will read thoroughly President Reagan's inaugural speech just made, in the earnest hope that it may give him and his ministers some better inspiration to bring in economic policies which will get Canada back to work? That is to say, better than results indicate at present.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I promise to read it myself, but I cannot make that undertaking on behalf of my ministers. I point out to the hon. member that he knows from experience that making speeches is one thing but carrying out their promises, as the former government showed, is another.

Some hon. Members: Hear, hear!

INDUSTRY AND LABOUR ADJUSTMENT PROGRAM—INQUIRY WHETHER AUTOMOTIVE INDUSTRY CONSULTED

Mr. Joe Reid (St. Catharines): Madam Speaker, my question arises out of the same announcement made yesterday. Even this government should know that planning ought to come first, particularly with respect to industrial strategy programs. This $350 million should be supplemental and complementary to that planned program.

There was a program announced earlier with respect to Chrysler Corporation. The woes of the Chrysler Corporation are only the tip of the iceberg on the troubled waters of the automotive industry. I was assured by a senior member of the automotive industry, this morning—

● (1420)

Some hon. Members: Question.

Madam Speaker: Order, please. I think the hon. member knows that his question is too long.

Mr. Reid (St. Catharines): After the introduction made by the lead speaker for the opposition, I will now ask my question of the Minister of Industry, Trade and Commerce. May I ask him whether, before they announced that program of yesterday, they consulted with the automotive industry? Will he tell me whether a riding such as St. Catharines, which now has an additional 1,200 persons laid off, will benefit from that program as announced yesterday, when and how?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we have had a number of discussions with the automotive industry, including the parts industry, over the past months and the views they have expressed certainly have helped us in formulating the kind of program we announced yesterday and other types of decisions I anticipate we will be making.

With regard to the other area of my hon. friend's question, certainly an application from St. Catharines for coverage under the program, the community designated portion of it, is open for consideration. In any event, workers in St. Catharines would be eligible for the expanded critical skilled trades training program, and individual projects from firms in St. Catharines involving industrial restructuring would be eligible for consideration even if it turned out that St. Catharines was not designated under the community-focused portion of the program, although an application on that basis could certainly be considered.

Mr. Reid (St. Catharines): Madam Speaker, my supplementary question is addressed to the same minister. May I ask whether he or someone else in his department has set the criteria by which application might be made and approved? Does this involve the matter of high unemployment, how long must that unemployment remain in existence, does it involve a matter of regional consideration, and how long must a community such as St. Catharines wait before receiving the benefit and aid of that program announced yesterday?

Mr. Gray: Madam Speaker, the basic concept underlying designation is that communities would be designated on the basis that they have recently experienced large scale industrial dislocation which has directly resulted in a significant increase in the level of community unemployment. We will be announcing further details about the way these criteria will be applied at the time the government announces the first group of designations, and I anticipate this will be in a matter of weeks. Certainly at this time we would be willing to accept suggestions from communities which may wish to be considered under this community focused program.

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RAILWAYS

GRANGE REPORT—IMPLEMENTATION OF RECOMMENDATIONS

Mr. Les Benjamin (Regina West): Madam Speaker, I have a question for the Minister of Transport arising out of the commission by Mr. Justice Grange on railway safety resulting from the Mississauga mishap. While the minister wants to study the subject for a year, although it is obvious the recommendations of Mr. Justice Grange need to be implemented, will the minister immediately order the implementation of at least the first three of the recommendations of Mr. Justice Grange? Because if they are not implemented another 30 to 50 derailments will occur each year as a result of the wrong kind of equipment?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the premise is wrong, unfortunately. I never said this was a study group, and I never said it would report after a period of one year. The question raised by a member of the press was, how long did I expect the consultative committee to stay at work, and I said it might be a full year. This is an advisory committee, which is meeting for the first time next week. I will meet with it within four weeks. It will express to me in time a position on each one of these recommendations Justice Grange has made. We are going to make decisions very, very rapidly.

Justice Grange himself suggested a number of tests and a certain amount of research. The confusion created in respect of the one year is related simply to the suggestion that the committee will go on with these tests and do this research, which may take one full year. However, I repeat that decisions will come much faster than that.

● (1425)

Mr. Benjamin: Madam Speaker, there is no problem about the continuation of tests. The first three recommendations of Mr. Justice Grange have called for the minister to instruct—and he and two of his predecessors have been questioned about this repeatedly for the last several years—the CTC or to request the CTC to act in the same way it did—very quickly—after the Mississauga accident last year with respect to the consist of a train. The CTC acted very quickly then. Will the minister ask the CTC to act under section 227 or section 100 of the Railway Act? The authority is already there to require the railroads to begin immediately implementing the first three recommendations of Mr. Justice Grange.

Mr. Pepin: Madam Speaker, I think it would be unwise and certainly not very polite to the members of the advisory committee which I have created—three of them outsiders to the government—if I were to start announcing seriatim decisions on the recommendations. I will do it in a very orderly fashion. I will receive their views beginning four weeks from now and act quite rapidly, as the hon. member will see, as the proper information is obtained and the proper assessment is made by this advisory committee with respect to each one of the recommendations.

Mr. Benjamin: Madam Speaker, the minister is still copping out. He is still acting like a sponge. Mr. Justice Grange and every recognized authority in transportation, including management, unions and experts in the field, know that technology has been in place for 30 years with respect to roller bearings and for a number of years with respect to hot-box detectors. Recommendations of the railway brotherhoods in connection with marshalling and consist of trains have been put before the minister and his predecessors repeatedly. He does not need another committee.

I would like to ask the minister if he will now call upon his colleagues and particularly the President of the Treasury Board—since Mr. Justice Grange was so critical of the restraint program—to stop the decrease in the number of safety inspectors, increase the budget of the CTC and increase the amount of training and the number of railway safety personnel.

Mr. Pepin: Madam Speaker, I think any person with his head squarely on his shoulders—that would include the hon. member who is asking this question—would act the way I am acting in this matter. He would not on the basis of his own prejudices, knowledge or whatever decide on the day after the receipt of a document like this which of the recommendations to accept and which not to accept. That would be foolish. What I am doing now is the normal thing to do, and even the hon. member would do that if, incredible as it may seem, he were in my position.

Some hon. Members: Hear, hear!

ROLE OF CANADIAN TRANSPORT COMMISSION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of Transport. The minister knows that in 1971, after 36 days of comprehensive hearings into a number of rail disasters, a whole series of recommendations were made. The inquiry was followed up and further reports were made in 1973. The minister knows from reading Mr. Justice Grange's report, which he has had for at least six weeks, that the CTC has been a sleeping policeman. Will the minister make changes in the personnel of the CTC so people can be satisfied that that organization, which is supposed to protect the interests of people generally, in fact works to do what it is supposed to do?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, as the hon. member says, Mr. Justice Grange has analysed all that and has not been, shall we say, very laudatory with respect to the position of the CTC in some of these matters. However, he went on to say that there are preoccupations, which he respects, in relation to the economic viability of some of the existing regulations, and he suggests that the time has come when the onus must be tipped from the economic preoccupation more to the safety preoccupation, that a social change has taken place in recent years. He suggests that the time has now come to incorporate that change in the rules and regulations concerning train transportation and safety. It is difficult in this context to hold a number of people responsible for a change which had not taken place in society as a whole. It may be that the time has come to do that, and that will be indicated by our reaction to the recommendations which Mr. Justice Grange makes.

● (1430)

Mr. Blenkarn: Am I to gather from the minister's answer that the CTC has been more involved in economics than in safety and that it has been in bed with the railways rather than doing its job of looking after the interests of individuals, of VIA Rail and so on? If that is the minister's view, surely it is time that the minister had a little purge.

Some hon. Members: Order.

Mr. Blenkarn: My supplementary question, Madam Speaker, is in connection with the report. There are a number of things that could be done right now without a long study period. Will the minister order that trains carrying dangerous chemicals be no more than 4,000 feet in length? Will the minister order that dangerous chemicals be carried only in cars having roller bearings in their journal boxes? Will the minister order that the railways immediately commence installing heat sensors every 20 miles as recommended? In other words, will the minister take his responsibilities for safety seriously?

Mr. Pepin: Madam Speaker, I am inferring two things. The first one is that the preoccupation with economics is not one that should be pushed aside easily. If the CTC had done that in the past, I suggest that my Conservative friend would have been one of the first to chastise them for having done so. Secondly, I suggest that a body of people, such as the Canadian Transport Commission, cannot be held solely responsible for the behaviour of society as a whole throughout the years. Realizing now that the situation has changed, that people have changed their minds, it may well be asked to take a position which would be slightly different from the one it took in the past.

* * *

RESEARCH AND DEVELOPMENT

INQUIRY RESPECTING PROPOSALS TO ACHIEVE TARGET

Hon. David Crombie (Rosedale): Madam Speaker, my question is for the Minister of State for Science and Technology. Yesterday the minister announced his increased commitment to research and development so that it could achieve 1.5 per cent of the gross national product by 1985. Unfortunately, the minister will remember that that was an announcement which was also made in 1978 for 1983. The reason that policy died is that the government did not bring forward any specific proposals for tax incentives and grants. I should like to ask what specific proposals or tax incentives and grants—that is, tax incentives for industries and grants to universities—is the minister bringing forward so that he can achieve the new target he set?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, not only did I announce yesterday the target for reaching the objective of 1.5 per cent of the gross national product devoted to these efforts, but I also laid out the structure for planning purposes of proposed expenditures on the part of the federal government in the various areas in which it has concerns, such as support for universities, support for research in the private sector and support for the mission-oriented activities of federal government departments. Not only did we establish the target date; we indicated the kinds of expenditures which, for planning purposes, we thought would be necessary for achieving it. We also suggested that the percentage level of the federal government's effort within that 1.5 per cent target date should be .5 per cent.

I am using this planning structure as a basis for continuing discussions with the private sector and with the universities. Clearly it is not in its full form with a detailed nuts and bolts approach. Further programs will be brought forward to the government to indicate how we will achieve or hope to promote the kind of growth in the private sector, which is quite considerable, which will be necessary if we are to reach that 1.5 per cent target. I am sure the hon. member has already looked at the material which has been provided. It does much more than simply establish the target date of 1.5 per cent for 1985. A great deal more information has been provided about the government's targets in order to achieve that.

Mr. Crombie: Madam Speaker, quite clearly the industrial spokesmen simply do not believe the minister. His credibility and that of his government is strained. Northern Telecom, a very important research agency, has indicated that the minister is using mere rhetoric and that the public is being lulled into thinking that something is being done. The Canadian Advanced Technology Association says the minister is dealing with symptoms, not causes, and the Canadian Federation of Independent Business says his policy is not worth the paper it is written on, and for a very good reason—the participation of the government is going down. When will the minister come forward with some real policy proposals so that we can have real research and development in this country?

Some hon. Members: Hear, hear!

Mr. Roberts: Madam Speaker, I would contest the assumption which underlies the hon. member's question. Indeed, yesterday in presenting our proposals to university presidents and a group of representatives of business associations in Toronto, I received a cautious welcome for the structure which we presented to them—

Some hon. Members: Oh, oh!

An hon. Member: Qualified.

Mr. Roberts: In view of past disappointments, to which the hon. member has alluded, they are concerned to see what further steps will be taken, but the initial response to the announcement which I made yesterday has been rather favourable on the whole.

* * *

[*Translation*]

EXTERNAL AFFAIRS

INQUIRY WHETHER HOSTAGE TAKING INCIDENTS WILL BE DISCUSSED AT HEADS OF STATE MEETING IN JUNE

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, my question is directed to the Right Hon. Prime Minister.

Now that the Iran-U.S. crisis appears to have been settled through agreement between Tehran and Washington, could the Prime Minister tell the House whether in the course of the

meeting of seven western heads of state here in Ottawa next June it is his intention to raise the issue of hostage takings—I am referring to diplomats—and steps which might be taken should similar incidents occur in future? I am thinking specifically of the agreement between leading western heads of state in Bonn, thanks to the initiative taken by the then prime minister regarding air piracy.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I thank the hon. member for his suggestion which I feel is excellent. That subject is not likely to appear as such on the agenda but, when we get around to discussing over-all political topics, I think it will be an opportunity to implement the suggestion of the hon. member and I thank him for it.

* * *

[*English*]

RESEARCH AND DEVELOPMENT

CONTRIBUTION BY MULTINATIONAL CORPORATIONS

Mr. Simon de Jong (Regina East): Madam Speaker, I wish to direct my question to the Minister of State for Science and Technology. On numerous occasions I have asked the minister when he will present a detailed, long-term strategy which could achieve the goal of 1.5 per cent of our gross national product directed toward research and development, and the minister's statement in Toronto yesterday did not tell us anything new. It has been known for years that the reason we have had R&D expenditures similar to those of Portugal is that our private sector, mainly the multinationals, has a dismal record of research and development in this country. It has been known for years that the private sector must increase its R&D to some 27 per cent a year for the next five years if we are to achieve the goal—

Some hon. Members: Question.

Mr. de Jong: Madam Speaker, my question is this.

Some hon. Members: Hear, hear!

Mr. de Jong: Is there anything in the minister's statement that would force the multinational corporations to increase their research and development in this country, or is his statement just another pious hope?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, of course I am disappointed that the hon. member is not more enthusiastic about the statement I made, but I think, as I indicated in my response to the hon. member for Rosedale, there is a considerable amount of information and commitment in that statement which marks a significant step forward in our planning for science and technology research and development in the government. I indicated very clearly in my statement and in my discussions yesterday that the relatively poor performance in general of foreign-owned firms and subsidiaries in the research and development area is a matter of great concern to us and that we do have under consideration ways and means of trying to improve that performance. We are particularly anxious that foreign subsidiaries develop more than they have at present world product mandates.

The hon. gentleman asks what those steps are going to be. It was not my purpose yesterday to outline those details. I ask him to be content and to be patient for a little longer.

Mr. de Jong: Madam Speaker, indeed, we have been waiting for a long period of time. The particular goal was announced in 1968 and it was announced again in 1978, but the announcements have all been pious hopes.

The other question I should like to direct to the minister concerns funding of universities. In the background paper which was provided with his speech, he suggested that the government's share of that 1.5 per cent was to be reduced to one third. However, he was also projecting an increase in the share of that projected goal by the universities. There is a contradiction there because the universities depend on government financing—

Some hon. Members: Order.

Madam Speaker: Order, please. Would the hon. member put his question.

• (1440)

Mr. de Jong: How can the government increase the universities share of research at the same time as decreasing the federal government's share?

Mr. Roberts: Madam Speaker, there are two principal ways in which the federal government assists universities. One is through the transfer of funds to provincial governments through established program financing arrangements for the support of post-secondary education. The other major instrument at our disposal is the activities of the Natural Science and Engineering Research Council. The hon. member will know that already this year we have very considerably increased the funds going to that council by something like $42 million. It is in the five-year plan of the Natural Science and Engineering Research Council that we hope to assist universities to meet the research and development obligations which we hope they will meet.

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AGRICULTURE

APPLICATIONS BEFORE HERD MAINTENANCE REVIEW BOARD

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, my question is directed to the Minister of Agriculture. Last week the review board under the herd maintenance program was saddled with the problem of automatically reviewing applications which had been turned down. Was there any change in the criteria which gave the review board a little more elbow room in order to operate so that some of the applications that were turned down might be looked at more favourably now? If

they are saddled with the same stiff regulations obviously they will come to the same conclusions.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, my understanding is that a meeting took place this morning in the city of Regina with the various people involved in the herd maintenance program, the forage assistance program and the review board. The review board is comprised of producers from each province. The majority of them are producers; I believe the three people on the review board for the province of Saskatchewan are producers. They have been instructed to be as humanitarian as possible within the realm of reason.

Mr. Korchinski: Madam Speaker, one of the conditions in which cattlemen might qualify for assistance is that their crops would have to be less than 80 per cent of the average. Anyone who knows anything about agriculture—and I am sure the review board would know—would know that the yield one receives is in no way related to the crop yield or the yield of the hay crop because one can have a short-standing crop and a good yield, or conversely, a rank crop which lodges and there is no grain in it at all. Have any instructions gone out to change the particular criteria, which in a sense are ridiculous because many of the areas rejected were areas that did not receive freeze-out payments and simply do not have any cash to continue?

Mr. Whelan: Madam Speaker, I will know better when my colleague, the minister in charge of the Canadian Wheat Board, returns to the capital later today from attending a meeting this morning in Regina, but I understand a lot of these matters have been considered. The recommendations on how this is to be administered come from the producer sectors of Manitoba, Saskatchewan and Alberta, which is the group meeting in Regina this morning. There are 8,000 appeals, and as I said the review board is comprised of reasonable and responsible people who I feel will take the most proper attitude toward making decisions.

* * *

WILDLIFE

SLAUGHTER OF CARIBOU HERDS—QUOTAS ON KILLS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of State for Science and Technology and Minister of the Environment. During this period last year thousands of Canadian caribou were slaughtered as the two main herds moved southward from the Northwest Territories into northern Manitoba and Saskatchewan. Will the minister tell the House what steps if any the government is taking to prevent such wanton destruction this year and in future years, especially in light of reliable reports that in 1980 frozen lakes were littered with crippled and dying animals and carcasses with often only the tongues or hind quarters removed? In fact, this was wanton destruction.

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, there have been meetings on the subject between my officials and representatives of provincial governments. An agreement under the Canada Wildlife Act between Canada, the Northwest Territories, Manitoba and Saskatchewan for co-operative action in establishing a migratory caribou board has been drafted by the Canadian Wildlife Service in Edmonton. The draft will be reviewed before the end of this month and after that it will be put in final form.

Mr. McMillan: Madam Speaker, my supplementary question is directed to the Minister of the Environment. In light of what the minister just said, could he confirm that the failure of the government to control the slaughter of Canada's two main barren ground caribou herds in the past has caused one herd to decline from 135,000 to 38,000 in the last eight years and the other to decline from 105,000 to 70.000 in the last two years? In light of that destruction, will the minister tell the House whether the program he just mentioned will involve instituting and enforcing quotas on kills so as to ensure the survival of this precious part of our country's natural heritage?

Mr. Roberts: Madam Speaker, as I indicated in my earlier answer, the draft has not yet been reviewed. It is not in a final form for discussion, so it is not really possible for me to reveal to the hon. member today exactly what the details of that agreement will be and how it will operate. But as soon as the discussions are completed, which I expect will be in the very near future—before the end of the month—we will be able to give him more precise information about the aspects he has now raised.

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AGRICULTURE

HERD MAINTENANCE PROGRAM—POSSIBLE AMENDMENT

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is directed to the Minister of Agriculture. It is further to the federal herd maintenance program. The chief criterion creating problems for the committee in western Canada at this time, about which the producers are complaining, is the provision requiring a crop of 80 per cent or less before farmers are eligible for the program. It happens to be a turning point for a great many people, which is why the appeal committee has so many appeals before it. Is the minister prepared to recommend to cabinet that the 80 per cent provision be done away with and the need be assessed for forage in each individual case as an alternative method?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, first of all I want to inform the hon. member for Mackenzie who questioned me about this same problem that the senator in charge of the Canadian Wheat Board was not in Regina this morning; he was here in Ottawa attending a very important meeting.

Mr. Hnatyshyn: Sometimes it is hard to know.

Mr. Whelan: I understand the meeting with the officials is still taking place in Regina. This matter is being considered. I cannot tell the hon. member what the results will be, but if the recommendation comes through strong and clear that a change should be made, we will try to follow it up within reason.

Mr. Althouse: Madam Speaker, this is the second time drought programs have run into administrative problems in western Canada. There was a committee which was supposed to keep them from running into problems. Will the minister and his associate ministers involved in the drought program continue to operate it once the program is out of the way so that we are prepared for the next one? The snowfall has not been very great out there and the prospect of drought is still quite imminent for next year.

Mr. Whelan: Madam Speaker, the hon. member knows that the government, perhaps much to his surprise and much to the surprise of other people, decided to spend an equivalent of $67 million on this program to assist farmers affected by drought. It is a new program and it is a new experience for all people involved in administering it. We realize it would be better if there was something of a more permanent nature to set up a structure so that we could act in cases of severe drought. What the hon. member says is true. We have reports now on moisture conditions in the prairies. In some areas it is adequate, but in some areas it is very poor.

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AIR TRANSPORT

PROPOSED SERVICE BETWEEN OTTAWA AND NEW YORK CITY

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of Transport. It concerns the projected direct air connection between the national capital and the city of New York. My first question is with respect to time. There have been reports that it would take perhaps a year and a half before all the arrangements, both locally and internationally, can be made for that service to come to pass. Would the minister comment on that time frame and, if possible, would he be prepared to undertake to use his good offices at least here, if not in the United States, to shorten the time it will take before the final decision is made on this matter?

● (1450)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the subject is very popular with Members of Parliament as well as diplomats and businessmen. As my hon. friend knows, there are two ways of dealing with the matter. One method is by way of amending the Canada-United States bilateral air agreement under which Eastern Airlines now holds the franchise. The other method of dealing with the matter is if both the Canadian regulatory agency and the American regulatory agency were to agree on one of the candidates. It is with regard to the second method that it has been said it might take up to one year and a half to complete the arrangements.

I am trying to deal with this particular problem as wisely as possible. I am exploring both avenues. My interest in this case is almost as great as, if not greater than, the interest of the hon. member. I have taken, first of all, the bilateral approach to find out if Eastern Airlines expect to offer their service. Secondly, if Eastern do not wish to offer service, which appears to be the case, I would like to determine if any other American carrier would be willing to take over the route and, if so, under what conditions. An agreement with the United States would follow if this approach were successful.

Mr. Baker (Nepean-Carleton): Madam Speaker, the minister knows that there are two Canadian carriers which are interested in this matter. I hope that the minister will emphasize that aspect in his discussions and expedite those discussions as quickly as possible. But there is one question which arises with respect to this matter, and it is with regard to either the intervention or the proposed intervention by Air Canada for the purposes of preserving a right rather than providing a service, as is the intent of the other two air carriers.

Would the minister be prepared to use his good offices to ask Air Canada if it has filed a request with the board to withdraw and, if it has not, to request that Air Canada not intervene so that an already tedious process, as the minister has described it, will not be made even more tedious? Would the minister give that undertaking to the House?

Mr. Pepin: Madam Speaker, I will bear in mind what the hon. member has asked, but I would also like him to bear in mind the fact that I must work within the existing agreement between Canada and the United States. As much as I would like to be sympathetic toward the Canadian carrier, I must keep this fact in mind. I must also keep in mind the apparent preference of Ottawans for certain types of aircraft as opposed to other types.

On the subject of Air Canada, I must say that I have not gone into the details as to what has been said with regard to the requests of the two airlines, Air Atonabee and First Air, but I will do so and report to the hon. member at the earliest opportunity.

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RAILWAYS

ROLE OF CANADIAN TRANSPORT COMMISSION IN SAFETY PROCEDURES

Hon. Don Mazankowski (Vegreville): Madam Speaker, I would like to direct a question to the President of Transport arising out of the Grange report. The commission saw fit to devote one section toward the CTC's inaction in various areas related to safety, as have been referred to by my colleague and particularly with respect to the general safety inquiry between 1971 and 1973 wherein firm recommendations were made with

respect to the installation of roller bearings, hot-box detectors and regulations with respect to speed. The commissioner pointed out that there was absolutely no action taken by the CTC in any of those areas. Such action would not require money and there would be no impact in so far as the restraint order is concerned.

It seems that the CTC is not fulfilling its rightful responsibility in the area of safety. Would the minister seize upon this opportunity, given the ammunition which is available in this report, to call in the CTC and remind it of its rightful responsibility and obligations in this regard so that we may improve the confidence in and reliability of safe rail transportation in this country?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if I had been a lawyer and visiting the courts regularly, I would have tended to take the point of view that society as a whole tends to be guilty of sins of omission and commission more so than individuals or institutions. What I mean to say by that is that it is very difficult for me, and I would hope for my predecessor as well, to chastise an institution for its interpretation of events brought about as a result of social thinking which was not entirely or exclusively the thinking of the institution. That is the position which I take. Consequently, I am more interested in what we will do now than in what has been done in the past. I will act accordingly.

Mr. Mazankowski: Madam Speaker, certainly I am interested in what will happen in the future, but I wish that the minister would respond to my question. Will he call in the members of the CTC and remind them of their rightful responsibility under the provisions of the statute?

Mr. Pepin: Madam Speaker, I was intending to do that, but one of the members of the CTC is on the advisory committee which will be presenting its views to me. As I will exercise this responsibility personally, I will be in close contact with Mr. Gray regularly and will debate these points with him. One thing which impressed me in reading the report—and by the way I did not receive the report six weeks ago, but just on Sunday—is the balanced approach which Mr. Justice Grange takes in his report. For example, when he talks about speed he asks how we can talk about speed without taking into consideration the quality of the equipment, the training of people on the trains, and the safety devices, techniques and procedures which are used.

Madam Speaker: Order, please.

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FORESTRY

NATIONAL FORESTRY POLICY—GOVERNMENT POSITION

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I have a couple of forestry-related questions which I would like to direct to the Minister of the Environment who is responsible for forestry. I would like to remind him of an occasion when he spoke to a large major audience in the country and made the statement that he would commit the government to the national forestry policy which was laid out by his predecessor, which had as its goal the rejuvenation of the Canadian Forestry Service and, by the year 2000, an increase of 50 per cent in forest production throughout the country. The minister received cautions applause and cautions enthusiasm toward this statement.

What has the minister to report today with regard to these initiatives of his predecessor and agreed to by him? In particular, has he received a report from the multidepartmental committee which was to report in October and, if so, what is he doing to implement its recommendations?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, the objectives to which the hon. member has alluded were worked out not simply by my predecessor—and I would give him full credit—but in conjunction with the provincial ministers under the Canadian Council of Resource and Environment Ministers of which, as the hon. member knows, I am now the chairman. We have been working actively with the provinces to reach those objectives. Some of the steps which we forecasted would take place have already taken place. For instance there has been, as the hon. gentleman knows, the appointment of an assistant deputy minister in charge of the forestry section of the Department of the Environment.

A whole series of studies has been undertaken by a variety of federal departments. Some of those studies have now been returned to the co-ordinating group in the Department of the Environment and others are still on their way. I could give an indication, if the hon. member wishes, of the status of each of the six studies which have now taken place, but perhaps he would prefer that I send him a letter outlining those studies.

Mr. Oberle: Madam Speaker, there was no real requirement for further studies. We all know that there is a serious situation with respect to a declining forest inventory and the dire need for forest renewal throughout the country. This multidepartmental committee which was to report in October was to give the minister advice as to what initiatives could be taken by the federal government to assist the provinces and the industry to replenish and renew our forests. The report is now four months overdue. Has the minister received the report of the multidepartmental committee and, if so, is he prepared to table it? If the minister has not received the report, does he know when the report will be available for study by those who will make the decisions?

Mr. Roberts: Madam Speaker, I am not sure whether or not there is a misunderstanding between the hon. gentleman and myself. The departmental committee chaired within my department has had a series of meetings. That committee has assigned a variety of subjects to a variety of departments and asked them to report to the co-ordinating committee so that it can inform me. Some of those reports from other departments have come in on schedule but one or two have been delayed

and we expect to receive them within the next couple of months.

● (1500)

The short answer to the hon. member's question is not as simple as he would like, but a variety of the studies that we expected to come forward have indeed come forward and we are waiting for a couple more. I am not sure if that satisfies the hon. gentleman but it is as accurate a description as I can give him of the process that has taken place.

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STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

INQUIRY RESPECTING POSSIBLE REDUCTION IN PHASING-IN PERIOD

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, may I put a question to the Acting Minister of Veterans Affairs. My question relates to this session's Bill C-40 under which the widows of veterans whose pensions were below 48 per cent may now qualify for pensions as widows. May we anticipate that some time soon the acting minister will bring in legislation either to eliminate or to shorten the six and one-half year phasing-in period in that legislation so that these widows, many of whom are getting on in years, will be able to receive their pensions while they are still alive?

Hon. J. Gilles Lamontagne (Minister of National Defence and Acting Minister of Veterans Affairs): Madam Speaker, I can assure you that my interest in the question put by the hon. member for Winnipeg North Centre is equal to his. I am also very interested in improving the lot of veterans. As hon. members know, the pensions and allowances of veterans in Canada are among the best in the world. I am realistic enough, however, to realize that Bill C-40 could be improved. I have just asked my department to give me a medium-term social policy objective for the next few years. I can assure the hon. member that the phasing out of the six and one-half years for these veterans' widows' pensions will be included in our consideration.

Mr. Knowles: Madam Speaker, I thank the minister for the interest he has shown in that answer. May I ask if, while he is studying veterans legislation, he will also give serious consideration to amending the Pension Act so that the basic rate of the disability pension will automatically be tied to the average take-home pay of the five categories in the public service designated in 1972?

Mr. Lamontagne: Madam Speaker, the question asked by the hon. member has already been discussed at some length. What we are trying to find out in these modifications or improvements of the legislation for veterans is basically to determine whose needs are greatest. Sometimes it happens that modifying the basic pension rate, for example, does not necessarily correct the situation for the person in greatest need. That is what we are trying to do in this basic pension system and in the assessment now being carried out. I can assure the hon. member that the question of the basic rate of veterans' pensions will also be taken into consideration when we look at these matters.

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NATIONAL ENERGY PROGRAM

FINANCIAL EFFECT OF PROPOSED OIL INDUSTRY NATIONALIZATION

Mr. Bill Wright (Calgary North): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance. The National Energy Program presented by the minister on budget night indicated the amount of dividends exported by foreign-owned oil companies in the year 1979. From that can be calculated the amount of savings to the Canadian people. These will come to $120 million per year after the government completes their nationalization of parts of the oil industry. From this can also be calculated the cost to the government each year in order to save that $120 million. The amount is between $1.1 billion and $1.7 billion per year. Can the minister tell this House whether he agrees with these figures and thinks that this is a saving to the Canadian people?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I shall take a look at the figures and if I have any reason to qualify them I shall let the hon. member know.

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PRIVILEGE

MR. OGLE—LACK OF STATEMENT BY PRIME MINISTER ON RECENT INTERNATIONAL TRIP

Madam Speaker: I have notice of a question of privilege in the name of the hon. member for Saskatoon East (Mr. Ogle). I want to tell the hon. member that his notice of the question of privilege was very brief and not very comprehensive. From what I gathered from it I am not sure that the hon. member is pursuing the proper channels in order to get the information he is seeking. I shall hear him, however, but he must go very clearly and rapidly to what he feels is his question of privilege, otherwise I am afraid I shall have to interrupt him.

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my question is addressed through you to the Prime Minister (Mr. Trudeau). As a member of the House of Commons of Canada I believe that my privilege, as well as that of other members of the House, has been infringed upon by not having received an accurate explanation or information from the Prime Minister about his recent trip to South America, Africa and Europe. I believe it is very important that this House know what went on at those meetings that the Prime Minister had with other leaders of states, because it is extremely important that this

House have accurate information on the question of North-South.

I have been a member of this House for two years and during that time we have never had a single opportunity to have a debate on external affairs, on policy, or anything like that. The 1975-80 policy of the government came to an end at the end of 1980, so we have no policy whatsoever now.

I believe it is necessary that I and other members of this House, particularly those working on North-South relations, have some kind of report from the Prime Minister so that we can at least respond to it and have an open debate in order that the country may know where we are going on this extremely important question that relates to the poor of the world. It is a situation that is becoming more and more complicated and worse for the poor. The rich are still standing back and not entering into the North-South debate with the kind of information, knowledge, and support that the poor are seeking. That is my point, Madam Speaker.

Madam Speaker: I gathered from the note that the hon. member sent to me that he was in need of or would like to have some more information about this question, but it is not for the Chair to obligate any minister, or even the Prime Minister (Mr. Trudeau), to make a statement in the House. That is the choice of a minister or the Prime Minister. As the hon. member knows, there are opportunities to debate these questions, such as the question period, opposition days, or the other procedures at the disposal of members. I have therefore to say to the hon. member that he has no question of privilege.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. ORLIKOW—NOTICE OF PETITION RESPECTING INTEREST RATES

Mr. David Orlikow (Winnipeg North): Madam Speaker, I have been asked to present a petition in opposition to high interest rates which are causing a crippling burden for all Canadians, and which are bankrupting businesses and causing people to lose their homes. I have checked with certain authorities and I find the petition is not in the form required by the rules of Parliament. I shall therefore send the petition to the Minister of Finance (Mr. MacEachen), with a covering letter.

[*Translation*]

CANADA STUDENT LOANS ACT

MEASURE TO AMEND

Hon. Francis Fox (Secretary of State and Minister of Communications) moved for leave to introduce Bill C-55, to amend the Canada Student Loans Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 87, 162, 236, 937 and 1,391.

[*Text*]

EAST BLOCK RENOVATIONS

Question No. 87—**Mr. Cossitt:**

1. (a) On what date did renovations to the East Block commence (b) what are the expenditures made to date (c) what was the original total estimate (d) what is the total estimate as of the date the answer to this question is prepared?

2. How many rooms or offices are there in the East Block and what is a list of the planned use for each such location when renovations are completed?

3. On what date is it estimated that renovations will be completed?

Hon. Paul J. Cosgrove (Minister of Public Works):

1. (a) First construction contract awarded November 15, 1976;

(b) Expenditures as of April 17, 1980, $12,989,809.08;

(c) $8,000,000 (January 1975 constant dollars);

(d) $14,890,000 (Current dollars).

2. The only portion of the East Block that is being renovated at the present time is the 1865 Wing.

The rooms in the 1865 Wing are:

Basement

22 offices

3 washrooms

30 service*rooms

5 vestibules, lobbies, waiting rooms

First Floor

1 meeting room

37 offices

3 washrooms

6 service*rooms

7 vestibules, lobbies, waiting rooms

Second Floor

36 offices

1 meeting room

5 heritage rooms for public display and ceremonies

4 washrooms

6 service*rooms

3 lobbies, waiting areas

Third Floor

16,000 usable square feet of open space, not assigned

6 offices

5 washrooms

7 service*rooms

2 lobbies, waiting areas

*storage, mechanical, electrical, telephone

NOTE

The selection of tenants for the renovated portion of the East Block is the joint responsibility of the Speakers of the House of Commons and the Senate.

3. Basic building renovation to be completed by August 31, 1980. Tenant fit-up schedule to be established when requirements are known.

CENSUS—POLITICAL APPOINTMENTS

Question No. 162—**Mr. Cossitt:**

1. Will members of Parliament be permitted to nominate persons to be considered for employment in their constituencies in the various capacities that will be required for the taking of the new census and (a) if not, for what reason (b) if so (i) will this be permitted to all members regardless of political affiliation (ii) will it be restricted to Liberal Members of Parliament only and, if so, for what reason?

2. Will it be government policy to permit Liberal Party officials in various constituencies to have an input into such nominations and, if so, for what reason?

3. Will the government consider removing the entire matter from any political level and require that appointments be made on the basis of merit and ability?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports: 1. A number of sources of nominations for potential census employees will be used; primary among these is the ministerial referral system. Nominations by non-government Members of Parliament will be permitted.

2. Traditionally a list of nominations provided by government party MPs and local representatives has been a source for potential census commissioners. As this practice has proven to be extremely effective and efficient it will be continued for the current census.

3. Appointments are made under the Statistics Act on the basis of merit and ability as determined through written tests and personal interview assessments.

Order Paper Questions

PERSONS REFUSED UIC BENEFITS ON BASIS OF LANGUAGE

Question No. 236—**Mr. Herbert:**

1. How many persons have been refused or cut off from unemployment insurance compensation because they speak only one of the official languages?

2. Is a unilingual French-speaking claimant who moves from Quebec to a small rural town in British Columbia where the only job opportunities were for English-speaking or bilingual workers considered as not available for work?

3. What assistance is offered to such a person who is willing to broaden his or her job search but wishes to continue to live with his wife or her husband?

4. How many persons refused or cut off from unemployment insurance benefits for reasons of language, have had their benefits reinstated?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Persons are never "refused or cut off from Unemployment Insurance" benefit on the basis of language capability.

2. Availability for work is always a question of fact to be determined by reference to the particular circumstances of each case. The circumstances may be ones beyond the control of the claimant or ones deliberately created by the claimant. A unilingual French-speaking claimant could be disentitled because of self-imposed restrictions limiting his or her availability to an area in which the only job opportunities in the requested type of employment were for English-speaking or bilingual workers. In such a case, disentitlement would be due to the self-imposed restrictions on availability for work and not to the inability of the individual to speak English. A unilingual English-speaking claimant would, of course, be treated the same in a French-speaking area.

3. If a Canadian migrates to parts of Canada where a different official language of work is used and cannot be placed in employment due to his or her inability to communicate in the other official language, he or she may be referred for language training under the Canada Manpower Training Program. The aim of such training is to enable the individual to obtain work in the occupation of his or her choice or in other suitable employment.

4. Not applicable.

STATISTICS CANADA—RELEASE OF INFORMATION

Question No. 937—**Mr. MacKay:**

Does Statistics Canada have a policy of providing certain ministries of the Crown, senior public officials, and political advisers, selected statistical information prior to publication and, if so (a) which ministers of the Crown and senior officials receive such statistical data prior to release (b) which series of publications are provided (c) how many hours prior to release is each series provided (d) does the information provided prior to release differ in detail or in format from that which is later published?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada maintains a policy of simultaneous release of official statistics to all data users. However, it is government policy to allow certain exceptions to the simultaneous release rule. The pre-release procedures ensure that the number of pre-release recipients is restricted only to those persons who absolutely require it. Ministers concerned with key statistical series are expected to be prepared to answer questions both in the House of Commons and from the press as soon as the new

data are released. In order for a minister to be able to make an immediate response, statistical data are made available to the persons concerned shortly before Statistics Canada release time.

POST OFFICE QUESTIONNAIRES IN EASTERN ONTARIO REGION

Question No. 1,391—**Mr. Cossitt:**

1. Did postmasters or postmistresses in the eastern district Ontario region receive questionnaires asking among other things the number of Francophones living in the community and, if so (a) who authorized the questionnaire (b) what was its purpose (c) was it sent to communities where there are no Francophones?

2. Is the Post Office Department following a policy of creating, as soon as possible, bilingual postmasters and postmistresses and specifically is this being done in areas that are primarily or entirely English-speaking?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): 1. No.

2. Canada Post's policy for creating bilingual positions for postmasters and postmistresses is as follows:

when there is a need to provide supervision to employees in both official languages;

when there is a need to provide a service to members of the public in both official languages.

In areas that are primarily English-speaking, the requirements for bilingual postmasters and postmistresses is based on "significant demand" where these persons are required to serve the public. In areas that are entirely English-speaking, there is generally no requirement for bilingual postmaster and postmistress positions.

[*English*]

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

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

• (1510)

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, January 19, consideration of the motion of Mr. MacEachen that Bill C-54, to amend the statute law relating to income tax be read the second time and referred to Committee of the Whole.

Mr. Ian Deans (Hamilton-Mountain): Mr. Speaker, yesterday when I spoke in this debate I outlined some problems which had been expressed to me by a number of people not only in my own constituency but in a number of other constituencies across the country during the course of my travels last year. It is fair to say these concerns about income tax were expressed to me even prior to the last election. People in Canada are vitally concerned about the way in which the government redistributes the income tax it levies. Many people are asking pointed and carefully considered questions about the priorities of the government. They have asked about what role the government will play in the future in the distribution of income tax, other tax, and the management of the economy in order that we can achieve a higher level of productivity, a better distribution of wealth, and a degree of economic stability.

I was asked why it was that in 1950 personal income tax accounted for only 20 per cent of the total revenue of the country but in 1980 that figure had risen to 37 per cent. And why at the same time corporate income tax in 1950 accounted for 22.5 per cent of the total revenue of the country while now it accounted for only 10.3 per cent. I was asked why it was that people were required not only to carry the burden of inadequate management by government, but now they are being asked to carry the burden of inadequate management by the corporate sector. As I said last evening, the largest of the large in the corporate sector have now found a new way of raising money to offset the bad management decisions which they have made over a number of years. It seems as though the corporate sector has found its way into the public trough during this time. It has found a door to the treasury and it is now imposing upon the taxpayers not only the normal burden but also the cost of wrong decisions made by the boards of directors and managers of large and, in many instances, multinational corporations.

There is no doubt in my mind that there is a role for government in setting the direction the economy should take, and in co-ordinating the efforts of both private and public enterprise—I use the word "co-ordinating" advisedly—in order that we can achieve the kinds of goals which Canadians have every right to expect we should be aiming for and some day should reach.

The most often asked question is: how can it be, when a multinational company runs into difficulty, that it is able to come to the government and achieve a key to the treasury, allowing that company to obtain funds raised through personal income tax, without that company making any major commitment to an over-all economic policy and strategy, or a major commitment toward expansion and growth or toward employing Canadians now and in the future? That kind of question is very difficult to answer because the decisions are being made and, in my view, being made wrongly.

If we are going to be asked, as undoubtedly we will be in the next few years, to play a larger role in the risk areas of the funding of major corporations, and if we are going to respond positively to those requests—and I am not suggesting that in all instances we should do that—then hand in hand with those responses must go a concurrent commitment from the compa-

nies involved that they will undertake to do everything they can to secure the investment of the public of Canada.

I have always held the view that if we spend taxpayers' dollars then we should be looking at investing them, as other people do, and expecting a return on that investment. Since in many instances the investment is a significant one, we should be considering where we fit in the decision-making process on how the development is to take place and the return we expect to see not only in tax dollars but in community involvement. We cannot continue to burden the taxpayers with ever-increasing income taxes. The low and middle-income earners and workers of this country are already paying as much or more than they can afford. In some instances these people are paying far more than they can afford. Therefore they should not be asked to give the labour they are asked to give in return for the income they get and, in addition to that, to pay tax which ultimately will be channelled through the government to the very corporations which are mismanaged in the first place.

We can see today a number of sectors where we are going to be placed under severe pressure by corporate decision-makers as to whether the government will give further tax concessions, allow a more rapid depletion or depreciation, or change the rules of the game to accommodate the desires if not the needs of these corporations. I am sure that it would not surprise you, Mr. Speaker, to know that one area which concerns me greatly is that of the auto industry and what is going on within the auto industry today.

Although the auto industry representatives will not be appearing before a Senate subcommittee today because it is inauguration day, they will be appearing before that subcommittee tomorrow to place before the United States government proposals for assistance which will, hopefully, in some way rejuvenate an industry in great difficulty. At the same time as that request is being placed before the United States government, the industry will be asked to make firm commitments. These will be commitments from which no deviation can be made without permission.

It concerns me that the same industry representatives will be appearing here some day, but not before a committee of Parliament. They will be appearing in private with the Minister of Industry, Trade and Commerce (Mr. Gray). They will have one of those little fireside chats about how the government can channel further the tax moneys of the public toward assisting those corporations. But in my view when they appear, they should appear first before a committee of this House. I think they should be asked to answer some fundamental questions about the nature of the industry in order that when we are asked to take more from the people of this country by way of income tax, a larger share of their income in order to subsidize this industry, we should have before us the answers to such question as: why is it that there is such a difference between the price of an automobile in Canada and the price of the same automobile in the United States?

• (1520)

Why is it that instead of maximizing volume and reducing unit price they have maximized the unit price and they are, in essence, attempting to recover for themselves far more than is expected to be recovered per unit from the American consumer? This action would put people to work and give the consumers of Canada a break. I think it is vital that those questions be answered before we get around to making concessions, grants, loans, and helping to restructure the economy.

I do not know whether or not you are aware of this, Mr. Speaker, but I thought it would be of interest to you, knowing the interest you have in this matter. The average price in Canada last year of the average automobile purchased by the average Canadian rose dramatically. The average price increase this year in Canada is 36 per cent over last year. That hardly reflects an industry which is doing all it can to try to maximize sales, to encourage consumer demand to go into the marketplace and buy those products, thereby increasing the productivity and the percentage of our manufacturing capacity which is used, and thereby leading to more employment throughout this province. That would result in an increase of consumer purchasing in general.

The increase level is felt by every single major North American consumer. The average car price for American Motors this year over last year is up 34 per cent. The price for Chrysler products this year over last year is up 28 per cent. The price of Ford products this year over last year is up 40 per cent. The price for General Motors products, excluding Cadillac, is up 35 per cent. And those are the prices in Canada.

The difference between the prices of automobiles in Canada and the prices of automobiles in the United States is quite startling. The difference generally accepted by the industry as being necessary—and I am not too sure how they ever came about it—is considerable. The average price in Canada for a North American automobile is $7,061 while the same car sold in the United States goes for $6,187. That is a difference of 14.2 per cent. Those figures are with respect to the sale of the same car. In some cases the prices are considerably higher.

I put it to you, Mr. Speaker, that the reason why people are vitally concerned about the government's expenditure program and the weight of taxation which they must carry, is because concurrent with this information goes the information that taxes continue to rise and handouts continue to be made from the government of these selfsame companies in one form or another. We must take a look at why that is. We must know for sure why there is such a differential between two automobiles manufactured by substantially the same work force with the same productivity levels and the same basic capacity to manufacture almost identical vehicles. Why is there such an outrageous difference between the sale price of a vehicle here and the sale price of a vehicle in the U.S.?

I think that is part of the management which people have a right to expect of government. I think it is part of the responsibility of members of this House to be aware of the answers to these questions. Therefore, it is part of the responsibility of government to make available to the members of the

House the opportunity to be aware of the reasons for these and other disparities which exist, before the government makes its decisions with regard to handing out taxpayers' dollars for whatever it is that management determines it needs them.

I suggest to the Minister of Finance (Mr. MacEachen) that I despair when I look at the programs brought in by the government. I fail to understand the rationale. Yesterday I attended the press conference held by the Minister of Industry, Trade and Commerce, the Minister of Labour (Mr. Regan), and the Minister of Employment and Immigration (Mr. Axworthy). At that press conference they, too, decided it would be appropriate to spend more tax dollars. They decided the income tax level would have to remain at least as high as it is today in order that they would have available to them some $350 million over the next three years to spend on a number of different programs.

I will not quarrel with all of those programs; it would be foolish to do so. Some of the programs are necessary and I understand that. However, I must say that I am not at all sure how they will be made equally accessible across the country. I fail to understand how the decisions with regard to which municipalities are to receive the benefits over and above those which are not, will be made.

It is obvious to me, and I think to anyone who understands economic conditions in this country, that there are more than six municipalities which are detrimentally affected at the moment as a result of recent high unemployment. Yet we are talking about providing assistance to five or six municipalities a year, for three years. One must ask which ones will be cut out? For example, is Brantford to be included? Is Sept-Îles or Sydney? Which communities will receive it? Will the decision be based on a geographic basis? Will it be required that you be a Liberal member to gain access? I would not think so, and I certainly hope not. But one asks those questions since there are no clear criteria from which to make judgments.

When I look at the program I see it is designed in exactly the same way as government programs have been designed for at least as long as I have been following government. With respect to special industry and labour adjustment programs, which are entitled New Industrial Assistance Measures, the first focus will be on firms in the designated community encountering difficulties as a result of a product or market decline or as the result of inefficient or uncompetitive production methods. As I said last night, it seems as if we are rewarding bad management. If someone comes in and says, "I was inefficient, can I get some money?" that is the person who receives it. That hardly seems the way to go about it. But that is the first focus.

The second focus refers to firms in the community which wish to expand existing operations and take advantage of new and expanding market opportunities. That makes some sense except there is one fundamental problem which confronts all of us in Canada at the moment, that is to say, we are only operating at 75, 76 or 77 per cent of our production capacity, depending on which month you talk about. We have a 22 per cent to 25 per cent unused capacity. Surely common sense tells us that we should be striving to find markets for the unused capacity which exists. The primary focus should be to make it more attractive in the domestic market for people to purchase, and assistance should be provided in finding new markets outside Canada. In this way we can properly utilize our productive capacity which sits unused.

The program talks about firms from outside the designated community which wish to enter the community through the acquisition of, or merger with, the firm in the community. That may or may not make sense. The process one would have to go through in order to make that determination would surely be based on profit and loss, and the firm that is interested in merger or acquisition will certainly do that, with or without government assistance. In fact if there is any opportunity to make money in that field they will take it.

Finally, Mr. Speaker, I know you will be interested to hear what the minister said yesterday. He was asked whether these were grants or loans, and he said they were not grants and not really loans. In fact what the program says is "negotiated repayment provisions would apply to contributions." What it means is that if you succeed it is a loan; if you fail it is a grant. That is really very silly because we have no input as to whether there will be a success or failure, no say in how it will be done, and no part in decision-making other than the granting of the money in the first place.

● (1530)

I want to suggest there has to be much stronger provision for reporting when we are using taxpayers' dollars. That reporting must be done to a board which has an opportunity to review, wherever it appears necessary, the structure, both financial and economic, of the company involved. There has to be an ongoing test of whether the company is living up to its commitments, whether it is in fact employing people as it said it would, and there has to be a way of recovery in the case of default.

I do not want to belabour the point other than to say to you, Mr. Speaker, that the concern which is being expressed by people in the country about the level of income tax they pay, about the fact that the government is not managing the tax well, and about the fact that the private sector has now been able to gain access to the taxes paid by individual citizens in a way that heretofore it has never been able to gain access, requires careful consideration by this House. I suggest to you, sir, that the Minister of Finance would do well to spend some time talking about the criteria for expenditure as well as about the criteria for the levying of taxes.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I enjoyed listening to the previous member who raised a number of questions of importance under the general rubric of this bill. I cannot say I agree with all his diagnoses, but he certainly attempted to address some of the questions which are indeed right and proper to be discussed within the broad context of taxation legislation. I wish that I could say the same for a member the other evening who somehow found in the amend-

ments to the tax act that, and I quote him: "The bill will destroy our common languages, destroy our respect for democratic institutions and destroy the underpinnings of democracy itself." That apocalyptic vision of what is intended by a tax amendment bill I certainly do not share. By contrast, I would again simply note the contribution made by the previous member and recognize the serious intent of his remarks.

In any event, my purpose this afternoon is to address those parts of the bill which specifically relate to the petroleum industries. I propose to do so in the order in which those measures are presented in *Votes and Proceedings* for January 12.

The first three clauses of Bill C-54 which relate to the petroleum industry, 26, 27, and 28, are simply carried over from the budget presented by the previous government last December. Those three clauses were not implemented when that budget and the government itself were defeated. They do, however, reappear in Bill C-54 to give substance to the commitment of the government to alter the deduction on costs incurred in acquiring oil and gas properties from a maximum of 30 per cent to 10 per cent annually, on a declining basis. We hope that the effect of this measure, a goal which we share with the official opposition, will be to slow the bidding up of resource land values and thereby to permit the petroleum industry to put proportionally more of its revenues into the further exploration and development of our resources. I cannot, of course, promise that this desirable result will flow from this present portion of Bill C-54, but this is a goal which we share with the previous government. I trust that it continues to meet with its members' support.

With regard to other clauses of the bill that pertain to energy, I would note 44, 81 and 83 which I shall simply characterize as measures that attempt to close possible tax avoidance opportunities. All of us are, of course, aware of the remarkable imagination of some taxpayers in finding upon occasion loopholes to avoid the payment of taxes. Those three provisions are intended to prevent certain abuses, at least theoretical abuses.

Five other clauses of the bill, 90, 92, 93, 94 and 95, also relate to the petroleum industry in Canada. They are of greater significance than the three I have just mentioned. It is for that reason I want to take a moment to discuss them in some detail. They reflect the commitment on the part of the government to conservation and to substitution, two aspects of the National Energy Program which have not received the attention they so much deserve. Indeed, the success of the program in achieving the goal of self-sufficiency in oil for Canadians by the end of this decade will depend in significant measure on the success of the conservation and substitution commitments which are reflected in these clauses to amend the Income Tax Act.

Hon. members will recall that two important objectives of our total program, in addition to the supply side of the equation, are to ensure that we do conserve oil and that we do substitute more plentiful forms of energy for our oil resources. In this regard, members may recall that our goal is to reduce oil consumption to 10 per cent of total energy use in the domestic, commercial and industrial sectors by 1990. Two major programs are in place to help give the private sector the opportunity to join in achieving those goals. Those two programs are the Canadian Oil Substitution Program and the Canadian Home Insulation Program which is, of course, more commonly known as CHIP.

The first of those two programs, the Canadian Oil Substitution Program, will provide home owners with up to $800 to cover one half the cost of converting from oil to other energy sources, principally natural gas, but also in many areas of Canada electricity, propane, wood, and, perhaps a little later on, solar and other more unconventional forms of energy.

● (1540)

CHIP, on the other hand, is the principal means of providing federal funds to improve the energy efficiency of our homes. Currently households account for 15 per cent of Canada's total energy consumption. The National Energy Program provides for an increase in the total CHIP budget from about $195 million in the past fiscal year to $265 million for the fiscal year 1981-82.

I want to note for the benefit of the House the rapid growth of CHIP. It has not been without its growth problems, but the total success of that program is now evident. Certainly the increase in the number of those applying for the assistance available is reflected in the fact that in the fiscal year 1977-78 only 15,000 grants were made, whereas in the fiscal year 1981-82 there are some 500,000 grants projected at an estimated cost of some $265 million. This is a major increase in the extent and, indeed, the success of CHIP, which is given further substance in the bill before us today.

Hon. members will be aware that the goals of CHIP, that essential conservation program, are to reinsulate at least 70 per cent of the houses in Canada built before September 1, 1977, and, second, to achieve a one third reduction in energy used for space heating in reinsulated residences.

In our view, and I believe in the general view of the House, this program has been a successful one. It has, however, a greater role to play in the future. Is is partly for that reason that the responsibility for the policy and the financial control of CHIP will be transferred on April 1 from the Canada Mortgage and Housing Corporation to the Department of Energy, Mines and Resources. In our view this will allow the government to stress the energy conservation aspect of the program over what might otherwise be seen as the more restricted building codes and requirements of the Canada Mortgage and Housing Corporation. However, I should note that the CMHC will continue to issue payments and inspect completed insulation work.

Hon. members may be aware that currently only housing units built before 1961 are eligible for grants under CHIP. It is the intention of the government, however, that eventually all houses built before September, 1977, will be eligible. The fact is, however, that at the present time only a limited proportion of the total potential number of residences which could be

insulated have in fact been insulated. The current goal will be to bring up to the necessary standards those houses built prior to 1961.

Clause 90 of the ways and means bill now before the House amends section 12(1) of the Income Tax Act as part of the legislative approval for these two important conservation and substitution programs, CHIP and the Canadian Oil Substitution Program. Rather than make these programs available only to low-income Canadians on some sort of selective basis, the government has decided instead to make them available to all Canadians without income testing. This is the most equitable and efficient way to help implement the conservation element which is such a leading feature of the total National Energy Program. However, as the bill states, the grants under these two programs must be included and reported as income for tax purposes.

If we move on to clause 92 of the ways and means bill, we find that the intent is to encourage individuals and companies outside the petroleum industry to invest in oil and gas exploration. With that provision, such an individual or, indeed, a company, is eligible to deduct exploration expenses from tax. As some hon. members will be aware, that provision has been in place since 1976, but the effect of the amendment is to extend this benefit into the future.

With regard to clause 93, I should like to take a moment because it is of real importance to the Canadian petroleum industry. In my view it reflects the flexibility of the government in implementing its energy objectives. Here we have part of the elaboration of the National Energy Program which was tabled in the House on October 28. This amendment results from representations made by the private sector, which has such an important role to play in ensuring the achievement of our energy goals.

We have heard criticism in this House and elsewhere that the National Energy Program places undue importance on the role of government. Certainly, as the chairman of Imperial Oil noted the other day, governments have and will increasingly play a leading part in the energy economy of any country. But in Canada so too will the private sector play a major part in the future energy development of our country. In this amendment we see reflected the representations the private sector has made to the government. We have found that the interests of the private sector can be accommodated within the framework of our general national energy policy.

The National Energy Program had the unforeseen effect of unduly restricting the definition of petroleum exploration expenses. We have now moved to widen that definition—loosen the definition, if you wish—so that the private sector will be eligible to deduct these expenses. For example, any dry well will be eligible for exploration expenses. Hon. members who are interested in this point may wish to refer to pages 78 to 80 of the bill. They will see there an amendment which has been welcomed by the private sector as a means of giving it greater flexibility in joining the government in achieving our common energy goals.

I might note parenthetically that the government is also working toward integrating the 8 per cent petroleum and gas revenue tax with the incentive grants system to make the program as flexible as possible for the petroleum industry. Here again I believe that we have an example of the government's flexibility in moving to meet practical suggestions made by the petroleum industry.

Clause 94 of the ways and means bill is another measure which relates to the encouragement of the active exploration in Canada for new energy supplies. Let me just explain this provision, or note this provision with an example. Let us assume that an entrepreneur invites me to participate in his drilling fund. Let us say that in December I gave him $1,000 for exploration, but the entrepreneur does not employ my money for, let us say, five years. Would I then be eligible to deduct $1,000 as an exploration expense this year? Of course not. The expense should be deducted only in the year in which the activity actually commences. The amendment in clause 94 of the bill ensures that that is the case.

By contrast, clause 95 arises from the petroleum incentives program, which makes a variety of cash incentives or grants available to the petroleum industry for the further development of our Canadian resources and in so doing, puts emphasis, on a greater degree of Canadian ownership of the petroleum industry. Both Canadian and foreign-controlled companies on Canada lands or frontier lands are eligible to receive depletion allowances at the rate of one third of exploration expenses. The same rate also applies to all companies for non-conventional and tertiary oil projects, and to crude oil upgraders. In addition to such measures, Canadian-controlled companies with at least one half Canadian ownership will be eligible for grants covering 15 per cent of exploration costs on provincial lands and one half on Canada lands. Canadian-controlled companies with more than three quarters Canadian ownership will be eligible for grants of 35 per cent on provincial lands and 80 per cent on Canada lands. The development cost grants of 10 per cent and 20 per cent respectively will apply to Canadian companies for expenditures in the non-conventional, tertiary and upgrading products.

● (1550)

Now that the government is moving in a decisive fashion to make incentives available to the petroleum industry, there arises a question of duplication with provincial incentives. Again let me note the intention here by providing an example. Suppose that an oilman drills in Alberta at a cost of $1 million. The provincial government gives him $400,000 for drilling and the federal government gives him $350,000. So the oilman in question spends only $250,000. But, in addition, the oilman can deduct the $1 million against his taxes. Assuming, as it is probably safe to assume, that he is in the 50 per cent income tax bracket, he reduces his over-all tax by $500,000. In essence, provincial and federal governments together have given that oilman $1.25 million for $1 million drilling.

This provision of the ways and means bill now before us avoids such situations by reducing the eligible expense by the

amount of any assistance which that oilman receives from another level of government.

The amendments which I have noted today in the sections of the ways and means motion pertaining to the petroleum industry might be described as secondary aspects of our total energy policy, but they do represent a further implementation of the program. Bill C-48, which is now before the national resources committee, deals with exploration and development in Canada lands. The present amendments help to provide incentives, both on the supply side and on the restraint of demand side for all of Canada. Accordingly, these amendments form an important part of our total energy policy.

In conclusion, Mr. Speaker, I should simply like to note that the energy policy incorporates a variety of goals, goals of Canadianization, of supply and of conservation. Reflected also in that policy is the proposition that investors should receive a reasonable return on their investment but that profiteering will not be permitted. Also included in that policy, and indeed in the ways and means motion before us, is that ownership rights must be respected but royalty rates should not be excessive.

In tabling the National Energy Program, indeed in legislation which we recently debated in Bill C-48 and in the ways and means motion before us, the government is moving to balance many factors in the total energy equation in Canada. I hope that others during our discussion will wish to discuss some of these points as well. In any event, I hope that by drawing attention to those aspects of the bill which relate to the petroleum industry, the House will have further evidence of the determination of the government to provide incentives to the private sector, both to conserve oil and gas as well as to find additional petroleum for the benefit of all Canadians.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, several years ago when the Hon. John Turner was minister of national revenue, I recall sitting in this House in Committee of the Whole dealing with the Income Tax Act. A number of members on this side of the House made certain representations to the minister requesting certain amendments to one of the clauses, and the minister agreed that he would bring forth such an amendment the next day. It was a fairly simple amendment, and one would have thought that when it came in it would consist possibly of one paragraph. However, much to our surprise, the next day when the minister presented the amendment, we found that it was some two and one half pages long and it was couched in such language that we wondered if it covered the situation it was intended to cover.

I happened to know the draftsman who drafted that particular clause and I called him and chided him for the lengthy, convoluted, and almost incomprehensible amendment. I suggested to him that it could have been drafted much more simply. The draftsman pointed out to me that because the department made use of computers, drafting of the legislation had to be done in such a manner as to comply with some arithmetical or algebraic formula so that the computer would understand it.

The situation has not changed because today we are dealing with a bill some 200 pages long containing amendments to the Income Tax Act, many of the clauses of which only the computer can understand. Yet we, as Members of Parliament, are called upon to pass judgment on these amendments, and the taxpayers who are affected by them are called upon either to interpret them themselves or else hire lawyers or accountants at considerable expense to interpret what should be a very simple provision.

I suggest to the minister through you, Mr. Speaker, that possibly the time has come to draft a new Income Tax Act in language not drafted for computers but for the taxpayers of this country.

Some hon. Members: Hear, hear!

Mr. Neil: The drafting should be done in such a manner that the people of Canada can understand it, in people's language, not in computer language. Not only is the legislation complicated because of computers, but I suggest the use of computers has completely depersonalized our tax system. It is becoming more and more difficult for taxpayers to receive clarification of their assessments.

● (1600)

For example, at one time it was fairly simple, at least in Saskatchewan, for a person who had a problem, or a client with a problem, to pick up the telephone and call the district taxation office in Regina. He could explain the problem and, generally speaking, in a matter of minutes he would have the solution. If the problem was more complicated and could not be handled on the telephone, then he could pick up the telephone and request an appointment with one of the assessors. He could drive down to Regina and the assessors were very happy to see him. They would sit down with the person, pull out the files and go over them. Generally speaking they would arrive at a solution to the problem because the files were in Regina.

There are still offices in Regina and Saskatoon, but the files are in Winnipeg; they have been centralized. One cannot go into Regina and see the assessor, one cannot telephone because he does not have the files. One must write a letter to Winnipeg, and if the assessor in Regina requests it, the file might filter down from Winnipeg two, three, four, five or six weeks later.

The other day I telephoned a lawyer friend and asked him for some comments about the Income Tax Act. He told me that such a simple matter as requesting an income tax clearance certificate in an estate required weeks, and sometimes months. He said that if a letter requesting the clearance was attached to the return and sent off to Winnipeg, apparently the letter requesting the clearance certificate was pulled off the return; the return went up one stream, the letter went up the other stream, and the streams never met. He said that it was a case of sending perhaps two or three follow-up letters before the income tax clearance certificate came through for the estate.

Has the hon. minister ever given any thought to suggesting the appointment of some senior department assessors who have experience in the field to be sent out to discuss the various problems with the lawyers and accountants who, on a daily basis, are dealing with them? It would seem to me that some senior assessors, after consultation, could make some excellent recommendations to speed up the assessment of and dealing with the returns of Canadian taxpayers.

It is not my intention to go into a detailed commentary on this bill, but there are one or two points I should like to discuss. I am pleased to see that the government is repealing sections 74(3), 74(4) and 74(5). In particular section 74(3) was the one which prohibited a taxpayer from paying his or her spouse a wage or salary and deducting same as an expense for income tax purposes, unless, of course, the taxpayer was incorporated, and then it was perfectly legal. Lawyers, accountants and taxpayers could never understand the magic of incorporation—why, because of simple incorporation, one could pay his wife a wage and deduct it as an expense for income tax purposes, whereas, if one did not incorporate, one could not do the same thing. For many years the government and the tax authorities have resisted that change. It was only after pressure from members of the official opposition that such a change came about. I would say it is a change that will be welcomed in all areas of the country, whether it is in the small business field or in the farming community.

However, I was disappointed in noting that the bill gave no relief with respect to capital gains. In the Progressive Conservative government's budget of December, 1979, there was a provision which granted relief to the farming community. It did not go as far as many of us hoped, but it was well received. Unfortunately that budget never became law, but I recall in the campaign for the 1980 election that the Liberal party, in trying to gain votes and popularity in western Canada, called a news conference in Regina, with great fanfare. Some of their big guns were there and they made pronouncements on what they would do if they formed the government. They announced the double tracking of the railway, but of course no one ever thought they were serious about it. They may have been, but the producers and people of western Canada knew it was a foolish idea.

Mr. Mazankowski: It was a lunatic idea coming from a lunatic spokesman.

Mr. Neil: No one took it seriously, but western people took seriously the undertakings of Liberal candidates that if they formed the government they would update valuation day from December 1, 1971, to 1974. There is absolutely nothing in the budget or in this bill to implement that policy. It does not look as if these promised changes will ever be implemented.

Last year when the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) tabled his budget, he also tabled a white paper entitled "A Review of the Taxation of Capital Gains in Canada". It is an interesting document, but after reading it one has the distinct impression that the authors would like to see taxation of 100 per cent of capital gains instead of the present 50 per cent, and possibly a return to estate tax or succession duty tax, both of which were withdrawn when capital gains tax was introduced in 1972. What does the white paper indicate? I should like to look at the conclusions on page 54, and read a few excerpts. Under conclusions, the review starts off by saying:

> Taxation of capital gains is an important element of the income tax system. Capital gains add to a taxpayer's ability to pay.

It goes on to say:

> From various perspectives, the current tax treatment of capital gains is imperfect. Taxation of only half of capital gains, and other tax preferences that lower their effective rate of tax, are counter to the principle of tax equity—

And the review says further on in the conclusions:

> Taxation of gains when realized, rather than when accrued, induces taxpayers to continue holding a particular asset longer than may be economically desirable.

Further along is says:

> A number of imperfections would be removed if Canada taxed all capital gains in full as accrued.

● (1610)

It seems to me in reading that document that it is a move toward 100 per cent taxation of capital gains. Let us examine what has happened since the capital gains tax was imposed in 1972. There has been a rapid increase in government spending. Our budget increased from some $16 billion to over $50 billion. There has been a rapid increase in inflation of anywhere from 8 per cent to 10 per cent per year.

If we set aside gains which are made on the stock market we can see that the value of property generally has increased in step with inflation. Real property, and particularly farm land, has increased by some 300 per cent, 400 per cent, or 500 per cent. But this is an inflationary increase, not an increase in true value. As a result we end up with a tax on inflation rather than a capital gains tax.

I am concerned about the effect of capital gains tax on farm lands and small business. The capital gains tax has a drastic effect on inflating land values far beyond reason, simply because every time a farmer tries to sell a piece of land, the first thing he determines is what his capital gains tax will be, which he then adds to the asking price for the land. If the farmer gets that price for his land, then that price becomes the guiding price for all farm land in the area. When another farmer in the area sells, he asks himself the same question and determines his capital gains based on the sale price of the neighbouring farmland and, in turn, adds that to his asking price. And on it goes as land prices spiral ever upwards.

Of course tax officials and some members of the government will argue that there are roll-over provisions of which the farmer may take advantage. For example, if a farmer sells his holdings to his son or his daughter at the valuation day price, or leaves his holdings by will upon his death, then there is no capital gain. But if the farmer sells his holdings to his son or his daughter at more than the valuation day price, then there is no roll over and he must pay the capital gains tax. The situation works only if the farmer has one son or one daughter.

But if the farmer has more than one child to whom he would like to leave equal shares of his holdings, then there are problems. In most cases he ends up paying the capital gains tax, and in many cases the land is sold outside the family. As a result there are fewer and fewer family farms because of the effect of capital gains tax on farm land. Prior to the capital gains tax family farms were becoming fewer and fewer because of the effect of estate taxes or inheritance taxes or succession duties, or whatever one would like to call it.

I listened with interest on Friday to the hon. member for Broadview-Greenwood (Mr. Rae) when he spoke in this debate. It seems to me that the hon. member supports the taxation of wealth through capital gain and estate tax. I suggest that he and his socialist friends are rather naive. They do not seem to understand that our country was built on hard work and individual initiative, that Canadians are prepared to take risks to develop business whether it be large or small, a farm, a grocery store, a garage, a mine, or in the manufacturing industry. People took these risks to build a future for themselves and for their families. If hon. members will read page 6295 of *Hansard* they will find, part way down the page, the condemnation by the hon. member for Broadview-Greenwood of the government of 1972 for having abandoned the field of taxation of wealth by inheritance tax and estate tax. He then went on to say:

> The point is that we cannot continue with a series of minor income tax proposals which fiddle here and fiddle there without recognizing that we face a major crisis, what I call a "crisis of fairness", in our tax system. I think of the people in my riding who receive their pay packet every two weeks and know exactly from where the taxes come. They see it every two weeks. They do not receive any fancy deductions, because they are employees and receive wages. They have none of the whole range of deductions which are open to those people who are self-employed, those who are able to turn themselves, as if by magic, into a personal corporation or those who are able to use a marvellous invention called the inter-vivos trust in order to split family income.

It seems to me that the hon. member does not realize that it is the self-employed, the small businessman and the large business concerns, which create jobs for his constituents through their sacrifice and initiative. In many cases the proprietors or owners of small businesses, whether they be individually-owned or incorporated, take home less pay than their employees. The employer risks putting more money, tax paid dollars, into his business to enlarge it, to create more jobs, and to build up assets for his family and for his old age. Capital gains tax, estate and inheritance taxes, destroy and stifle the initiative that is necessary in order to expand or enlarge business and to create jobs for many constituents.

● (1620)

I listened with interest to the remarks of the hon. member for Hamilton Mountain (Mr. Deans) last night and today. He condemned Chrysler and Massey-Ferguson for applying to the government for assistance. I did not hear him or members of his party say, "Let Massey-Ferguson or Chrysler go down the drain. They are the large corporations which we, as socialists, dislike and which we use as whipping boys." It seems to me that his party has been encouraging the government to grant assistance to these corporations in order to protect the jobs of their employees. They cannot have it both ways, Mr. Speaker; they are either for the corporations or against them. They cannot blow hot and cold at the same time.

An hon. Member: Or suck and blow.

Mr. Neil: I think it is time for members of the New Democratic Party and members of the government side of the House to examine the direction they have taken this country in the last 13 years. In those 13 years we have moved down the road toward socialism. Our productivity is down and we are rapidly losing the incentives necessary to expand our economy and to create the jobs required for our young people. The government has operated on political expediency rather than on a policy of what is good for the country.

The many give-away programs brought in by the government with taxpayers' money, higher and higher taxes and deficits that are bringing our country to the verge of bankruptcy, have taken away individual and community incentives. If the trend continues, I am afraid that instead of being one of the leading countries in the world as we were at the end of the last world war, we will become a Third World country, like those in which the Prime Minister (Mr. Trudeau) is taking such an interest.

I believe that these remarks should give all Canadians some food for thought, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Jim Peterson (Willowdale): I would like to say "thank you" to my colleagues in caucus, Mr. Speaker. They are very understanding and perspicacious colleagues.

I am delighted to have the opportunity to follow the hon. member for Moose Jaw (Mr. Neil). He made a point about the Income Tax Act with which I have to agree. The wording of the act is pretty difficult.

Mr. Kempling: It is terrible, not difficult.

Mr. Peterson: I am not sure that I would go as far as the hon. member for Burlington (Mr. Kempling), Mr. Speaker. Just the other day I saw the hon. member for Portage-Marquette (Mr. Mayer) and the hon. member for Kamloops-Shuswap (Mr. Riis) sitting in the hall with a copy of the Income Tax Act which they were reading through. They were chuckling and seemed to be enjoying themselves, reading it like a novel. For most of us it is a very complicated document, one which was drafted in 1972 mainly by accountants for accountants.

This brings a story to mind, Mr. Speaker. Hon. members are probably aware of the provision in the Income Tax Act application rules to the effect that when establishing a capital cost allowance base, the cost, for income tax purposes, will be neither the greater nor the lesser of A, B, or C. It is very difficult to try to figure that out as the wording is so complicated. A friend of mine went to the restaurant one morning just before he was scheduled to make a speech on the bill. When the waitress asked him how many eggs he wanted, he

replied that it would be neither the greater nor the lesser of one and three. He certainly made the point about the wording in the Income Tax Act.

An hon. Member: She gave him an omelette.

Mr. Peterson: I suggest that perhaps, as someone said about Mozart's music, the Income Tax Act is not really as bad as it sounds!

Some hon. Members: Oh, oh!

Mr. Peterson: We have to consider the intent.

One of the major problems brought up by the hon. member for Moose Jaw is capital gains. He referred to the study that was made of the Income Tax Act and spoke of the needs of small business and of farmers. I should like to add some concerns that I have such as the problem of the entrepreneur, where we are going to get the tremendous amounts of money that we will require in the future to meet Canada's investment needs, and what would happen if we were to change the income tax system and increase the rate of capital gains tax.

I think one thing that we should look at very seriously is the method of raising the funds necessary to meet our investment requirements for the future. That means that if Canadians who have built up their investment in Canada are prepared to reinvest in Canada, to re-deploy their funds in this country, they should be considered in the roll-over category. In the future, we will have to reconsider how those roll overs for Canadian entrepreneurs can assist Canadians to build the type of infrastructure, the type of economy and the type of country that we will need. That is why I think it is important that the study was published. It is not government policy but it was published in order to evoke thought, to provoke ideas. This is an exercise in which we should all be involved on all sides of the House. No firm position has been taken, and the provisions have not been implemented.

There is a great disparity at the present time between the position of the New Democratic Party and the Tories on what the role of capital gains taxation should be.

Mr. Mayer: I should hope so.

Mr. Peterson: Perhaps that difference will have to be ironed out, but above all else the major consideration must be to meet our investment and reinvestment needs in Canada in the years ahead.

I should like to say a few words about the budget, Mr. Speaker. First of all, it is a very responsible budget in the approach adopted toward fiscal policy which involves a gradual reduction in the deficit. No one likes to see the deficit so high, but in this time of recession to have undertaken more dramatic cuts would have served to stimulate inflation further. As the Minister of Finance (Mr. MacEachen) so eloquently and forcefully put it, inflation is Canada's most gnawing and pressing problem.

In addition, in its approach to monetary policy the Bank of Canada, since 1975, has adopted what I believe to be a very responsible position.

Mr. Wilson: Tell that to Herb Gray.

Mr. Peterson: I have heard members on the other side of the House suggest that we should get away from this approach. Perhaps the hon. member for Etobicoke Centre (Mr. Wilson) has some different ideas.

Mr. Wilson: I do.

Mr. Peterson: If he thinks we should expand the money supply at a rate faster than the growth in the economy, I am ashamed of him. I do not think he would have the courage to tell that to his constituents.

Mr. Wilson: Tell it to Herb Gray.

Mr. Peterson: Herb Gray has never advocated that our monetary policy should be other than it has been since 1975.

Mr. Wilson: That is absolute nonsense. You should have been here a year ago.

Mr. Deputy Speaker: Order, please. It is the practice to refer to hon. members either by constituency or, in the case of a cabinet minister, by his ministry.

Mr. Wilson: Absolutely. Let us have a little bit of decorum in here.

Mr. Peterson: Thank you for drawing that to my attention, Mr. Speaker. I shall try to bring it to the attention of the hon. member for Etobicoke Centre. I will not call him by the other names that I was thinking of.

Mr. Cullen: All of which should be polite.

Mr. Peterson: Very polite, but more appropriate, I think.

Based on the fiscal policy and this concept of monetary policy, this is a responsible course of action to take at a difficult time in our economic history and the economic history of all the western civilized world. If we are going to control inflation, we will do it by a gradual policy, not by any of these magical quick fixes that we have heard about. As members from the parties surrounding the hon. member for Etobicoke Centre have advocated from time to time since the budget was brought forward, it will not be by introducing a whole raft of new spending policies, even though they would like to see them.

• (1630)

Where we will have the most impact in helping to cure inflation is in the area of increased productivity. The budget was multifaceted. It looked at the problem of our economy from many directions. It was not just a fiscal document, it was a document which dealt with many aspects that impinge upon our economic life. I would like to cite one of them to hon. members, and then speak about it.

Since the budget was introduced, the Minister of Finance has stood up under the most scathing criticism which the opposition from both parties have been able to deliver. He still looks stronger than the day he started. His policies have stood up. They have been unable to come up with any alternatives to counter those fine policies—

Mr. Hnatyshyn: He has turned grey.

Mr. Mayer: He is going down the drain. He is doing just fine.

Mr. Peterson: Let me quote what he said in his budget statement—

Some hon. Members: Oh, oh!

Mr. Peterson: If the hon. member over there wants to discuss agriculture, I will be happy to do so afterwards.

Mr. Mayer: It will be a short discussion.

Mr. Peterson: These western farmers have lots of land. The eastern farmers have to farm on a much smaller acreage. Therefore we have to be more economical and more conscious of our costs, and work every inch of our soil. We do not talk in terms of sections, we talk in terms of acres. I hear the hon. member from Burlington making a comment. I invite him to help me do the chores one day. I am sure that he could show me a lot.

An hon. Member: Another easterner putting a westerner down.

Mr. Peterson: I am not putting the hon. member down. I think you are good. I am jealous that we do not have the land that you have, nor the farm income that you have. I look forward to discussing these agricultural policies when we get through with this three-hour speech I am going to deliver on the merits of our budget.

I would like to bring to the attention of hon. members the budget statement by the Hon. Allan J. MacEachen.

Mr. Knowles: He is the Minister of Finance.

Mr. Peterson: The Minister of Finance. I get carried away each time. The Minister of Finance said:

> We intend to reduce the burden imposed on the economy by unnecessary regulation. The work of the Parliamentary Task Force on Regulatory Reform and of the Economic Council of Canada will be of great assistance in this endeavour.

That is why I am talking about the multifaceted aspects of the budget. Regulation has been defined as the means by which the government controls or determines the economic behaviour of the private sector. One of these means is through the Income Tax Act. I want to address some of my remarks to the question of federal regulations.

Our task force consisted of two members from the Tory party, one member from the NDP, and four members from the Liberal party. Incidentally, the idea of the task force was set by the previous government, a precedent which I think was a sound one and one which I hope will be followed in the future. I give them credit for the idea.

Our task force discovered that there are 140 federal statutes and 1,608 provincial statutes which deal with government regulation of the private sector. There are over 10,000 pages of federal regulations alone. Many of them are outdated, unnecessary, and unresponsive to the needs of the private sector and the business community. Many of the regulations came into effect not through parliamentary debate, where hon. members from all sides can bring forth opinions and views of their constituents, but by order in council.

Many regulations never see debate or the light of day until they are published in *The Canada Gazette*. Many of these regulations come out of the multiplicity of boards and agencies which have the power to regulate and to control our lives. We have two sets of laws, those which govern and regulate us, and those which are debated here in the House. I am sure that many members opposite wish we had more laws coming through here, the way they have been filibustering some of the ones presented so far.

Our task force was faced with a number of horror stories which this multiplicity of regulations has produced respecting the impact they have had in the private sector. Let me cite one example. We found that fire marshalls' regulations said that the boiler room door of a building had to open inwards so that in the case of an explosion it would be contained. On the other hand, the fire marshall said that the door had to open outwards. With such conflicting regulations the poor contractor did not know whether to hang the door opening inwards or opening outwards. In addition, we found that 13 federal departments deal with the area of occupational health. One chemical company wanting to establish itself in Canada had to go through 43 different municipal, provincial and federal regulatory agencies before it could get a licence to operate. There were other examples of multiplicity of regulations. I can think of provincial and federal inspectors going into food processing plants, some inspecting meat and some inspecting vegetables.

In our task force report we have proposed 29 recommendations to deal with many of these problems of regulation which is, like taxation, a means of controlling our economic behaviour. We have adopted a two-phased approach. One is a consultative approach, and the other is accountability.

First, let me talk about consultation. Most of these regulations never see the light of public debate. Because Parliament is already bogged down, instead of debate we have proposed that the public servants who are consulting and regulating the private sector must enter into a consultative process before making regulations. This will involve publishing a public list of people with whom they will consult. It involves an agenda of regulatory measures which will give notice of what is coming up so the public will be informed. We hope this will involve free publication of regulations so that the private sector will have an opportunity to consult with the bureaucrats, with the public servants, and with the ministers before regulations

become law. We also hope that from the moment any public servant has an idea about a regulation, that that will go into the regulatory agenda to be published. That way regulations will not become cemented in law or the subject of partisan political advantage when it comes to trying to change them.

The hon. member for Moose Jaw entered into the debate on capital gains. This was a debate stimulated by the government publishing a study. I hope we will have more green papers and study papers and that members opposite will take them seriously and enter into debate about them.

Another aspect we feel will have an impact on slowing down the rate by which regulations are made—someone has referred to it as regulatory birth control—is the requirement of an impact assessment. Regulators will have to justify why they are regulating. The tendency whenever anyone has a problem today is to say, "Let the government fix it." We do not think this philosophy is always the best and will be applicable in every circumstance. Very often people should fix things themselves. The private sector should be concerned with fixing up a mess. This is why we want this impact assessment, to outline the problem and the possible solutions, to indicate who has been consulted, and also to show the costs and benefits to make sure that the costs of the regulations will not outweigh the benefits.

● (1640)

One of our approaches here is flexibility. We believe each department has different requirements. These different requirements are as a result of different constituents and the different public with which each will consult, being business, big or small, industry, labour, environmentalists, naturalists, consumers or whatever. Their requirements will be different. Therefore, within the guidelines which we have laid down, we believe each department and agency should create its own rules to meet the needs of its own particular constituents.

We are delighted with the report published by the Atomic Energy Control Board over a week ago. The AECB issued an invitation to all the people with whom it deals, to come forward and discuss with it the processes by which it will be governed. I would like to say that in the past this has been the practice of the Department of Finance to consult in many areas with its affected community. It has developed a good reputation, among accountants and tax lawyers, of consulting before it introduces certain measures in order to find out whether these will work or what is the best way to deal with a particular problem. I know they are doing that right now in terms of some loopholes which have been raised and discusssed in our finance committee.

The second point of this report again affects our economic performance in a fundamental way. One way I mentioned is through accountability. Our regulators, public servants and ministers who are regulating, our agencies which are regulating, should be held accountable to Parliament. This was determined unanimously by our task force. After all, we, as Members of parliament, are the ones who have to be accountable to our constituents for what goes on. We must answer to them. This is why I think the accountability aspect will be of great interest to all members in the House.

Since Parliament is at a bottleneck under its present rules of procedure, we have made certain recommendations. For example, some people who want changes in their statutes say they have been waiting for years to get them on the Order Paper. But we have not been able to deal with them, we have not had the time. So, we will not bring every regulation before Parliament. Over the long term, what we have suggested is that the standing committees should fulfil this function. The standing committees are experienced with respect to certain subject matters. The hon. member for Portage-Marquette has been discussing this with me. He sits on the agriculture committee and he would be the one who would more appropriately be seized with the responsibility of determining what regulations are best in the area of agriculture. He should be the one to determine which areas are the most worth while and which ones should be eliminated. Over the long run the standing committee should have that responsibility.

What are the barriers to the standing committees being seized with that type of problem at this moment? In our experience the present committees are too large. They number 20 to 30 members and, as a result, a committee does not function as a cohesive whole. Discussion in a committee is often highly partisan, and this is aided by the approach that what is before it is only things that the government asks it to consider, such as bills after second reading. We do not think that even the standing committees at this stage are adequately equipped to deal with this, until serious reforms are undertaken.

Our solution is an interim committee called "A Special Committee on Regulatory Reform," which would last for only two years and would be subject to a sunset provision whereby it would disband sooner if long-term parliamentary reforms are entered into. This special committee would consist of ten members. There would be a serious limitation on substitution of members. Staff would be hired. The committee would have the power to oversee the whole process of regulatory reform and to hold public servants accountable to ensure we are cleaning up this mess of existing statutes and regulations.

We also suggest this special select committee of no more than ten members could also fulfil a second role, apart from being the force and conscience of regulatory reform. It could also serve as a model for longer-term parliamentary reform. As parliamentarians we would have a free look at how this one type of small committee with staff and dedicated members works. It might serve as a precedent for overhauling all our committees so that members could have a more effective committee system.

I think implementation of these recommendations will have a major economic impact. They would help increase the spirit of co-operation between the public and private sectors through this process of consultation. We would end up with better and more cost-effective regulations. There would be a reduced burden of regulation on the private sector. It could serve as a model of parliamentary reform.

In conclusion, Mr. Speaker, I would like to say that the experience of working together with members of the opposition on a small task force was one which was of great benefit to me personally. It was an experience I enjoyed. We had wonderful co-operation. We had very fine people working with us. I want to thank them, too, for the effort and the co-operation which they put into this report.

I think it is this type of approach, Mr. Speaker, which was embodied in the budget and is being carried through at this time by the minister and the government which will aid and assist in getting our economy moving through increased productivity, which is driven mainly by the private sector.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I have been listening to the very well reasoned arguments of the last speaker. I have listened as he stated with righteous indignation how he would change the whole approach to government by the party of which he is a member. He tells us how they would govern by regulation and order in council. He says there are 10,000 pages of regulations which must be changed. He says we are being strangled by regulation and that we must have changes in the rules.

The member should know that for years members on this side of the House have been making the same arguments but they have not got past first base with the government. The government has ignored them. I certainly hope that the committee, which I believe he was the chairman of, will have a greater degree of success. All of the problems he has been talking about are as a result of the Liberal approach to government, which is to keep things out of Parliament because they do not want to make Parliament too strong. They say, "Let us not change the rules because, if we change the rules, we might have to answer for some of the things we do." I suggest to the hon. member that rather than haranguing the House he should take those arguments into caucus and lay them on the table, taking the members of the government to task with those same questions. That is where we must get the action from. He will have no problems from this side of the House. We are on the record, we want to do the things he wants to do. But the Prime Minister (Mr. Trudeau) and other members of the government will fight him, and fight him hard.

I am very pleased to be able to participate in the debate on Bill C-54. I will be dividing my remarks between some general comments with respect to financial matters relating to the ways and means motion and, second, commenting on some of the aspects of tax policy as they are affecting the National Energy Program, and through that program, the future outlook of supply and Canadian ownership of our oil and gas industry.

● (1650)

The first comment I would like to make is in relation to the direction which the government appears to be going in this budget in the area of savings and investment. There is a direction here which concerns me greatly because it appears the government is moving toward discouraging savings and the accumulation of investment capital.

I asked myself right after the budget was brought down, why it was so slim and why it was primarily energy policy. I asked why the normal budgetary elements were so very, very slim. The answer, or the conclusion, I came to was that we have only heard the first shoe; I think the other shoe is yet to fall. The initial direction which appears in this budget is that we are moving away from the directions which have been taken by the government in previous Parliaments and from the direction taken by the hon. member for St. John's West (Mr. Crosbie) in his budget.

There are two things which have been removed from the December, 1979, budget, the first being the allowance to a farmer to transfer $100,000 of capital gain from the sale of a farm into a Registered Retirement Savings Plan, and the second is the provision for a Canadian common stock investment plan. Mind you, Mr. Speaker, that was to allow for contributions initially of $20,000 and subsequently $10,000, up to a maximum of $100,000 into an investment plan, and within that investment plan the income would be taxable but the capital gains tax would be deferred until the investment plan had been wound up. It allowed for the accumulation of capital and, therefore, the contribution of that capital toward the creation of jobs in this country.

The significance to me of the removal of these is that we are seeing a discouragement now of the accumulation of savings. There is no statement of intent, no statement as to why the government has chosen to exclude these from the ways and means motion. I ask myself whether this indicates a shift by the government away from encouraging savings, and I ask myself whether we have stopped there or whether we are going to carry on further into such areas as registered retirement savings plans, registered home ownership savings plans and the tax deductions of $1,000 of interest and $1,000 of dividend income.

In recent years the Canadian personal savings rate as a per cent of disposable income has been increasing, and increasing quite significantly relative to that in the United States. The figures are of the order of 5 per cent now for the United States as against about 10 per cent to 12 per cent here in Canada. In the 1960s and early 1970s it is my recollection that we were in about the same position, or possibly a little on the lower side, but because of the policies we introduced—policies which I believe encouraged saving—we improved our position. That helped in the creation of investment capital and, therefore, in the building of factories, plants and equipment. That is what creates jobs in this country and that is why it is important that we maintain these savings rates at the levels at which they have been.

If we look over the past two or three years we find that one of the primary areas of strength in our economy has been the area of private capital formation which created jobs. That was one area in which we did better than the United States. I would hope we would be able to continue to do better in the future.

The overwhelming significance of this is that in the 1980s there will be a tremendous demand for the large creation of

investment capital in the areas of energy. The figure of $200 billion is widely used as the amount of investment capital needed for this country to achieve energy self-sufficiency by 1990. Other areas of energy investment amount to somewhere in the order of $100 billion to $150 billion involving such things as electrical and nuclear energy, pipelines, and this sort of thing. The Canadian Manufacturers' Association is calling for a capital need over the next ten years of about $150 billion. Those figures total somewhere around $450 billion to $500 billion, a very large amount of money particularly when you put it in contrast with the size of our economy today which is roughly of the order of $350 billion.

It is very important that we have these savings incentives in place if we are to be able to create jobs, achieve self-sufficiency in energy, create a proper research and development environment, and also solve the very tough problem we have with our manufacturing balance of trade, which I remind you is a deficit in the order of $17 billion to $18 billion. What that means is the exportation of jobs from this country to other countries of the world.

As I said, I am unsure why these two provisions were removed from the ways and means motion. Whether this is a harbinger of things to come I do not know, but I am very concerned about the impact this may have on savings and investment in this country. We in this House must look very closely at what is going to happen in the next budget. Canada needs the high savings rate we have had over the past few years. I urge the government, if it is thinking of moving in this direction, to have a second thought, because this is going to be very important to the vitality of our economy in the 1980s.

The next point I should like to consider is the matter of the Small Business Development Bond. This was first introduced, again by my colleague, in the December, 1979, budget. It was very well received by the small business community which was suffering greatly from the high interest rates in place at that time.

It was next introduced by the Minister of Finance (Mr. MacEachen) in his April mini-budget, if that is what we can call it, and now it has been extended, in the course of this recent budget, by a full three months, to the end of March, 1981. Why has the government not acted to expedite this program which has been so well received? During the same period not only have we seen a continuation of the high interest rates, we are experiencing interest rates even higher. The Minister of Industry, Trade and Commerce (Mr. Gray) said he was going to resign if the earlier high interest rates were retained, yet the rates are even higher now. We are seeing more bankruptcies and more difficulties on the part of small businessmen in competing with large companies in the marketplace.

The small business community is the backbone of our economy. It creates about 60 per cent of the jobs created in Canada every year and accounts for approximately the same amount in total employment in the economy. The small business community is the future of this country and it is the means by which we can gain back a greater degree of control, particularly of the manufacturing community in Canada. It is the sector of the economy where new big companies of the future will start. You remember that old adage that every oak starts from a small acorn. The small business community is where those acorns are nurtured. At this time the policies of this government are stifling the growth of those acorns. The small business community is being crucified by the high interest rates policies of this government.

The minister has blamed high interest rates on the federal reserve. I can hardly believe that, because about a week ago I asked the minister why the Bank of Canada sold $1 billion worth of securities to keep interest rates up when it clearly had the option of lowering interest rates. The Canadian dollar has gone up about 1.5 cents and American interest rates are down from their peaks. The option to lower interest rates was clearly there. The answer I got from the minister was that we are keeping interest rates up so they will go down. That answer causes one to scratch his head. It is difficult to understand when you hear that sort of gobbledygook or, if I can recall a word used by the former member for Hamilton West, "baf-flegab". Tell that to small businessmen who are fighting to stay in business in the face of high interest rates. They hear the Minister of Finance say that we have to keep rates up so that they will come down sooner.

• (1700)

May I call it five o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Canada Pension Plan—Inquiry respecting coverage for spouses working in the home; the hon. member for Edmonton South (Mr. Roche)—United Nations—Special session on international development—Government policy; the hon. member for Saskatoon West (Mr. Hnatyshyn)—Nuclear energy—National inquiry into domestic and international policy—Government position.

[*English*]

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, public bills, private bills, and notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Items Nos. 17, 18, 22 and 25 allowed to stand by unanimous consent.

NOVA SCOTIA BOUNDARY AND SUBMARINE LANDS ACT

MEASURE TO EXTEND PROVINCIAL BOUNDARIES

Mr. Howard Crosby (Halifax West) moved that Bill C-226, respecting minerals and hydrocarbons in submarine lands adjoining the province of Nova Scotia, be read the second time and referred to the Standing Committee on National Resources and Public Works.

He said: Mr. Speaker, it is my honour and privilege to present for second reading and reference to the Standing Committee on National Resources and Public Works Bill C-226, which would enact the Nova Scotia Boundary and Submarine Lands Act which I had the honour to introduce in this House.

First let me say very quickly that the basic purpose of this bill is to resolve the dispute between the province of Nova Scotia and the Government of Canada concerning ownership of offshore resources like oil, gas and coal. These would also include all hydrocarbons and minerals which fall within the normal description.

How would the bill resolve this dispute? It would do so by extending the boundaries of Nova Scotia seaward from the existing coastal land mass. In the result the submarine area of the Atlantic Ocean encompassing the continental shelf, or 200 nautical miles seaward, would become part of the province of Nova Scotia.

Let me review very briefly the historical facts which give rise to the federal-provincial dispute concerning offshore resources on the Atlantic coast which are pertinent to Nova Scotia's case for ownership of those resources. King James I granted a Royal Charter to Sir William Alexander in 1621. That Royal Charter included a band of sea extending seaward for 120 miles, including Sable Island. There were subsequent treaties involving England and France which confirmed the ownership of coastal territory by Nova Scotia, over the centuries. And those treaties and agreements continued up until the time of confederation in 1867. In 1867, of course, the British North America Act confirmed, in section 7, that Nova Scotia had the same limits at confederation as before. The BNA Act also gave the provinces all land, mines and minerals which belonged to them by virtue of section 109.

It also transferred Sable Island to the Government of Canada, thus confirming and indicating that Sable Island was indeed part of the province of Nova Scotia prior to 1867. The result is that Nova Scotia claims its submarine lands and resources, and it has passed legislation to enforce those rights of ownership. In particular, Nova Scotia has passed legislation respecting coal mines and, more recently, in 1958, it passed legislation respecting the harvesting of sea plants.

Submarine Minerals and Hydrocarbons

In 1980, the legislature of the province of Nova Scotia passed the Petroleum Resources Act, which defined "Nova Scotia lands" for the purposes of that legislation. Very briefly, section 7 said that the act applied to "Nova Scotia lands", and those lands included Sable Island and the seabed and subsoil off the shores of the land mass of Nova Scotia. In addition, the Petroleum Resources Act purported to apply to the seabed and subsoil of the continental shelf and slope and the seabed and subsoil seaward from the continental shelf and slope to the limit of exploitability. So Nova Scotia very clearly, by its legislation enacted in 1980, claimed the submarine lands and the minerals, including oil and gas and coal, which might be contained in those submarine lands.

At the same time we can contrast that legislative claim of Nova Scotia with the claim made by the Government of Canada in Bill C-48 which is now before the House of Commons and which is entitled the "Canada Oil and Gas Act". The Canada oil and gas act does just the opposite. It claims to apply to "Canada lands" and defines those lands in similar terms. In the result the Government of Canada, if the Canada oil and gas act is enacted, will lay claim to ownership and exercise jurisdiction over that area of the submarine lands adjoining Nova Scotia, extending seaward for 200 nautical miles and including the continental shelf. So the problem is evidenced by the passage of those two pieces of legislation: in Nova Scotia, the Petroleum Resources Act and, in the Parliament of Canada, the Canada oil and gas act.

The dispute with respect to ownership of offshore lands and resources must be resolved. Why must it be resolved? It must be resolved because we hear reports daily that it is delaying and hindering the development and exploitation of our natural resources off the coast of Nova Scotia and off the coast of Newfoundland.

Reports have indicated that executive officers of the Mobil Oil Company, which heads the syndicate exploring off the coast of Nova Scotia and off the coast of Newfoundland, have said time and time again that the continuance of this dispute and the failure to resolve the dispute concerning jurisdiction over offshore resources will delay and hinder future development and exploitation of those very resources.

How can this dispute be resolved? Of course, always by negotiation and agreement between the Government of Canada and the governments of the provinces affected by this dispute. However, for years such negotiation has failed to resolve the matters in issue.

On October 28, 1980, the National Energy Program was introduced in this House. The documents comprising that National Energy Program refer to this dispute. Briefly stated, the dispute was sought to be resolved by the Government of Canada giving to the provinces which have coastal lands 75 per cent of the wealth which would result from the development of those lands and resources. That was not acceptable to the provinces involved, and similar attempts to negotiate other arrangements have failed. What can we do to resolve the dispute? There is one other method, and that is to refer the matter to the Supreme Court of Canada.

However, I think parliamentarians, and all Canadians, would agree that this is a very poor way to resolve an intergovernmental dispute. I believe the dispute is constitutional in nature because it arises from provisions in the British North America Act and from the arrangements which were made between the provinces which originally formed the confederation which became the Canada we know today. Because of that I think it should be resolved outside the courts. If it cannot be resolved by negotiation between governments, it ought to be resolved by the Parliament of Canada to the extent that the Parliament of Canada has the necessary jurisdiction and capability to resolve the dispute.

● (1710)

We know that all the provinces of Canada, as a result of meetings between them and at the first ministers conferences, have agreed to provincial ownership of offshore resources. With that in mind, we know that if the Parliament of Canada acts in this area, unlike the constitutional decisions that have been taken by the government, we will act with the consent and concurrence of the provinces of Canada.

Under section 3 of the British North America Act of 1871, the Parliament of Canada clearly has the authority to extend the boundary of a province. This is what Bill C-226 proposes. It will extend the boundaries of the province of Nova Scotia pursuant to the authority granted by that section. Of course, the result of extending the boundaries in this manner will be that the resources contained in those submarine lands will then vest in the province of Nova Scotia. This technique is similar to that used in relation to the extension of boundaries of other provinces, including the province of Ontario and the province of Quebec. A better example, however, is the extension of the boundaries of Manitoba in 1912 by the Manitoba Boundaries Act which was enacted by the Parliament of Canada.

The bill which I am proposing in the House today for second reading follows the precedent of the Manitoba Boundaries Act. As I have said, it extends the boundaries of Nova Scotia, it defines the area involved in the extension, and it provides for the specific location of those boundaries by the executive authority. At the same time it preserves existing rights in submarine lands and, as required under the British North America Act, it provides for the consent of the province of Nova Scotia to the extension.

I have said that the dispute between the province of Nova Scotia and the Government of Canada with respect to offshore ownership must be resolved. I have said that it is slowing and hindering the pace of exploration of the resources off the coast of Nova Scotia, and certainly it is slowing the pace of the investigation and of the exploration off the coast of Newfoundland because officers of Mobil Oil have said so time and time again. But more important, the exploration of our offshore resources in Nova Scotia has a tremendous effect on the resolution of our energy problems in the province. As has been pointed out to the House time and time again, Nova Scotia and the other maritime provinces are at the whim of the foreign powers which supply oil through the OPEC agreement.

In Nova Scotia we pay the world price for oil, and this has a disastrous effect on the cost of electricity generated through the use of oil-fired thermal units. So we have to move to resolve these problems. We are doing so in the province of Nova Scotia in a number of ways. First and foremost is the conversion of oil-fired thermal units to coal and the development of the coal mines and resources which accompany that change. Second, we have instituted pilot projects to develop tidal power on the Annapolis River, and we hope that some day we will be able to develop tidal power in the Bay of Fundy. In addition, we seek the extension of the natural gas pipeline from Quebec to the Atlantic coast and to Nova Scotia. The fourth possibility is the use of natural gas delivered to the province of Nova Scotia by some other method. However, our long-range plan and our hope for the future is in the exploration and development of offshore resources.

I believe that Nova Scotia's energy future is dependent on the development of offshore resources, just as much as it is dependent on the delivery of natural gas to Nova Scotia, on the development of tidal power, or indeed on coal conversion. So I think that the failure of the Government of Canada to act to resolve this dispute is having an adverse effect on Nova Scotians and on all Canadians, because under our petroleum subsidization program all Canadians are called upon to support the price of oil delivered to the east coast of Canada and utilized in the maritime provinces and in Quebec.

The extent of this subsidy at the present is $3 billion a year. As you know, the actual subsidy program involves the Government of Canada paying the difference between the world price or the OPEC price for oil and the price for Canadian oil which prevails at the time of the delivery. As I have said, this subsidy program is costing millions and millions of dollars a day and is a drain on the resources of Canada, so it is in the interests of all Canadians to resolve these problems. One way to resolve them is to settle the offshore resources dispute so that the companies and the private sector involved and interested in offshore exploration can get on with their work and produce the results we all seek.

Mr. Speaker, I thank you and members of the House for their indulgence. Let me point out again that while Bill C-226, which enacts the Nova Scotia Boundary and Submarine Lands Act, appears to be a local matter, it is indeed a matter of national significance because I believe it would resolve the federal-provincial dispute with respect to offshore resource ownership which will enable the quick development of our offshore resources, thus resolving in part the energy problem in Nova Scotia.

I know that other colleagues of mine on this side of the House, particularly the hon. member for Central Nova (Mr. MacKay), will want to make a contribution to the debate on Bill C-226, and I will yield the floor in the hope that members will see fit to give this bill second reading.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the purpose of Bill C-226 is clearly to extend the boundaries of Nova Scotia to the greater distance of the continental margin. I shall want

to address that point in a moment. Before doing so, however, I want to say how many points the hon. member opposite made with which we on this side of the House agree. While I do not intend to support his bill, for reasons which I believe will become evident, I do want to say that we agree with him that the differences between the government of Nova Scotia, and indeed of Newfoundland, and the national government should be resolved by negotiation. Failing that, there is the route of reference to the Supreme Court, but it continues to be our view that, if possible, this disagreement should be resolved, as the hon. member has suggested, by negotiation.

I also agreed with the hon. member when he outlined some of the energy projects that can be taken to benefit the people of the maritime region, from where my ancestors came. I have in mind particularly his comments about the extension of the Q & M pipeline, a policy which the government fully supports and which is an important aspect of the National Energy Program.

As stated in that program, the government believes that the ownership of the territorial seas is vested with the federal government, as are the rights and responsibilities conferred under international law out to the 200-mile limit. It is the right of the national government to dispose of or exploit the natural resources situated in those submarine areas adjacent to the coast of Canada. Indeed, the Supreme Court confirmed this when it judged that beyond the lower water marks and outside the inland waters, the Government of Canada owns the area, has a right to exploit and explore it and has legislative jurisdiction over it.

However, the government, although committed to the proposition that large revenues generated from the exploitation of natural resources must benefit all Canadians, also recognizes that substantial benefits should go to the provinces. In that connection, I recall the statements of the Prime Minister (Mr. Trudeau) during the last election campaign at Memorial University in Newfoundland, when he made a clear commitment on the part of the national government to ensure that the people of the coastal provinces and in the maritime region received the full benefit of the potential riches which should flow from the development of offshore resources.

● (1720)

The National Energy Program indicated that the government is anxious to resolve the ownership issue, if necessary, through the Supreme Court for many of the same reasons which the member opposite mentioned. It read:

—uncertainty about the legal control over such vital areas is not conducive to the rapid development of the oil and gas potential of this promising region.

It might be useful to look for a moment at the efforts made in recent years to correct this situation. As early as 1976 the government indicated its willingness to proceed with a joint reference by both the provincial government and itself to the Supreme Court to have the matter settled. The government has been awaiting the approval of Newfoundland in such a reference. In the case of Nova Scotia, its provincial government has consistently indicated that it did not wish to address this issue in the Supreme Court but, as the hon. member opposite indicated, would rather reach an agreement through discussion and negotiation.

Ownership is not the only issue, and in the particular case of Nova Scotia it appears not to be the key issue. The government of Nova Scotia puts more emphasis on the following issues: first, the management and administration of offshore resources; that is, the rights to issue licences, leases, permits and so forth; second, the control of the pace of development of offshore resources; third, the possibility to determine the conditions under which goods and services are supplied to the industry in order to obtain a share of these business activities; fourth, the ability to provide preference in hiring for Canadians living in Nova Scotia. I must say that this last point would give me some difficulty. Those issues have formed the heart of negotiations over the past several years. However, the government of Nova Scotia clearly indicated in the past its confidence in having the matter resolved through negotiations with the federal government.

I should like to refer to the memorandum of understanding of 1977 between the federal government and the maritime provinces in which Ottawa proposed a provincial 75 per cent and a federal 25 per cent split of offshore resources revenue. The government was prepared to bear all costs of administering these areas. The 1977 proposal was rejected only by the government of Newfoundland. However, in 1980 the government of Nova Scotia terminated its earlier agreement of 1977 and claimed offshore ownership. On that basis, it introduced the legislation which the hon. member opposite mentioned—the petroleum resources act, the pipeline act, the gas utilities act and the energy and mineral resources conservation act.

In September, 1980, the question of natural resources and offshore resources ownership was on the agenda of the first ministers' conference on the constitution. Several options were reviewed at that time. While Nova Scotia reiterated its claim, interest was expressed in examining administrative mechanisms to resolve the issue. I should like to quote from page 43 of "The National Energy Program" where it refers to the efforts in September to reach agreement. It reads as follows:

Seeking a speedy and fair resolution to this issue, the Government of Canada offered to:

Provide 100 per cent of provincial-type resource revenues to the adjacent province, subject to arrangements whereby, when the province reached an agreed level of wealth, these revenues would be shared with other Canadians.

Give the provinces a substantial voice in matters of direct concern to them, including in particular the need to minimize social, environmental and economic disruption in the region.

Unfortunately, the offshore resource issue was not resolved.

Following the September discussions which I just mentioned, the Premier of Nova Scotia made a distinction between his position and that of Newfoundland. I refer hon. members interested in this subject to the October 31 edition the *Chronicle-Herald* of Halifax which indicated that the premier, while still wanting 100 per cent of the benefits from offshore oil and gas to go to the province, thought the ownership question "can be put aside". Given the premier's viewpoint of a few months ago that ownership can be put aside and his concurrent view

that a federal presence is essential, the bill presented this afternoon appears inappropriate and unwarranted at this time.

The bill does not address many issues which the government of Nova Scotia has brought forward on many occasions. Furthermore, it challenges the federal jurisdiction of the Canada lands offshore Nova Scotia. It does not offer anything of a constructive character to enable us to get on with the essential development of offshore resources so as to benefit the people of the region and indeed all the people of Canada. It would merely render a complicated situation somewhat more difficult of resolution.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, I should like to begin by congratulating the hon. member for Halifax West (Mr. Crosby) for his foresight and loyalty as a Nova Scotian in bringing forward this piece of legislation to espouse a very just cause and to establish an important principle.

I think it would be useful to remind the House, as did the editorial which appeared in the *Chronicle-Herald* of Halifax some months ago, of some of the historic bases for the claims of the maritime provinces for greater equity in participating in the submarine resources adjacent to these provinces. I listened to the hon. Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. MacLaren) who, I think, said at one point that this did not espouse a very constructive course of action and intimated that we had not made a particularly great contribution. I do not want to misquote him, but I want to emphasize that we in the Atlantic region, particularly those of us in Nova Scotia and Newfoundland, have some very valid historic claims to our undersea resources.

Also the parliamentary secretary referred to the 200-mile limit. I think it is true—and my opinion is shared by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) who is a most knowledgeable Member of Parliament on questions of energy and offshore resources—that the international law which is still relevant dates back to a 1958 law of the sea conference whereby Canada sponsored a resolution indicating that littoral states had sovereignty over their offshore lands on their submarine shelves, slopes, coastal flats, and so on.

● (1730)

As far as that goes, they had unlimited sovereignty until they were met by the claims of the other littoral states, even if they were many hundreds of miles away. I believe enough states ratified this convention so that it is still international law. Despite pressures which have not yet culminated in changing the international law, that is still the case.

With regard to our contribution to confederation, I would like to quote again from the Halifax *Chronicle-Herald* editorial. It might be constructive to acquaint the House with just what happened with respect to the Atlantic provinces as opposed to what was done for many other Canadian provinces. The article reads in part:

> Prior to the creation of Saskatchewan and Alberta as provinces in 1905, and the enlargement of Manitoba, Quebec and Ontario a few years later, the lands that Ottawa gave those provinces were mutually owned by all Canadians, including the three maritime partners in Canada—Nova Scotia, New Brunswick and Prince Edward Island.
>
> Not only were the maritimes required to relinquish rights to lands and resources in which they had previously held shared entitlement, they were not considered, consulted or compensated. Geographically disadvantaged, in that they are not butted by northern lands, they remained small in area, receiving no additional territory.

It is interesting to look at the respective geographical areas of our provinces. Prince Edward Island has only 2,000 square miles, Nova Scotia 21,000 square miles, and New Brunswick 28,000 square miles; as compared to the other provinces in Canada such as Quebec which has 595,000 square miles, Ontario 412,000 square miles, Manitoba 251,000 square miles, Saskatchewan 252,000 square miles and Alberta 255,000 square miles. The latter group of provinces was created out of lands which were the joint property of the maritime people and the maritime provinces.

As to making contributions, I am reminded of a story. A pig and a chicken, while sauntering down the street saw an advertisement in the local restaurant which said "Bacon and eggs, 69 cents!" The chicken said to the pig, "Isn't it wonderful, the economic contribution we are making?" The pig said, "To you it may be a contribution, but to us it is a total commitment." The maritime provinces have made a very great commitment, not only by coming into confederation under terms which disturbed our previous prosperous state when we were world traders and a major maritime power, but under terms which grafted us on to the then troubled colonies of Upper Canada and Lower Canada, and we have been disadvantaged ever since.

The approach espoused by the hon. member for Halifax West gives the Government of Canada an opportunity to do what the hon. member for Qu'Appelle-Moose Mountain and his government of that day attempted to do, to give every region in Canada rough equity so that they can realize and be endowed with resources which will help them to grow and strengthen the total economic face of our nation, as opposed to the approach, as the hon. member for Halifax West has pointed out, in Bill C-48. His bill C-226 provides for a positive approach to strengthen our country by making available to areas of Canada that have been disadvantaged in the past, out of resources that are available, additional territory to bring their areas into a more equitable balance with some of the other provinces which had their territories increased some years ago.

There is no difficulty for such a move in so far as the precedents are concerned. The hon. member for Halifax West cited the British North America Act. One neat and tidy technique would be to follow the precedents in our constitutional history, some of which are the Canada and Ontario Boundary Act of 1889, the Ontario Boundaries Extension Act of 1912, the Quebec Boundaries Extension Act of 1912 and the Manitoba Extension Act. There is also the Alberta Act of 1905, the Saskatchewan Act of 1905, the Alberta Natural Resources Act of 1930 and the Saskatchewan Resources Act of 1930. Surely there is no lack of constitutional historic precedent for taking that move.

It is interesting to highlight and contrast the approach as epitomized by my colleague and that of the Minister of Energy, Mines and Resources (Mr. Lalonde). On the one hand the government under Bill C-48 is taking hydrocarbon resources away from not only the territories, which is bad enough, but prematurely, before court action, from some of the senior provinces in confederation. It is not merely the simple act of taking these resources away which bothers me, but the attitude which can be found in the proposed Canada lands act.

There is a tremendous amount of discretion of a totalitarian nature in this bill. I will cite only one section of the proposed Canada lands act which bothers me in this respect, and it is with regard to the assessment of royalties. Clause 43(9) reads:

> Proceedings in an appeal to the Federal Court of Canada under subsection (5) shall be held in camera on request made to the court by a party to the appeal.

Subsection (5) deals with royalty disputes. As a lawyer, Mr. Speaker, I sense that this must trouble you as well. This particular piece of legislation also talks about privilege. But to come back to the attitude and posture of this government, why in the world would a party to an appeal to our Federal Court in this country be directed—and there is no choice, the court is told—to hold proceedings in camera. Is this piece of legislation equivalent to the Official Secrets Act? Are we getting back to the same kind of infamous section which we see in the Federal Court Act, section 41(2)? This is the kind of attitude which troubles me, apart from the idea of taking away from the residents of the Northwest Territories and the Yukon valuable natural resources which is bound to impede their progress toward provincial status.

It is worse for the people in my own province and the Atlantic region to see our historic grants which were given to us, as was pointed out by the hon. member for Halifax West, by James I hundreds of years ago being totally ignored, as this government is ignoring the territorial claims of Newfoundland which were laid out when that province joined confederation. Then the government draws boundaries around our offshore lands and directs, thanks to this unparalleled ministerial discretion, any oil company, great or small, multinational or Canadian, as to where they shall drill, when production shall start, where the oil shall be stored, where it will be transported, where it will be refined, when it will be sold and what they will receive for it. Is that the kind of development which will help exploration take place in our offshore areas in Atlantic Canada and our territorial lands? I do not think so.

I do not believe that Bill C-48 can stand as it is presently drafted. I do not believe that any self-respecting company, whether it be in the petroleum industry or any other industry, would willingly work under such strictures. I see this Bill C-48, as opposed to the kinds of approaches espoused by the hon. member for Halifax West, as wrecking the chance for this country to develop the trillions of dollars needed to get us out of the unholy financial mess in which we find ourselves. I see it wrecking our chances for energy self-sufficiency, and I see it as being directly opposed to the traditional tenets of helping regions, helping people develop and giving them the resources to work with themselves.

After all, what the hon. member is asking for and our province follows the same philosophical approach that was once available to individuals, and still may be available in certain parts of this country, when lands were granted to people on the understanding that they would improve them, develop them and pay taxes on them for the greater good of the country. Surely, this kind of approach is preferable to this arbitrary, totalitarian grab for resources which is implicit in Bill C-48. I know, as the parliamentary secretary has said, that there are many problems inherent in a statute such as Bill C-48. There are bound to be some very tough negotiations as to what would be encompassed in these increased territorial grants to the provinces and the Atlantic region, but that can be worked out. It is not a great problem.

• (1740)

The attitude of this government is a problem, Mr. Speaker. This has been highlighted by putting the government on the spot by means of Bill C-226, and by pointing out that there is a just and equitable way to increase the economic potential and to redress past wrongs against the Atlantic provinces.

I commend this bill to the House of Commons. I hope my colleagues will give it sympathetic consideration; not talk it out, but let it go to the committee to see if it may not be the means of developing a different approach to offshore mineral and hydrocarbon development in the Atlantic region.

You probably know, Mr. Speaker, that at this very moment coal is being mined several miles off the coast of Cape Breton Island. This is not a very large precedent, but it illustrates there is no reason why a territorial grant of a substantial amount could not be made to benefit the Atlantic region. It would not affect navigation, fisheries or the rights of other maritime nations but it would greatly strengthen Canada's position in the years ahead.

Some hon. Members: Hear, hear!

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, I welcome the opportunity to join in the debate this afternoon and to support the substance of the bill before us. I should like to congratulate the hon. member for Halifax West (Mr. Crosby) who proposed the motion. I believe it identifies the very real problem that affects confederation and proposes a solution which is quite commendable.

In 1867 when Canada was formed, our land area was only a fraction of what it is today. British Columbia, Prince Edward Island and Newfoundland were not part of the dominion. The northwest, stretching from Lake Superior to the Rockies, was owned by the Hudson's Bay Company.

Two months after the dominion was formed in the federal election of 1867, anti-confederationists captured 18 of the 19 seats in Nova Scotia. Indeed, the following year a delegation of Nova Scotian politicians travelled to London to seek the repeal of the British North America Act. Two years later, in

1869, the Hudson's Bay Company agreed to sell its vast territory, which included the future provinces of Manitoba, Saskatchewan and Alberta, to the new Dominion of Canada for $1.5 million. Unhappy westerners who wanted no part of the new country instituted a rebellion under the leadership of Louis Riel. That is a moment in Canadian history. The creation of Manitoba followed, and Saskatchewan and Alberta were created in 1905.

Significantly, at the time of the Hudson's Bay sale of land to Canada, there were only four provinces, New Brunswick, Nova Scotia, Ontario and Quebec—Upper and Lower Canada. We might make a case that both Nova Scotia and New Brunswick had a one quarter interest in the newly-acquired land that was later erected into our western provinces.

It is a matter of history that in 1912 Manitoba, Ontario and Quebec were greatly expanded to include the lands to their north which were very thinly populated and essentially unsettled. The maritime provinces, on the other hand, had been land-locked and could not be similarly expanded.

I therefore suggest that New Brunswick, Nova Scotia and Prince Edward Island have an historic claim to that portion of the continental shelf that is owned by Canada and which joins their respective coast lines. A similar case can be made by Newfoundland.

The additional lands given to Quebec and Ontario just about doubled their land area, while the northern expansion of Manitoba to include parts of Keewatin, and the addition of parts of Athabasca and Assiniboine to Saskatchewan, more than doubled their original land areas. The addition of part of Athabasca to Alberta in consequence of its northern expansion just about doubled its land area.

In my view, it is quite significant that the tremendous resource wealth in these provinces is to be found to a great extent in the northern territories added to the original provincial boundaries. The pre-Cambrian shield around Hudson Bay in northern Ontario, the spectacular resources in northern Quebec and the energy resources in the western provinces are cases in point.

The natural area of expansion for the maritime provinces is in the coastal areas adjacent to their boundaries. In my view, the case is well made for the maritime provinces to have their boundaries expanded to include the coastal areas under the sea.

The maritime provinces have an historic, legal and moral claim to these areas. So, too, has Newfoundland. The Atlantic provinces, together, suffer problems related to regional disparity. One half of their provincial revenues are now in the form of transfer payments from the federal government.

I suggest to the House that the wealth contained in the offshore resources would help alleviate these problems and would certainly strengthen confederation. I should therefore like to support the bill introduced by the hon. member for Halifax West whom I hold in great esteem and I congratulate him for introducing it.

Some hon. Members: Hear, hear!

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I think this subject can be approached from a very non-partisan point of view. In 1957 I took over as minister of resources or, as it was called then, national resources and northern affairs. This was a new department of government which was created in 1953 because we had been regarding our north and other resources with a kind of absence of mind.

When checking through the records of that new department in 1957, I discovered evidence that the problem that has been raised today by the hon. member was already in the minds of the administration of the Right Hon. Louis St. Laurent. I spoke to the then leader of the opposition about it from a legal point of view, as he was very proud of his background and experience in that field. He said that he thought the only way we could expand the territories of the Atlantic provinces was to divide up the Gulf of St. Lawrence. Being a considerable authority on constitutional matters as well as matters of law, he proposed that the boundary line of the Gulf of St. Lawrence should run from Anticosti Island in the north, down to the Gaspé.

I enlarged on that idea, Mr. Speaker. I knew that the Department of External Affairs and my own department of northern affairs, in co-operation with all the other nations of the world, were working on what was called the international geophysical year. There was a worldwide conference which lasted two or three years, although it was only supposed to last a year and one half. I knew the kind of information that was being fed into that conference. The theory of how the continents were formed had changed dramatically from previous beliefs. All the current theories were being questioned. It was realized that the eastern seaboard of North America was once part of Europe, that we had been drifting apart and that the geology of the Appalachian region which runs from Greenland, through Baffin Island, down through the Labrador trough, the Atlantic provinces and into the northeastern United States, has the same geology as that of western Europe. The coal and iron mines of Germany, Sweden, Luxembourg, France and Great Britain are of the same structure as the coal and iron mines of the Appalachian region.

It was also abundantly clear, as the hon. member for Central Nova (Mr. MacKay) has pointed out, that this wealth does not stop at the high water mark but continues underneath the sea.

As part of the vision of the Diefenbaker period, we thought we could give the Atlantic provinces an equal chance with the prairie provinces, Ontario, Quebec and British Columbia by giving them enough territory with resource potential. We thought we could also give them an industrial strategy by combining in that area all the forms of energy we could get. For instance, coal, iron from the Labrador trough and the give-away gases from Venezuela, which we could get for long-term agreements at almost nil prices. We could build into

that whole structure an energy network which would give this part of Canada, with perfect position for trade purposes with Europe, Africa, South America and the Eastern Seaboard of the United States, with access to supply from the Arctic as well as the Labrador trough, one of the great potential mineral areas of the world, some form of hope for the future.

• (1750)

I visited various governments, including Quebec. I suggested that we consider such a scheme. I wanted to include Gaspé because geographically it is part of that whole picture. Gaspé could tie up with the Labrador trough. An energy network could be built crossing from Cape Breton to Newfoundland to Labrador, picking up the power in the Hamilton River, and bring it down to Quebec City, Montreal and New York. We could develop the Fundy tides, develop the coal and use the cheap energy from Venezuela. We could then build an energy base which would economically give that area one of the strongest that any industrial complex could have.

It is rather difficult when you first make a proposition like that to have unanimous support among administrative governments which are busy with their problems. All I could get out of that first round of discussions was what appeared on the books in this House in 1957, which was the Atlantic Provinces Power Development Act.

I repeat again, that act was not called an act for New Brunswick and Nova Scotia, it was called the Atlantic Provinces Power Development Act. I had the pledge of the Quebec government that it would co-operate to develop and participate in this industrial complex. In the actual act passed by this Parliament, as hon. members will see if they go back to read it, we were only able to arrange anything tangible with Nova Scotia and New Brunswick. That was the Beechwood project on the Saint John River, and the tying up of the two grids into a bi-province grid. We had long discussions with the province of Newfoundland about building that grid into Newfoundland and getting access to the power in the Hamilton River. All of this is history, but very important as a backdrop to what is in this motion today.

We missed our opportunity 20 years ago because there was a reluctance to give up that tremendously strong and historic pride which each of those island areas have. Nova Scotia is an island, connected a little bit with New Brunswick, Cape Breton is an island and so is Newfoundland.

However, I think I have said enough to point out that even though we did not succeed in achieving our full purpose in 1957-1958, we did succeed in going to the Law of the Sea Conference in Geneva and fighting hard for the fishing rights, along with all of the other causes we fought for, and we got unanimous approval that the littoral state could develop the resources at the bottom of the sea as far out until you met the other nation coming from the other side of the ocean with the technology of the time. That is the international law today, which was pointed out by the hon. member for Central Nova. We should take advantage of this opportunity even though it is 20 years later. We should push this idea forward because it is unfair and inequitable to leave four eastern provinces which have not received the same treatment as British Columbia, Alberta, Manitoba, Ontario and Quebec have received out of this federal system and I think this motion could advance things very rapidly.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I will be brief. Bill C-226 introduced by the hon. member for Halifax West (Mr. Crosby) interests many from Atlantic Canada but, as the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) said, its dimension is much wider than just the geographical parameters of Atlantic Canada. The hon. member for York-Sunbury (Mr. Howie) gave a historical review of the expansion of other provinces where a lot of the natural resources are now. The hon. member for Central Nova (Mr. MacKay) in his development of this matter shows the very real interest in it. But what has never ceased to surprise me in terms of the federal position versus the Nova Scotia and provincial position is that under our tax sharing proposals now and/or the equalization grants—let alone the cost of these imported oils—it is almost six of one and half a dozen of the other. If a province can develop that offshore mineral resource and thereby get the benefit and the money from it, then in time Nova Scotia or another province will become a have province in terms of the expected potential wealth. This will help offset what the federal government is paying now under the equalization formula. I was interested in the historical background which the hon. member for Qu'Appelle-Moose Mountain described. There is no doubt, as the hon. member for Halifax West said, the conflict has impeded development and we are losing out with this constitutional conflict on the shore.

I would just like to add that with the extension of the provincial boundaries, this will enable a province to develop its resource, in which all Canadians share. For instance, if the Nova Scotia revenue base is better, that province will then need less input and/or subsidy from many subsidized programs, let alone the basic equalization formula. Somewhere along the line I hope that the mandarins of the world will get together and say let us not impede development, let us expand it so that all Canadians can benefit. I compliment the hon. member for Halifax West for bringing to the attention of the House something which rankles eastern Canadians. We know at the moment there are more resources developed in the west. We do not begrudge them that. We obviously benefit from it in terms of sharing. We do not deplore the fact that as four of the original partners, the boundaries were extended to the western provinces and although we have a vicarious ownership in that land being part of the original entity, we are not small-minded Canadians. As the boundaries were extended for provinces in the west, and Quebec had its boundaries extended north, under the various statutes of this House, all we ask for Atlantic Canada is that we be treated the same by having the only land we have, which is under the sea, extended as proposed by the hon. member for Halifax West.

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I will be a very popular fellow among the Members of Parliament from Nova Scotia after I talk out this particular bill. In the short time remaining, I would like to explain—

The Acting Speaker (Mr. Blaker): Order, please. I just want to advise the parliamentary secretary that he has succeeded in his purpose. It is six o'clock, and the time for consideration of private members' hour has expired. I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. MacEachen that Bill C-54, to amend the statute law relating to income tax, be read the second time and referred to the Committee of the Whole.

The Acting Speaker (Mr. Ethier): When the debate was interrupted at five o'clock, the hon. member for Etobicoke Centre had the floor.

Hon. Michael Wilson (Etobicoke Centre) Mr. Speaker, I am pleased to see such an attentive group of members who have come back from a nice healthy dinner. I hope that during the course of the next 28 minutes I will be able to give them some knowledge of what the problems are in this country and what changes they might encourage upon their government to change the very difficult position we are in today.

When we adjourned for dinner, Mr. Speaker, I was talking about the problems which small businesses are facing in this country and the very serious concern which small businessmen have with respect to the Small Business Development Bond, which has not been introduced in as expeditious a way as that community had hoped.

The minister clearly had an opportunity to help the small business people who are facing very difficult times with the high interest policy which he is following. Under this bond, interest would be treated as a dividend and, therefore, would not be taxable in the hands of the financial institutions, such as the banks, the trust companies and so on. In that way the small businessmen would be able to raise money at about 60 per cent or 70 per cent of the normal interest rate. We are talking about interest rates in the range of 20 per cent. The Federal Business Development Bank rate is at 22 per cent or 23 per cent today, I believe. That saving of 30 per cent to 40 per cent is a very significant amount.

The action we have seen is to extend this program for three months. By the time this legislation is passed, that will leave only two months. So, it is a very sorry and inadequate response to a very serious problem. Small business, the banks and other financial institutions have been waiting for over a year for action to take place. All we get is three months, one of which will have expired before the program is in place.

I am concerned about loans which were made in 1980, before the legislation was passed, but in anticipation of the legislation. I hope we will have a quick response from the government with respect to the action they will take and what their attitude will be with respect to loans which are made during that period. These loans have been taken out in anticipation of receiving the lower rate, in those few cases where banks would allow loans to be taken out. If those loans are not subject to the higher rate, it will cause hardship to the businessmen in this area. When you look at them, the small businessman's problems really are the same problems as those of many Canadians. The economy today is mired in stagflation. We have high unemployment, high inflation and low economic growth. Can you think of one policy, Mr. Speaker, which has been introduced by this government during the course of the last 11 months which is attacking that problem? I have thought about that and I have looked around for policies. I have seen the knee-jerk response to the Chrysler problem, a policy response which seems to be falling apart at the seams right now.

• (2010)

We have seen the government's interest rate policy. I sat in the television studio with the Minister of Industry, Trade and Commerce (Mr. Gray) when he said under pressure from the interviewer that he would resign if interest rates did not fall from the high levels they were at this time last year. It is almost a year ago since he said that. I watched him squirm. He did not have the guts or the honesty to back down from the pressure the interviewer was putting him under. He allowed himself to be pressed into saying he would resign if interest rates did not come down after his party became the government. He made that comment in the heat of an interview. We all know of that famous statement: If you can't stand the heat, get out of the kitchen. The minister would do a great service to this country and to this House if he would get out of the kitchen.

Some hon. Members: Hear, hear!

Mr. Wilson: The government has had an opportunity to get us out of this stagflation, and that is in the area of energy policy. In last year's report of the Economic Council of Canada, the council identified two areas of potential growth that were going to help the Canadian economy. The first area was the U.S. economy and the second was energy development

policy in Canada. This year the council comments, and this was before the budget, that the U.S. economy has turned soft, so all we have left is energy development. As a result of the National Energy Program, all the signs are there to show it is an abject failure in generating economic development in this country. Those hopes which were expressed a year ago have now been dashed. It is a disastrous policy and it has to be changed. We have just seen a litany of criticism of the national energy program before the National Energy Board.

A National Energy Board hearing has been called to look into the area of supply, and we have evidence that we are not going to see the balance of supply and demand which has been projected by the National Energy Program in 1990. Instead we will see imports in this country of 600,000 barrels per day, about one third of our requirements. That is the evidence from a number of very knowledgeable observers in the industry. That is the problem we have to face in this country, and it will mean a tremendous outflow of capital just to purchase that oil. We have the opportunity to reverse that if we can get our house in order here. If we do not, we will find that the government is sacrificing jobs, sacrificing energy security, sacrificing economic growth into the 1980s and sacrificing the development of high technology in these new areas of energy development. It is doing this with a program which is the most ill-conceived anybody in this country could imagine. The voices are clear, whether it is from the Independent Petroleum Association of Canada, representing Canadian owned companies, the Royal Bank of Canada, the Canadian Manufacturers' Association, the C. D. Howe Research Institute or the Economic Council of Canada. The evidence is all there and it could not be more powerful, yet the government is digging itself into a bigger and bigger hole by promising no change. The government is going to stick with its policy, damn the torpedoes.

It is not enough that security of supply in this country will be threatened through higher and not lower imports, and through a very insecure world with the things going on in the Middle East, but in addition, jobs are being lost. That is the subject I would like to address this evening.

We have heard the Canadian Association of Oilwell Drilling Contractors advising us that oil wells drilled in this coming year will be down from the anticipated 10,000, and the actual 9,000 wells which were drilled last year, to 6,000 or possibly fewer.

That is the leading edge of a much greater problem which is going to affect other parts of this country, particularly Ontario and Quebec. It is in Ontario and Quebec where the compressors, the tubing, the steel, the trucks and the electronic equipment are produced. Alberta recognizes it cannot produce that equipment in that part of the country and it has to look to us. It will be communities like Welland, Hamilton, Stratford, Mississauga and maybe even Etobicoke, Orillia and Ste. Thérèse; many communities in this part of Canada, which will suffer. In the area of oil sands development, 40 per cent of the economic development from those projects affects western Canada, but 25 per cent affects Ontario and 10 per cent to 12 per cent affects the province of Quebec. This is not just a western problem, it is a Canadian problem.

Let me describe the significance of this as it relates to Bill C-54. What is significant is the impact of the tax on oil and natural gas. Consumers will have to pay the price, regardless. We sometimes tend to forget that, but in the end result it is the consumer who has to pay.

The federal tax grant will be three times higher than that in the December budget; $37.5 billion as against $12.5 billion in the December, 1979 budget. It is not just the amount of the tax we are talking about. It will be high, but it is the impact of the tax I want to address this evening.

Let us look at the reasons the National Energy Program is such a disaster and so ill-conceived in the area of self-sufficiency, Canadianization and Canadian unity.

We had set self-sufficiency as the number one objective in our program. When you ask what should you tax and what should you be trying to do through your tax system if you want self-sufficiency, you must conclude that you should try to encourage production and you should try to discourage consumption. We left the industry free to go out and develop the resources of this country. At the same time, we put on an excise tax to try to dampen consumption.

What is the Liberal policy? It has taxed production through the 8 per cent production tax and it has made natural gas exploration and development less profitable by introducing an excise tax on natural gas. This government is holding down production, and through low prices it is encouraging consumption. How backward can you be if you are trying to achieve self-sufficiency through your tax policies?

Let us look at Canadianization. Our policy was to encourage the acquisition of shares in this country by Canadians. I discussed the Canadian investment program earlier in my remarks. We encouraged the growth of the industry. Over the past ten years we have seen foreign ownership of the industry drop from 90 per cent to 70 per cent, and it was going down further.

What has happened as a result of this Liberal program? It has taxed production and that tax is going to hit the Canadian industry much harder than the multinationals because the Canadian industry is primarily production oriented.

● (2020)

That is their operational base, and they have a smaller capital base, but the multinationals have all the petrochemical manufacturing and marketing over which to spread that tax load. The multinationals are in a relatively better position as a result of this budget than the Canadian companies which we want to help the most. That is the problem with respect to the impact of the taxes which are levied under this budget and which are part of this ways and means bill. The result is that independent Canadian-owned companies are redirecting their investment activities offshore, and the multinationals are saying, "We will get by; we can make it through." That is the tragedy of this budget.

The House will recall that I was concerned about the incentive to save being reduced by this government, possibly in the next budget. The concern I expressed was that a void would be created into which the government might have to move to do the things which are not being done by the private sector because of the lack of investment capital.

I see that this energy program is creating the same kind of void in the oil industry. The multinationals will be stalled because they are not getting access to the exploration incentives they had before. The independent companies are weakened and are moving out. What does that leave? We must develop our energy resources in this country. It only leaves the state to do it, and that, apart from being something I believe is wrong philosophically, is wrong in very clear practical terms because the oil industry has always benefited from good, keen competition.

If I might remind hon. members of the West Pembina discovery about two or three years ago, that West Pembina field was like Swiss cheese. It had been drilled and drilled over the years, but someone came along with a new idea and said: "Let's try another way; we will go down deeper; we will go down 12,000 feet instead of 5,000 or 6,000 feet." That was the biggest oil discovery Canada has had in the last few years. That is why competition and a number of points of view and a number of ideas being brought to bear on a problem will discover oil and gas reserves in this country. That is why I think it is wrong to concentrate too much power and too much decision-making power in the state.

The desire on the part of the government to create these voids for the state is a very disquieting trend to me and to our party. We must be alert to this, try to stop it and draw it to the attention of people in this country because the implications will be bad for Canada.

Mr. Peterson: Don't exaggerate.

Mr. Nielsen: Have the guts to stand up.

Mr. Wilson: The final dangerous impact of Bill C-54 and the National Energy Program is the impact on Canadian unity. Again let me discuss this from the standpoint of the impact of the tax because that is what we are here for this evening. There are two key taxes in the National Energy Program. One is a production tax, which is basically a royalty. The other is a natural gas excise tax, which is basically an export tax or a wellhead tax. We can call it by different names, as the minister did in his budget, but it is still an export tax, and it is still a wellhead tax. Surely there are other ways by which the revenues the federal government wanted could have been raised, but no, it has chosen to do this and to have a head-on conflict with the producing provinces, which has led to the production cutback with which no one on this side of the House is happy.

We think that there have to be other ways of proceeding, but this is what has happened. Oil sands projects and the Cold Lake heavy oil project have been stopped. There has been an increase in the degree of alienation on the part of people in western Canada. I urge the government to make changes with respect to the impact of these taxes so that we can move ahead in this important energy area in the fields of self-sufficiency, Canadianization and national unity because we will all suffer if changes are not made.

Mr. Peterson: Tax the consumer is what you are saying.

Mr. Nielsen: Have the guts to stand up if you have something to say.

Mr. Wilson: There has been some suggestion that the province of Alberta will cave in with respect to oil sands development and that it will allow oil sands development projects and heavy oil projects to go ahead. However, that is misleading and it is a misreading of the problem. Alberta's problem today as a result of the National Energy Program is not in the oil sands area; it is in the conventional area. That is where jobs are being lost today. Canada's problem is in the oil sands.

Alberta's problem has to do with conventional discoveries and the fact that work is not proceeding in the conventional field. The solution ot Canada's problem is to solve Alberta's current problem, and that means an agreement on conventional as well as megaprojects. That is why we need a total energy package, and time is very much of the essence.

I think we all noted last week that Nova, an Alberta corporation announced its application respecting a $570 million ethylene project. There are others to come. Others are sitting waiting for approval to go ahead from the Alberta government. If these proceed, as my colleague, the hon. member for Athabasca (Mr. Shields), said the other day, and then the megaprojects are piled on top of that, there will be tremendous social and economic strain in that part of Alberta. That is very much a concern to people in that part of the country, and we in this House must understand that because the pressure on the consuming provinces is there now. We in Ontario or Quebec—in the eastern part of the country—should recognize that we must come to grips with this problem in Alberta. We must understand Alberta's problems if we are to find a proper solution to the deadlock we are in today. That is why I say that the Government of Canada must change the impact of the taxes in these three areas.

In devising ways by which those changes are made, I think it is important that the federal government respect the jurisdiction of the province of Alberta in such a way as to encourage production, conservation and Canadian ownership.

From time to time hon. members opposite have said that we on this side are apologists for the industry or that we are looking out for the interests of multinationals. I do not feel sorry for the multinationals. I do not feel sorry for the independent companies.

Mr. Regan: You don't?

Mr. Wilson: However, I do feel sorry for people in Nova Scotia, Toronto or Montreal. Those are the people who will suffer. The independent producers put out some figures about

a week or two ago which show that there will be a little blip in their profits, but then they will be on the way back up as a result of the program. However, that misses the point that if the independent companies and multinationals are not able to produce what we are capable of producing in this country, we will all suffer through lack of economic growth, insecure supply and possibly the breakup of this country.

In closing, let me point to one area in which I believe Bill C-54 is deficient. There is no relief for low and middle-income earners. There is no relief for farmers and fishermen under the National Energy Program. Hon. members will recall that back in December of 1979 we introduced an energy tax credit which did provide these elements of our society with some relief from higher prices. There is no doubt in my mind that there will be higher prices as a result of this energy program. The prices will probably be much higher than they would have been had we concluded the agreement which was clearly in place in December of 1979. The hon. member for St. John's West (Mr. Crosbie) proposed relief, and I urge the government, when it brings in these changes—and I say "when" not "whether" or "if"—to have regard for the proposal made by my colleague, as it has in practically every other area of the ways and means bill. Very few have been left out. That is the nature of the genius of the budget of December, 1979. It is all coming home to roost.

● (2030)

I ask members opposite to bring in this energy tax credit and so protect the people in this country who are less able to protect themselves. That is the only decent and humane way of handling what is going to be a problem of higher energy prices in this country. That is a plea that I leave in front of hon. members opposite.

Finally, to sum up, I urge the government not to discourage the creation and development of savings in this country, because if we introduce policies which will result in a reduction of savings and an increase in the inflation rate in this country, we will be rewarding spending, and when you couple those two elements, it will lead in the direction of weakening the productive capacity of this country to create jobs, to create new plant equipment, to create new technology. When we look ahead to the 1980s with the tremendous volume of investment capital that must be put in place, whether it is in energy manufacturing, mining or forest products, we find there is a huge demand for capital ahead of us. We must encourage savings to enable the financing of job-creation investment which is required in this country. Second, we must extend the Small Business Development Bond by at least nine months so that we can look forward to a full year of that very worth-while instrument. Finally, we should revamp the National Energy Program to change the tax impact and to bring in the energy tax credit.

Those are only a few of the steps necessary for this government in order to regain the confidence of the people.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses)): Mr. Speaker, the Income Tax Act before this House today has a number of timely provisions that are of particular interest to our economy, our industry, our business sector, our farmers, our fishermen, and Canadian taxpayers in general.

Reflecting on the comments of the hon. member for Etobicoke Centre (Mr. Wilson) regarding the Small Business Development Bond. I would remind him that, first of all, the passage of this act makes the Small Business Development Bond issue retroactive to December, 1979. These development bonds must not be less than $10,000 and not more than $500,000 for the issuer in the case of a Canadian-controlled corporation. The borrower, however, cannot deduct those interest costs as an expense, nor does the lender have to pay tax on the interest income.

The legislation has been available to the public since June, 1980, and the public was advised that it was to be retroactive. While this was intended to be a break for the small business people, I am alarmed at the fact that some lending institutions have been reluctant, particularly in rural communities, for various reasons, to give loans under this provision. Perhaps it is partly related to the fact that the lending institutions can make more money or gain a better net return by charging 2 per cent or 3 per cent over the bank prime rate. However, the passage of this bill will enable the lender to treat the interest payments as dividend payments. Therefore, they will be able to reduce the rate of interest charged on these loans. Thus a bank or other financial institution which would otherwise pay income tax of approximately 50 per cent on such interest should be able to offer rates which are approximately half of the rates charged on convention loans.

As I indicated earlier, there was some initial slowness in the acceptance of the small business development schemes. The proposed draft amendments were initially issued in June of 1980 as some lending institutions were reluctant to make contractual arrangements until these were available. After the details were made known, a period of time was necessary to design and initiate the schemes. It was because of these factors that the period of eligibility was extended from the end of 1980 to the end of March of this year, 1981. However, most major institutions now have these intruments available and loans are being made. I now expect the measure to be of significant benefit to small businesses.

The intent of this act, which incidentally continues the indexation concept, in reality meets our needs. The provision of an exemption for the volunteer firemen, for example, recognizes the contribution that these people make to their communities by contributing their time and expertise to ensure the safety of their homes, their families, their places of business, and to ensure that their communities are protected against fire and other hazards.

When the alarm sounds or the call comes, these persons drop whatever they are doing and answer the call for help. In many cases they are dressed in business clothes or suits that are not washable and which become soiled or damaged so badly that they must be replaced, and these people have had to pay the cost themselves. Therefore, the increase in the exemption has been raised to $500. It is welcomed by the volunteer

firemen across this nation who contribute much of their time to ensure the safety and well-being of our citizens in the towns and villages, and particularly in the rural sectors of Canada. I am pleased to see this exemption included in this legislation. Again it is retroactive to January 1, 1980.

Another of the priorities of this act is to recognize the needs of the family operated small businesses which could include farmers, fishermen and all types of unincorporated businesses where husband, wife and family members work together as a team.

One of the reasons I entered federal politics was out of a sense of obligation, to ensure that the quality of life in rural Canada was preserved, maintained and enhanced. That quality of life is found in the towns, the villages and the rural countryside where there is a different set of values from those in the larger centres; a quality of life that reflects and respects the needs of others, a quality of life that is conducive to working together with a deep sense of appreciation and accomplishment.

As I travelled across this nation on many occasions through the towns and villages, past the family farms, I could not help but be impressed by the fact that so much time, effort and ingenuity had been invested in developing this nation. Canada was not developed from urban sprawl but from a strong and vibrant rural base which has spread from coast to coast. It was developed by people who invested and worked to improve and maintain their operations, people who believed in their creator, people whose first sense of obligation was the family unit.

Rural Canada is not only a way of life for those thousands of individuals who have chosen to work, to live and to raise their families away from the crowds and the hectic pace of the large city, but rural Canada is the sound economic base of all of society. Rural Canada and its contributions to our economy makes Canada one of only four nations in the world that are net exporters of food.

Whether we travel in the east, in central Canada or in the west, that quality of life is the same, and it provides an education for life. No other occupation teaches so much about birth, growth and maturity in such a variety of ways, about the splendour of the sunrise, the rapture of wide open spaces and the exhilarating sight of land greening each spring. This is the part of Canada where a person expects to give more to the world than he takes from it, where life is measured by what he has done for his fellow men, and as he sums up his days, he can stand tall and feel pride in the life he has led.

● (2040)

Small businesses and farms are interdependent upon each other to provide services and food for this nation. Small businesses supply 42.5 per cent of the jobs in the private sector. Gross farm receipts last year were over $14 billion, and we exported over $6 billion of this to contribute to our balance of trade, yet only 1.3 per cent of our total budgetary expenditures are spent on the agriculture sector. This is because farmers and small businesses are the product of a society dedicated to the work ethic and the ability of individuals to work co-operatively for the common good. In spite of the fact that our percentage of the total expenditures is so low, we are the most productive in terms of output per man in the agricultural sector of any nation of the world, and our research in this sector is among the best. We have provided our people with the best quality and the lowest cost food in the world, but Canadian farmers are the least subsidized of any nation and have the most stable income. Perhaps some day those producers will be like those brave people of World War II described by Sir Winston Churchill when he said, "Never have so many owed so much to so few."

It has been unfortunate that through the years the very people and entrepreneurs who epitomize the essence of rural Canada and the small business service sector have been discriminated against by our tax structure. I refer to spouses affected by the attribution rules which in the past did not allow a taxpayer to deduct as a business expense remuneration paid to a spouse who worked in an unincorporated business. Also it should be noted that any remuneration received by the spouse is not considered to be her income. As well, where a member of a partnership employs his spouse, a proportional part of the spouse's remuneration relating to her share of the business is deemed to be his income and not that of the spouse. Although I am mindful not to assume that the spouse was always the wife, in the vast majority of instances this has been the case. The law has been seen to discriminate against thousands of women who worked with their husbands in the operation of their family farms or in the establishment of small businesses.

The ways and means motion introduced on April 21, 1980, by the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) included the proposed amendment to the Income Tax Act which would remove the attribution rules with respect to the remuneration received by a spouse of a taxpayer employed in his business or partnership. Draft legislation regarding this matter was prepared and published in August. I hasten to add that appropriate amendments to the Canada Pension Plan have also been prepared.

So that no further inequity or hardship may be encountered by the people affected by the law, amendments to both the Income Tax Act and the Canada Pension Plan are intended to be retroactive to January 1, 1980. I am pleased to endorse this major change in the Income Tax Act which will be of benefit to so many Canadians from coast to coast.

Another provision of Bill C-54 is the extension of the investment tax credit to a level of 50 per cent for specified regions of the country. I would anticipate that such regions, when defined, would be areas which have suffered hardships over the years for many reasons. Some of these regions no doubt would be victims of modernization and advanced technology which has rendered their particular industries obsolete, or it may be a region of this huge nation which, due to geographical location, has not developed as quickly as the rest of Canada.

Regardless of the reasons, the existing investment tax credit is a measure which allows for a tax credit for equipment

purchased on a farm or in a business. This additional tax credit is an incentive which will allow for new capital investments made between October 28, 1980, and before 1986. This new investment tax credit applies to plant, machinery and equipment for manufacturing or processing as defined under the Regional Development Incentives Act. Such investments will be entitled to a 50 per cent investment tax credit. This compares with the existing tax credits of 7 per cent, 10 per cent or 20 per cent depending upon the region where the investment is made.

I am pleased to speak on behalf of this powerful incentive for investment in the slower developing regions of this nation which do not have the potential resources some other regions enjoy. When the Minister of Finance presented his budget, he indicated that the concept of sharing seems to be close to the distinctive fibre of the Canadian tradition. This concept of sharing, whether it is in equalization payments to the poorer provinces or increased incentives for development in those provinces, has one common objective—equality of opportunity for all Canadians.

The bill before us today is part of a package which will ensure the continuance of our high standard of living, ensure that increased personal exemptions are of assistance to all Canadians, and as a result of continued indexing, ensure taxpayers will not be pushed into a higher tax bracket by increased income which merely keeps pace with inflation. Also, I point out that indexing the refundable child tax credit maintains its real value.

Last but not least, this afternoon the newly-inaugurated President of the United States spoke of a new beginning and the need for an end to inflation. If we in Canada are to maintain a positive growth in our economy, then the Income Tax Act must be an integral part of the budget which will reduce our deficit over the next four years, enhance our share of world markets, and increase our energy price structure in an orderly manner which will assist in the fight against inflation. Previously, for every dollar the price of oil rose, the inflationary impact was about one half of one per cent. Therefore, by implementing the energy price increases in a planned and structured manner as we have, the economy will strengthen, we will encourage expansion in those poorer regions referred to earlier and be cushioned from inflationary pressures. The bill is designed to lower our deficit in a way that will not stagnate our economy. As the interest rates moderate, which has been the trend in the last four weeks, the Canadian dollar will strengthen. This was the case today; it closed today at 84.07 cents United States.

Bill C-54 provides the balance required to ensure a continuation of sharing and equality, the basis upon which the nation was built. Sharing and equality are the mechanisms which will build a stronger economic base and ensure an even brighter future for all Canadians.

Some hon. Members: Hear, hear!

• (2050)

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, before commencing, I would like to congratulate the hon. member for Lambton-Middlesex (Mr. Ferguson) on his well read but rather soporific departmental style speech. The subject under discussion tonight is Bill C-54, which deals with supposed amendments to the Income Tax Act. At least, that is what it was described as in the ways and means motion which was introduced in the House on January 12 by the Minister of Finance (Mr. MacEachen).

However, upon reading the bill and turning to the first page, we find that it not only includes amendments to the Income Tax Act, but that it also contains a $14 billion borrowing authority. It was bad enough that Bill C-30 was brought in last year asking for $12 billion borrowing authority. It seems to be going up by $2 billion per year. I believe hon. gentlemen opposite were trying to sneak this by on us. It is yet one more sneaky trick in a very long line of Liberal sneaky tricks. But fortunately, Madam Speaker, when this matter was raised as a question of privilege a few days ago, ruled in favour of the view put forward on this side of the House, that insufficient notice had been given for the introduction of this matter. She ordered that the bill be reprinted and that proper notice be given on these important matters.

This type of action, this sneaky behaviour on the part of the government will not do. We will insist that the Liberal borrowing plans be brought out into the open, that they be inspected and investigated under the full light of day. In the election campaign of one year ago, promises were made by members opposite to the effect that they would work toward a balanced budget and that they would engage in responsible financial and fiscal policies. Canadians know that after years of Liberal misrule, the finances of this nation are in one horrendous state. Yet, they were once again conned into voting for that very party and, indeed, that very Prime Minister (Mr. Trudeau) who had got them into the mess in the first place.

Where are the promises of financial responsibility now when the government is looking for this $14 billion borrowing authority. I would suggest that, like some other Liberal promises, they have just gone by the board. Before approving this borrowing authority, there are things which Parliament will want to know. Parliament will want to know to what use the money is to be put. Is it to pay for yet more current account expenditures?

As an example of this, we can cite the oil subsidies which have been provided to eastern Canada and Quebec for some time. Are we borrowing money so we can burn it up, so to speak? Is that what the government proposes to do with the money it borrows and which will eventually have to be paid back with interest by Canadian taxpayers? Or is it, for instance, to be given to Petro-Canada so that it may carry out the policy imposed on it by the government, that of buying out existing oil companies in this country, an action which will not result in one additional barrel of oil being produced? Or, is it

to drill for oil wells in Senegal, instead of Alberta or the Northwest Territories.

Parliament will want to know what type of borrowing plan is in existence and where the money will come from. How much of this money will be borrowed abroad on world financial markets? In so doing, to what extent will Canada's future become mortgaged to foreign lenders or, if we are to borrow parts of this money in Canada, what upward effect will it have on the already high interest rates in this country? If we borrow these very large sums, and I noticed that in today's newspapers there were reports of borrowing, just today, of $1.5 billion, if the government takes out that surplus capital which has been saved by the people of this country, how much will be left for the private sector? What interest rates will the private sector have to pay for the use of that money?

I suggest that this House remains dissatisfied with the reckless spending and borrowing of the government and that it demands the pursuit of responsible financial policies, which will strengthen, not weaken, Canada as a leading nation of the western world. So much for the borrowing authority aspect of the bill. Now I would like to look at the income tax amendment provisions in general.

In looking through the provisions of the bill and, more particularly, the ways and means motion—and I must admit that I have a certain amount of difficulty, which I am sure is shared by most members of the House, in reading this taxation legislation in detail—one must give a certain amount of credit to the Minister of Finance, credit to the extent that by and large when it comes to the technical provisions of the bill, he has been intelligent enough to follow the lead of the hon. member for St. John's West (Mr. Crosbie), a man of undisputed financial acumen.

However, there are certain very important omissions. In their lust for yet more and more of the Canadian taxpayers' money, his hardgot gains, our colleagues opposite completely forgot about the humanitarian aspects of the Crosbie budget. In their lust for more control over all parts of the daily lives of the citizens of this country, they deliberately omitted those aspects of the Crosbie budget which would strengthen the private sector and assist the small investor.

Let us take a look at some of those omissions. Although it is not really an omission, I would like to merely mention the Small Business Development Bond because a number of speakers on this side have already referred to that topic. I would like to mention some of the other omissions. Probably most important is the energy tax credit which would have been brought in had the Conservative government not been defeated just a little over one year ago. People throughout the country and members of this House have to recognize that energy costs must rise. It is inevitable; it must happen. Under the Crosbie budget, measures would have been brought in which were designed to alleviate the burden which falls disproportionately on the less fortunate. It is not so in the present budget or with the amendments to the Income Tax Act which are being considered in this legislation, which socks it equally to both the rich and the poor.

The provisions laid down before us do not include the amendments which we would have introduced to the Income Tax Act, namely, mortgage deductibility, to give people the opportunity to own their own homes, thereby stimulating the Canadian construction industry in these times of hardship.

● (2100)

The Liberal approach is entirely opposite. By the deliberate retention of unnecessarily and unnaturally high interest rates, they again sock it to the average Canadian and they destroy any hope that the average Canadian has of ever owning his own home.

Now I come to a couple of omissions with respect to the measures that we would have taken to encourage investment, especially by the small Canadian investor.

Let me deal first with registered retirement saving plan investment. If you recall, Mr. Speaker, this was the system whereby taxable dividends paid into RRSPs would only be taxed at the capital gains rate rather than the income rate when that money was withdrawn from the plan. That was a simple yet effective treatment of taxable dividends from an RRSP, which would have benefited small Canadian investors and would have helped them put money into Canadian industry. This, in turn, would have helped industry finance the expansion we all wish to see.

Along the same lines, we could talk about the Canadian common stock investment plan. Perhaps I should refresh the memory of hon. members about this, which was a plan to be administered by a trust company under instructions from the investor. The capital gains on Canadian common stocks in the plan would not be taxable until withdrawals were made. This would, in effect, be a system of tax deferral for the small Canadian investor. Presumably when he drew money out of the plan, it would be at a time when his rate of taxation would be less than when he was building the plan up and it would therefore be to his advantage because he would pay not only a deferred tax, but a lower rate of tax. This was a measure designed to help the small Canadian investor invest in the future of this country.

This aspect of the Crosbie budget is missing, presumably because the government does not want Canadians to directly own Canadian industry. They are opposed to the view that Canadian citizens should own—and when I say "own", that necessitates that they be able to dispose of their holdings—because they have their own plans for the nationalization of industry. They want industry in this country to be under the direct control of government.

I could go on listing measures that would have helped farmers, fishermen and plain ordinary Canadians in general, but by now I think hon. members will realize that the sins of this government, in this particular instance, are not those of commission because what they have done is basically good; it is based upon what the former minister of finance, the hon. member for St. John's West proposed some 14 months ago; rather their sins are sins of omission. They have omitted the

interests of the Canadian population, those interests which the Crosbie measures would have done so much to protect.

Perhaps, Mr. Speaker, for a few minutes you would allow me the opportunity to digress from detailed study of the measures and to talk in terms of general taxation philosophy.

Let us try to examine the differences in the philosophy of taxation which divides this House, one side from the other. On one side we have our colleagues in the Liberal Party, supported by their NDP bedmates. As they have stated so many times in unison, the prime objective of taxation in this country is the redistribution of income. That is really why they engage in taxation, because they want to redistribute income from some people to others and, presumably, mainly to themselves. Under such a theory, rates of taxation would remain very high even if there was no real need whatsoever for the money.

Although most people in Canada would support some form of progressive taxation based to a certain extent on the ability to pay, our colleagues opposite and to our left have taken this to the extreme with results that not even they expected. They have created a monster government which seeks to control and regulate every aspect of every Canadian's private and public life; a monster with an insatiable demand for yet more and more money.

Who provides this money, Mr. Speaker? Which section of the Canadian population? It is obviously not the poor because they do not have any. It is not the very rich for two reasons: first, because they are not very many of them, and, second, because very wealthy people can hire the right advice, the right lawyers, the right tax accountants and thus largely avoid paying a high rate of taxation. In the final analysis, people can leave the country. I understand that some have gone to that extreme.

The brunt of the Liberal and NDP high taxation policy is borne by the average Canadian. It especially falls on the wage earner who is unable to protect himself. Because of deductions at source, the taxpayer often does not realize what is happening. Sometimes I think it would be a good idea if deductions at source were to cease altogether and at some point in the year the taxpayer wrote a cheque to the Receiver General of Canada for $5,000, $10,000, $15,000 or whatever amount was due. He would then see how much money this government is taking out of his pocket and would realize the burden that is being imposed upon him.

Of the wage earners who are so badly hit, it would be, in my opinion, that those getting it in the neck, the miners, loggers, construction workers—people who work very hard and often in unpleasant conditions and as a consequence earn more and in my opinion in consequence deserve more—are the people who really get it socked to them. They are the people hardest hit by the Liberal and NDP lust for yet more and more public revenue, a lust that is bleeding the country dry. The policy of creating a socialist paradise with everyone reduced to the same level of mediocrity has been a failure. It has not worked and has resulted in practically everyone paying into the taxation system more than they should. On the other hand, we on this side of the House take the view that the interests of Canadians are best served by minimizing the impact of taxation. Of course, we have to raise revenues. All governments have to do the things which legitimately fall within the sphere of government, in order to provide for a national defence, to operate a justice system, and to undertake necessary and advantageous public works. These are the types of things on which governments have to spend money and for which they have to raise money. But on this side we never forget that every dollar spent by government comes, in the final analysis, out of the pockets of the citizens of this country.

● (2110)

There you have it in brief, Mr. Speaker. On the one hand you have the Liberal-NDP view. Let me reiterate. In their view you have high taxes, a complicated and manipulative tax system with the brunt of the tax system falling on the hardest working and the most productive Canadians. On the other hand, you have the Progressive Conservative view of low taxes, taxes as low as possible commensurate with the government doing its legitimate job. This is a simplified and equitable tax system, one designed to stimulate rather than stultify initiative and enterprise.

I want to say a few words on a subject very dear to my heart, that is taxation as it affects the northern territories of this country. First, I would like to congratulate the Yukon Territory in following the lead of the Northwest Territories in imposing their own territorial income tax. I notice that there are provisions within Bill C-54, which amount to enabling legislation.

In general, especially as it applies to federal income tax in the north, we must point out that of all the inequities in the taxation system, one of the most unfair burdens falls on the people of the northern territories. Unlike, say in Russia or Denmark, Canada seems to go out of its way to dissuade people from going into and living in the northern areas except those working possibly for the government or large companies.

The problem with taxation comes down to this: in the north living costs are considerably higher. According to statistics, they are anywhere from 25 per cent to 100 per cent higher than in the south. Because of the progressive nature of the income tax system, something like this happens: for someone earning $20,000 a year in the south with an income tax rate of 25 per cent, they pay $5,000 in taxes. But to enjoy the same amenities of life in the north, a person would have to make, say, $30,000 a year. However, the tax on that $30,000 is not in proportion. It is not $7,500, it is probably $10,000, giving a tax rate of 30 per cent. In effect, what you have is a higher rate of taxation for those people living in the north than for those living in the south. Governments and large companies give certain benefits to employees, especially for vacation travel and housing allowances to compensate for some of the more expensive aspects of living in the north.

Hon. members are all aware of the recent history of northern taxation in that until a year ago these benefits were not taxed, although they were supposed to be under the Income Tax Act. Governments had up to that time turned a blind eye

to them. When the Department of National Revenue went out of its way to start levying taxes on these various benefits, there was a public outcry. This problem has been addressed by the Minister of National Revenue (Mr. Rompkey), who appears to be fairly sympathetic to the interests of northerners, if for no other reason than he represents Labrador. A remission order on the collection of certain taxes has been issued. It was initially issued for a period of one year, expiring on the last day of 1980. That date has now been extended to 1981. However, it is just a temporary measure, and everyone recognizes it as such. It still has many inequalities built into it. For instance, certain vacation travel allowances are not taxed whereas an educational travel allowance is taxed. That is obviously very unfair. The only real solution to these problems is to adopt measures similar to those adopted in Australia.

We need to amend the Income Tax Act to allow for some form of tax credit or to allow for a deduction for those people who make their home in northern Canada. As I said just a moment ago, we have reason to believe that the Minister of National Revenue is rather sympathetic to this view. On this side of the House, the hon. member for Prince George-Peace River (Mr. Oberle) has been active in developing possible schemes which could be put into effect. Other representatives of northern interest, such as northern governments, employer organizations, such as the Chamber of Commerce and the chamber of mines and employee organizations such as the various unions and the Northwest Territories Federation of Labour, made submissions along the same lines.

Let us hope the Minister of Revenue can persuade his colleague, the Minister of Finance to make the necessary changes in taxation policy which will take note of some of these common sense proposals.

Could you advise me how many minutes I have remaining, Mr. Speaker?

Mr. Deputy Speaker: The hon. member has approximately 11 minutes.

Mr. Nickerson: I have some comments in closing which concern the costs of raising revenue in this country. Today I was reading an interesting publication called "Inside Taxation" which was published under the authority of the Minister of National Revenue. Two figures caught my interest. Apparently in 1970 it cost 79 cents to collect $100 worth of taxes. Ten years later, in 1980, the cost was $1.09 per $100 worth of taxes. In that ten-year period there has been an increase of 30 per cent. That is a real increase which is not due to inflation at all. In that time the $100, so to speak, has been subject to inflation as has everything else. It is a real increase in the cost of collecting revenue by the Government of Canada of something over 30 per cent in that ten-year period.

I would attribute that to several factors. First is the increase in the complexity of the taxation system. The Income Tax Act, and this is only a small part of it, in fact only a few amendments have been proposed as a result of a ways and means motion, but every year the Income Tax Act and the regulations made thereunder and various Treasury Board rules all combine to make taxation much more complicated than it needs to be. I recognize a necessity that it be fairly complicated, but I think it is getting out of hand. Second, in that ten-year period there has been an increase in tax rates in general, and the more money you make, the higher precentage you pay in taxes. The more incentives there are for you to avoid, or even occasionally evade taxation, the more taxes you pay. Of course, if that happens, then the more money the Department of National Revenue must pay to enforce that legislation, to force people to pay and prevent them from evading taxes.

• (2120)

There has also been a fantastic increase in the amount of paperwork which must be processed by the Department of National Revenue. I understand that the child tax credit provisions which were brought in necessitate the processing of an additional 1.5 million returns a year. In general, I think the people who work for Revenue Canada are doing a good job, even if it is with no help from their political masters. But because of the factors which I have cited, it seems that the cost of collecting taxes in Canada is escalating very rapidly. In comparison with many other countries, I still think we do a good job. The cost of collection is still just a little over 1 per cent. I understand in many countries it is significantly higher than that. But, in my opinion, it is a trend which must be watched. We should try to make the necessary changes to our taxation system so that those increases in the cost of collection do not continue to grow higher and higher.

In conclusion, Mr. Speaker, I would be prepared to vote in favour of most of the provisions contained in Bill C-54 derived from the ways and means motion. At the same time, I would record my objection to several of the many important omissions which I referred to previously—omissions from the original Crosbie proposals. As far as the $14 billion borrowing authority is concerned, let us separate it and deal with it as it should be dealt with; that is, as a separate piece of legislation on which we can have a full-scale debate to find out what the government's intentions really are.

Some hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I must say that I listened with a great deal of fascination and some surprise to the comments of the member for Western Arctic (Mr. Nickerson).

I must say I object to an accusation levelled at me earlier in the day by the hon. member for Willowdale (Mr. Peterson) when he suggested that he noticed I was sitting with a Tory member reading this particular bill, C-54, and enjoying it. I would like to tell the hon. member that we were certainly not enjoying this particular bill. It is the kind of document which is difficult to enjoy. As the member for Western Arctic indicated, it is difficult to read. It is a complicated document and, most important, it simply is an amendment to a much larger document dealing with the income tax system of this country.

Although Bill C-54 does address a number of taxation problems facing Canadians, I certainly find it to be generally a disappointing bill. It fails to make the serious changes required in terms of working toward an equitable and rational taxation system for Canada. I think most Canadians today from one end of the country to the other would recognize that our present taxation laws are discriminatory. They are unjust and unfair. In a sense, I must agree with the member for Western Arctic when he suggested that when you look at our taxation system and ask who pays taxes, part of the answer is that the poor do not pay taxes. They do not pay any taxes because they do not make any money, he says. I hope I am not misquoting him. He says the rich do not pay taxes because they have all kinds of fancy lawyers. They can take advantage of the numerous loopholes which are in our taxation system, which is biased in favour of certain groups within our society.

When I talk to the workers throughout my riding of Kamloops-Shuswap, and we talk about the taxes they pay, they express a hesitancy with respect to the taxation system and the amount of money they are required to pay. They feel this for a number of reasons. One is that they feel they are paying an unjust proportion since they know of certain groups, primarily those which are self-employed, those who are using one method or another to turn themselves into a personal corporation, as someone said, and are able to take advantage of the legal minds we have to use the loopholes in the existing taxation system to get around paying taxes. The people in my riding know that and it frustrates them. I suppose that is a reason why one of the best sellers of recent weeks has been a book indicating clearly how to get around taxes in Canada. It tells you how to find and take advantage of the loopholes. At this time of year it becomes almost a national preoccupation to be asking your colleagues, your accountant, and so on, how best to take advantage of Canada's tax laws.

I think one has to ask this question: Why is it Canadians are so anxious to avoid paying taxes? Why is it we are going out of our way and hiring myriads of individuals to police the voluntary taxation system of Canada, as the previous speaker indicated? Why is it that we are having this difficulty? Why is it people are hesitant to pay taxes? It is obvious. It is because of the unjust nature of taxation. People feel they are not being treated equally. Of course, they are also concerned with the way taxes are being spent.

One does not have to look far at all to see where that money is being spent. One has only to look at the topic which we will likely see emerging in the House in the next number of days with respect to, perhaps, tens of millions of dollars needed to conduct an advertising campaign to promote a certain viewpoint with respect to the constitutional discussions. That is the kind of thing which frustrates Canadians. Using hard-earned taxpayers' money in that way makes it difficult for one to rise to the challenge of the taxpayer. However, it is an unjust system and, presumably, this particular bill is an attempt to close off some gaps. It opens up some as well.

I still have some difficulty when I meet some of my constituents, particularly at this time of year, when people are filling out their income tax forms. They ask me to justify why some people who have incomes in excess of $200,000 do not pay any income tax at all. Why is that? Why do the members of the House of Commons perpetuate this particular system? I must admit, Mr. Speaker, I have a difficult time explaining that.

However, one could go on and on and indicate some of the problems associated with this particular bill. A number of my colleagues have done this, but I want to focus tonight on one particular area. That is the area of small business. All of us in this House would agree that high interest rates impose a relatively greater burden on small businesses than on large businesses. This is so, in part, because small business relies heavily on the chartered banks and other financial intermediaries for credit. Small business does not have access to the range of financing alternatives which large corporations have.

As record high interest rates began to take their toll in 1979 by pushing small business bankruptcies to post-war record levels, the Conservative government of Mr. Clark proposed interest rate relief through the Small Business Development Bond introduced in Mr. Crosbie's budget of 1979.

The Liberals promised lower interest rates during the 1980 election campaign. Again, true to their track record and to their word, they saw to it, once they were elected, that interest rates were raised even higher than the Conservatives would have raised them. Small business bankruptcies in the first nine months of 1980 rose 18 per cent over the corresponding period last year. But the value of the liabilities involved in these bankruptcies increased 28 per cent, to $560 million. However, this, of course, is only part of the story; the level of official bankruptcies do not take into account those thousands of instances involving thousands of individuals who are no longer able to make ends meet, quietly closing their doors and going out of business without going through the formal bankruptcy process.

● (2130)

In addition, the official statistics fail to account for the social strain business failures place on the general health and well-being of our Canadian communities. Under increased pressure from the business community and lacking a coherent policy of their own, the Liberal government dusted off Mr. Crosbie's Small Business Development Bond proposal for Mr. MacEachen's April 21, 1980, economic statement.

When the finance department, however, began formulating the details of Small Business Development Bonds, they discovered in June, 1980, that financial institutions held approximately $16 billion in existing small business debt, debt that would qualify for the interest rate subsidies through this new program. If rolled into Small Business Development Bonds, this alone would have meant a loss of somewhere between $500 million and $600 million to the federal treasury. With the federal deficit running at over $14 billion, as the previous speaker indicated, the Department of Finance could hardly view with enthusiasm a further massive loss of revenue to this degree.

The Liberal government began to impose qualifications, limitations and exclusions on Small Business Development Bonds. Small Business Development Bond loans then cannot be granted to unincorporated small businesses, including all sole proprietorships. They cannot be used to provide working capital, the most important capital requirements of almost all small businesses. They cannot be used for less than $10,000 or for more than $500,000. They cannot be used to acquire equipment or property for lease or rental to others. They cannot be used to buy second-hand capital equipment and machinery. It may result in stiff penalties at the end of the taxation year if a business holding a Small Business Development Bond ceases to be an eligible small business corporation because its lifetime cumulative earnings surpass $700,000.

Remembering now that the purpose of this legislation was to provide interest rate relief to small business, the effect of the restrictions, excluding the great majority of Canadian small businesses from benefiting under this legislation, is absolutely staggering. We have heard speaker after speaker indicate that one of the highlights of this particular bill was the fact that it would provide interest relief to the small businessman, and indeed it does that.

An hon. Member: You are right.

Mr. Riis: However, of the approximately 930,000 small businesses across Canada, the first restriction excludes over 625,000 firms that are unincorporated small businesses from receiving interest rate relief under the Small Business Development Bond program. Small businesses in the wholesale, retail, construction and manufacturing sectors are required to carry and finance relatively large amounts of inventory in goods and process. Inflation and high interest rates raise dramatically the operating costs of these enterprises.

The great majority of these businesses will not benefit from the Small Business Development Bond legislation because of the second limitation mentioned, expressedly restricting the use of Small Business Development Bond loans from providing working or operating capital, again one of the most crucial financial areas of the small entrepreneur.

Many small businesses are able to hold their start-up or expansion costs down by purchasing used equipment and used machinery. If this second-hand capital stock has been idle or underutilized, its purchase will have contributed to increased production and over-all capacity utilization in the Canadian economy. Under the proposed legislation, Small Business Development Bonds cannot be used to purchase used plant and equipment. This restriction will exclude many small businesses which simply cannot afford the high cost of new plant and new machinery.

Finally, the Small Business Development Bond program as now amended expires on March 31, 1981. The exceptionally short lead time, the failure of the finance department to effectively communicate the details of the program to the financial institutions and the virtually hopeless task of the head and regional offices of those financial institutions to communicate the details to their branches really dooms this program to a large extent before it is even passed in this House.

Contrary to the comments made earlier by the hon. member for Lambton-Middlesex (Mr. Ferguson), saying that this program was available, of course, in the summer and autumn of 1980, which is true, by and large, if one is to look at the way the financial institutions were introducing it across the country, and I think one can realistically say it has been in effect in any real way only in the last number of weeks. In addition, I would agree with what he had to say, that it will really serve in a disproportionate way the large metropolitan centres of Canada rather than the more rural parts of Canada.

The objective of this legislation, that is the Small Business Development Bond, is to provide interest rate relief to Canadian small businesses. Our best and most optimistic estimates of the number of Canadian small businesses which will actually benefit from a Small Business Development Bond is approximately 40,000. This is slightly higher than the unofficial rough estimate of spokesmen for the Canadian Federation of Independent Business and the Canadian Organization of Small Business.

Under the Small Business Development Bond program, less than 5 per cent of small businesses across Canada will receive Small Business Development Bond loans at approximately half prime plus 2 per cent or 3 per cent.

An hon. Member: Only losing companies would want them anyway.

Mr. Riis: That is interesting.

An hon. Member: Only those which are not making a taxable profit.

Mr. Riis: The hon. member across the way indicates that only businesses that are losing would be interested in a Small Business Development Bond. That is an interesting observation coming from the Liberal benches.

The question one has to ask is, who benefits from the Small Business Development Bond? If the point I am making, that 40,000 businesses at best are able to benefit out of 930,000, is correct, who is it that benefits from the Small Business Development Bond program? I think that is a fair question to ask.

An hon. Member: The ones that are losing money.

Mr. Riis: Under the legislation, interest payments on a qualifying small business loan entered into after December 11, 1979, and before March 31, 1981, will be treated for tax purposes as dividends. As a result, the interest will not be taxable to the corporate lender, or deductible as a business expense by the small business borrower. Because the corporate lenders will incur no tax liability on the interest received, they will be able to reduce the rate of interest charged.

The legislation not only provides interest rate relief to qualifying small businesses, but also provides a tax shelter to corporate lenders, in particular the chartered banks of Canada.

Over the last number of weeks I have carried out an extensive analysis of the balance of benefits accruing to both corporate lenders and small business borrowers using different interest regimes through the proposed Small Business Development Bonds. On the bases of these calculations, the following observation can be made.

If the conventional loan rate formula is prime plus 1 per cent or 2 per cent, then the banks charging a risk administrative premium of 2 per cent above prime on Small Business Development Bonds will increase their after-tax interest income by a slightly smaller percentage than the small business borrower will have reduced his after-tax cost of credit.

Put another way, perhaps a bit more simply, the small business borrower will benefit relatively more than the corporate lender from the use of a Small Business Development Bond when the rate formula is prime and less than 2 per cent. However, if the conventional loan rate formula is prime plus 2 per cent or more, then banks charging a risk administrative premium of more than 2 per cent, that is prime plus 2.5 per cent, 3 per cent or perhaps even more in some cases, will increase their after-tax interest income by a larger percentage than the small business borrower will have reduced his after-tax cost of credit.

Put another way again, the corporate lender will derive relatively more benefit from the use of Small Business Development Bonds than a small business when the rate is prime and more than 2 per cent.

In order to get a better idea of how benefits from the small business development program are likely to be distributed between small businesses and corporate lenders, I surveyed the average conventional small business loan rates and Small Business Development Bond rate currently offered by a representative sample of banks right here in Ottawa.

It is clear from these interest rate quotations that the chartered banks will be adding sufficient risk administrative premiums above half prime on Small Business Development Bonds to ensure that the benefits under this program is in their favour.

● (2140)

In other words, the real beneficiaries of the small business development bond are the banks of Canada. At the rates they are charging—half prime plus 2 per cent, 3 per cent and 4 per cent—the great beneficiaries are the lending institutions themselves.

Mr. Peterson: Why do you want them extended to other types of small businesses?

Mr. Knowles: Go to your seat if you want to speak.

Mr. Riis: Although the Small Business Development Bond will provide badly needed financial assistance only to a minority of small and medium-sized businesses in Canada, at the most 40,000 it is a step in the right direction—again I recognize that it was not the kind of step the Tory government was prepared to take—in providing recognition that interest rates for small businesses are too high. However, the main beneficiaries will be the banks of Canada. Hundreds of thousands of other businesses in Canada, employing over 2.5 million Canadians, will continue to suffer the burden of high interest rates resulting from the Liberal government's misguided monetary policy.

What is this government saying to the small business community in Canada with this and other policies? Where is the leadership, vision and substance that Canadians have been searching for, hoping for and suffering without for over a decade?

I am a new member of this House. I am also my party's spokesman with respect to matters pertaining to small business, but I find my job of representing the concerns of my constituents and providing responsible input into the legislative process in order to help build a more effective and prosperous small business sector compounded not only by the difficult nature of our economic problems, but also by the secretive and misleading way this House and this country are being manipulated by this government.

Let me give a concrete example of what I mean by being misled and misdirected by this government. We debate today a bill to provide interest rate relief to small business in Canada through the introduction of Small Business Development Bonds. I hope I have been successful in showing that the benefits of this legislation will go to large corporate lenders in the form of higher after-tax profits and a small percentage of Canada's small businesses in the form of lower effective borrowing rates.

The lost revenue to the federal government, approximately $100 million to $200 million, will be made up by Canadian taxpayers.

Only two months ago the Liberals, together with the Conservatives, voted in this House together, over the objections of New Democrats, to pass Bill C-6, revisions to the Bank Act. Our objections centred around the certainty that the legislation, as amended, would not make the banking system in Canada more competitive and would not provide Canadian depositors and borrowers with better services at more competitive and reasonable costs.

What has been the legacy of Liberal and Conservative banking legislation in Canada over the past few decades? Let us have a look at this. An article on the performance of Canadian banking has just been published in the latest issue of the *Canadian Journal of Economics*. What is interesting about this article is that the study was completed while the author was working with the Economic Council. Though Parliament was considering the latest ten-year revision to the Bank Act, Members of Parliament were never apprised of or provided with the results of this vital and critical analysis. What did the study show? Permit me to quote from the report as follows:

> In this study I have supplied quantitative estimates of the costs to the Canadian public of market power and protection in banking. Although a number of approaches are used, all point toward the existence of extensive market power in Canadian banking markets and the fact that banking services would be priced lower in a more competitive environment.

Another important conclusion in the report is that the federal government is a party to, and apparently gains from, the maintenance of this protection provided to the banks of Canada. In his conclusion the author says, and I quote:

The current status of bank legislation appears to raise costs to Canadian firms and households.

Mr. Orlikow: Who is the author?

Mr. Riis: The author is a fellow by the name of George Lermer. What has been the cost? The cost to Canadians of an uncompetitive banking system is not in the thousands or millions of dollars, but in the hundreds of millions of dollars annually in excessive charges to Canadian businesses and Canadian consumers. The author calculated these costs for the year 1969 through 1973 to be hundreds of millions of dollars.

In 1973, for example, Canadian consumers and businesses paid $686 million too much—I emphasize too much—for loans and other bank services provided by Canada's chartered banks. Of this total, $504 million represents excess charges and profits, net of taxes, resulting from the monopolistic structure and practices of the chartered banks. In addition, more than $182 million in excess taxes were paid by the banks to the government on their super-profits. Let us look at what the Bank Act in its amended form has done for Canadian banks. Investment advisers across this country are advising investors, yes, to purchase a number of energy stocks—perhaps mining stocks in certain parts of the country—but there is one stock with which there is no risk attached, and that is stock in Canadian chartered banks. That should tell us something. That should tell hon. members opposite particularly something about what this new legislation has done in terms of protecting Canadian consumers and Canadian borrowers.

Mr. Evans: May I ask a question, Nelson?

Mr. Riis: In a moment. For decades Liberal and Conservative governments have hailed successful revisions to the Bank Act in the name of greater competition, better service and lower cost to Canadian businesses and consumers.

But that has not been the case. They have created in Canada a banking system which in 1973 overcharged Canadians $686 million, and that allowed the federal government to share in that plunder to the tune of $182 million. These figures are for 1973. In that year the excess charge was equivalent to one third of domestic value added attributable to Canadian chartered banks. I shudder to think what the magnitude of such excess charges are today in 1981. They are likely in excess of $1 billion.

How can the Minister of Finance (Mr. MacEachen) come before this House in good conscience and with a straight face telling the Canadian people he is concerned about the cost of living, inflation and the high interest rates small businesses and consumers have to pay? Out of one side of his face the Minister of Finance introduces the Small Business Development Bond to provide limited interest rate relief, and out of the other side of his face—with, I might add, the support of the Tory party—he puts in place banking legislation which will ensure that Canadian small businesses and consumers will be over-charged perhaps billions of dollars in the next ten years for the loans and services the banks will provide.

This is not responsible government. This is government manipulation on a colossal scale. This government has become a master of the politics of wilful deceit, opportunism and certainly of financial irresponsibility. This government has deceived the Canadian people and manipulated the Canadian people, kept from the House of Commons critical information during the debate on the amendments to the Bank Act and throttled the Canadian economy for over ten years with bankrupt and counterproductive economic policies. When one examines the alternatives to small business funding in Canada, one finds that a number of changes are required. I want to take a moment or two to articulate three or four of these. All hon. members of this House who have a great deal of sensitivity would recognize that the Federal Business Development Bank has some problems attached to it in terms of the services it provides to the small entrepreneur.

● (2150)

Here is a bank which started out with excellent intentions and with a mandate to provide that risk venture capital which provides innovative opportunities for Canadian entrepreneurs, and yet I think that unquestionably all members of the House would now recognize that the Federal Business Development Bank has not been successful in carrying out that mandate and that serious changes are required of it.

In my own riding, for example, serious limitations arose recently when a number of very innovative entrepreneurs with a most interesting concept to establish a manufacturing firm, which would certainly assist Canada in the deficit in its balance of payments, went to the Federal Business Development Bank and obtained a loan at an excessively high interest rate which was locked in for a considerable length of time just when the new legislation, the Small Business Development Bond legislation, was being brought forward. They qualified for that relief and then returned to the FBDB and asked to be let out of the commitment they had there, but were told that it would cost them about $35,000 to get out of the commitment. It seems to me that this is the kind of conflict we often find within government where one arm of the government is going one way to provide some assistance and another arm is going another way to provide a similar assistance, and yet there is conflicting legislation which, in a sense, hinders and frustrates the small entrepreneur.

In talking with members of the House from all parties, it becomes clear to me that providing an opportunity to the small entrepreneur to obtain working capital at a lower rate than is possible at present is highly desirable. I urge the Minister of State for Small Businesses (Mr. Lapointe) to give serious consideration under the Small Businesses Loans Act to provide changes in the act to make available similar opportunities for entrepreneurs to obtain working capital. That is one of the handicaps of that act at the moment, and some changes would

provide a very exciting and encouraging bonus for Canadian businessmen.

Some years back when government recognized that indeed there was a serious housing crisis looming in Canada, that young people were having a difficult time finding enough money to provide a down payment, the Registered Home Ownership Savings Plan was brought in as a scheme under which persons could set aside money in an effort to accumulate enough money for a number of years for a down payment. One of the problems that working Canadians encounter, as I mentioned earlier in the evening, is the inability to set aside funds from their income and to protect them from the tax man as do other sectors of society. I wonder if it would not be worth looking seriously at providing legislation whereby Canadians from all walks of life could set aside a sum of money protected from the tax man over a five-year period, set aside $1,000 to $5,000 in an account so that in five years' time an individual could get together with two or three of his partners and they would have at their disposal $100,000, or $80,000 for a down payment on a small venture, on a new idea. This would provide an incentive, a model, an encouragement for Canadians to invest in the future of their country, to take advantage of that dream, that idea, that concept which I suggest probably exists in one way or another with every Canadian.

Mr. Mayer: It sounds like capitalism to me.

Mr. Riis: It might sound like capitalism to some people. To me it is an opportunity to invest in Canada's future, to provide the much needed venture and risk capital.

Mr. Mayer: For the individual.

Mr. Riis: Call it what you must. I think we all agree in this House that something like this is well overdue. It is the kind of thing which government should provide. It should provide an opportunity and leadership for that particular venture. It does not come from other areas, and perhaps where we differ is in the terms of the role that the government could play.

I should like to conclude, Mr. Speaker, by suggesting that high unemployment, double-digit inflation, a weakening Canadian dollar, plant closings, mammoth deficits in government spending and our balance of payments all point to mismanagement on a scale perhaps unequalled in Canada's history.

This government's preference for manipulation and deceit, its lack of confidence in the Canadian people is nowhere better demonstrated than in its present monetary policy.

The primary objective of monetary policy should be control of the money supply and credit conditions so as to maintain a healthy, stable economic environment. But this government has abandoned this objective in favour of maintaining the value of the Canadian dollar.

It is not coincidental that the countries in the world that are well managed have strong national currencies, and those countries that are poorly managed have weak currencies. Canada's currency is weak because our balance of payments deficit has deteriorated over the years to intolerable levels. No industrial nation in the world relies more heavily on the export of non-renewable resources to maintain foreign exchange earnings than Canada. Our balance of payments deficit on finished manufactured goods per capita is the highest in the world, and we finance much of this deficit by going deeper and deeper into debt through foreign borrowings.

That is why the Canadian dollar is weak. It is weak because of the historical failure of successive federal governments to provide leadership and a sound industrial strategy to ensure a balance between economic growth and manufacturing development in Canada.

The Canadian people know there is something wrong in this country. They want to understand. They want a government that is honest with them, that sees them as responsible participants and that will confide in them. They are prepared to make the necessary sacrifices if these are seen to be fair and equitable.

A policy of maintaining high interest rates to support a dollar that is fundamentally weak is more than an exercise in outdated cosmetics, it is an act of deception wreaking economic havoc from one end of this country to the other. Sooner or later we will be forced to make the difficult adjustments that should have been started years ago. The growing deficit in our balance of payments means that we must consume less from the rest of the world and produce more of what we need at home. We must also begin to sell more in the way of finished goods abroad.

I suggest we should free the Canadian dollar from the grip of this gradualist monetary deception. Interest rates should reflect the requirements for internal stability, and let the balance of payments impose a badly needed discipline on our behaviour as a consuming and producing nation.

We are a resilient and creative people. All we need is a government dedicated to democracy, willing to address the problems head-on and involve the Canadian people in their solution. The present government has failed on all three counts.

Mr. Evans: Mr. Speaker, I rise on a point of order. In the minute that remains, would the hon. member entertain a question?

Mr. Riis: I certainly would, Mr. Speaker.

Mr. Evans: Mr. Speaker, I listened with interest to Mr. Lermer's analysis which was put forward. I worked with Mr. Lermer in the Economic Council. I wonder if the hon. member knows that Mr. Lermer's suggestion was to let more foreign banks into Canada to improve the banking competition. Could the hon. member tell us where the NDP stood with regard to the entry of foreign banks into Canada in the banking legislation which was just passed?

Mr. Deputy Speaker: The hon. member has ten seconds in which to answer.

Mr. Riis: That is a difficult question to answer in ten seconds. I think the answer to the question is clear in that the chartered banks in Canada were quite open and were prepared to welcome foreign banks, which indicates just how successful the legislation was in providing competition.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

CANADA PENSION PLAN—INQUIRY RESPECTING COVERAGE FOR SPOUSES WORKING IN THE HOME

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Friday, October 31, 1980, I put a question to the Minister of National Health and Welfare (Miss Bégin) with respect to reports attributed to her that she would be bringing in amendments to the Canada Pension Plan which would provide pension coverage for certain persons not now covered, including women who work in their homes. This was my specific question:

I want to ask the minister if she will make a statement at an early date concerning this legislation, and will she make it clear that any coverage for spouses, women who work in their homes, will be universal, not just a case of something made available to those who can afford to pay the premiums?

In her reply, the minister congratulated me on underlining the challenge we face, which is to open up the Canada Pension Plan to housewives. She said that in her view, it was not bad to permit women to pay $35 per month or something over $400 per year to obtain Canada Pension Plan coverage. But her reponse to my concern for those who cannot afford to pay such premiums was that she would not be able to come to the House in the near future with any proposal covering those who work in the home and cannot afford to pay premiums into the Canada Pension Plan.

I do not want to oppose any opening up of the Canada Pension Plan to let people in who are not now covered, but I think it is a gross mistake to open it for those who can afford to pay $400 or $500 per year, yet provide nothing for housewives whose income in the whole family is such that they cannot afford to pay.

As the parliamentary secretary knows, I am an unrepentant and unrevised universalist in social security systems, but I find that frequently when we press for improvement in our universal programs, the government comes back and says, "We must be concerned first with those who are most needy." We all know that the group of people who suffer the most in terms of pensions are unattached women from 55 years of age up and women who never worked in industry and therefore do not have coverage under the Canada Pension Plan. Those are the people who need it most, to use the government's language.

But what has the government done with respect to women in that general age bracket? First of all, a number of years ago it brought in the spouse's allowance and argued that the reason for the spouse's allowance was that two people could not live on one pension. So, the spouse's allowance was provided, but when we argued that it was even more difficult for one person to live on no pension, we got no satisfactory response. I say the spouse's allowance began at the wrong place in trying to cover women who are in need in terms of pensions.

Now what do we have? We have a desire to open up the Canada Pension Plan in two ways. The income tax bill we are debating when we are on government time, Bill C-54, contains a provision which will permit women who are paid by their husbands in any kind of family corporation or family business such as farming to contribute to the Canada Pension Plan and get the coverage they do not have up to this time. In addition, it will permit women who are not being paid by their husbands but who can afford $400 or $500 per year to pay in and get coverage. But that great mass of spouses, women who work in the homes, who never get any special pension coverage, are not touched or covered at all.

• (2205)

Both in the answer the minister gave me on October 31, 1980, and in the statement she made yesterday when she was speaking to Bill C-54, she stressed the point that she would not be able, because of the extreme cost, to cover these people on whose behalf I am speaking. If the government intends to take this action, let it not mouth the idea that it is bringing in plans to help the needy. It is coming at it from the wrong end.

I suggest very strongly, and, Mr. Speaker, you will know to what I refer, that the department call in some of the people who made up the task force which built the Canada Pension Plan. Most of them have retired and some of them may have died, but there are still a few around. I suggest that they be called in and asked to propose ways in which there can be universal coverage for women in the home. I suggest that the simplest way is to provide coverage to anyone who, in any year, is not a contributor to the Canada Pension Plan, by giving such a person a credit of so many percentage points which at retirement would result in an increase in that person's old age pension by what those percentage points amounted to.

I believe the parliamentary secretary will find that some of the members of that ancient task force would agree with that idea. As I say, I do not oppose any increase in the number of people who will get better pensions. I am all for opening it up, but I am terribly disappointed that the minister has gone back on the principle of universality and is making a proposal that will benefit those who can afford to pay the $400 or $500 a year, but which will not help those who need it most. Although the parliamentary secretary cannot give me an answer as to what will be done, since that is a matter of policy, I hope he will pass on my suggestion that there should be a new study of this whole matter.

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the women who stay in the home represent 60 per cent of the females of this country. Of the five million females in this country, roughly three million stay at home. The minister has pointed out in the House that the government is now studying ways to provide some form of pension coverage for these women who stay at home. The hon. member for Winnipeg North Centre (Mr. Knowles) has pointed out that part of the problem which we face, as we learned while investigating other countries in which pension coverage for women in the home is contemplated, is that only those who can afford to pay the contributions will receive benefits at the age of retirement.

This leaves open the whole question of those who are in need but who cannot even afford to pay into the pension plan. The minister is more than aware of the fact that this is one of the major drawbacks which the government must address when it looks at pension reform. I believe the hon. member is aware of the national pension conference which is to be held in Ottawa on March 31, April 1 and 2. This conference will attempt to address many of the problems which face the female component of our population.

There must be a study on this whole question of providing pension coverage to women who stay at home. Some of the alternatives at which we are now looking are a system of mandatory CPP contributions for homemakers, a separate national contributory plan for spouses working in the home, improved survivors' benefits under the existing Canada Pension Plan to mention a few. I realize that there is very little time left to me, but other parts of the plan include, for example, increasing benefits for single persons under the Guaranteed Income Supplement program. These are parameters which must be studied and which the government is actively studying at the present time. One of the government's commitments is to alleviate the situation which largely affects our female population.

• (2210)

UNITED NATIONS—SPECIAL SESSION ON INTERNATIONAL DEVELOPMENT—GOVERNMENT POLICY

Mr. Douglas Roche (Edmonton South): Madam Speaker, I am glad to see the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Frith) in the House at this great moment because he is one who understands the North-South issue as he, with the hon. member for Erie (Mr. Fretz) who is also present, and myself, is a member of the North-South task force that has spent a great deal of time on this issue which we are trying to profile in this House.

Tonight I want to ask the parliamentary secretary what he is doing to advance a one-day debate in this House on a government motion to discuss foreign affairs. The last time that this House had a debate on foreign affairs was December 19 and 20, 1977, more than three years ago. An awful lot has gone on in the world since then, particularly regarding the North-South issue. This year the economic summit will meet in Ottawa, as Canada is to be the host. As the Prime Minister (Mr. Trudeau) said in the House yesterday following his trip, the North-South question will be foremost on the agenda. It is also likely that a summit of North-South leaders will meet in Mexico next June.

This, then, is the year to discuss North-South issues. But what is the Canadian government's policy on this? That is the fundamental question I am putting to the parliamentary secretary tonight. What is the government's policy? It is a reasonable question.

The North-South task force in which we participated made 38 recommendations and I should like to know which of them the government will take seriously. The Prime Minister has spoken in vague terms about increasing agricultural production and about a recycling process for OPEC funds, but I want to know the details. How can Members of Parliament respond on this issue which is of tremendous importance to the economic stability of our planet and Canada's participation in the North-South dialogue? How can we play our role as parliamentarians following on the committee work if we do not get a handle on what government policy is? I want the parliamentary secretary to address that question.

The Brandt report which has received international acclaim and which studied this issue has put out a full and exhaustive analysis of it. It focused sharply on what ought to be done to break the North-South dialogue so that we can make some progress toward closing the gap between rich and poor. It issued the following four point emergency provisions: first, a large scale transfer of resources to developing countries; second, an international energy strategy; third, a global food program; and fourth, a start on some major reforms to the international economic system. The North-South task force accepted those four emergency provisions and put them not only in the main report but also in the interim report so they have been on the table of this House since last summer. When I raised the question last May, I asked what the government was going to do about the four emergency grant proposals.

I put the question to the Prime Minister yesterday and I invite you, Mr. Speaker, to search *Hansard* assiduously, as I know you do every morning, and I know you will be unable to find an answer to the question because he did not answer. I ask the parliamentary secretary to address this question tonight.

There is no mystery about how to form a policy, Mr. Speaker. All we need are some basic principles; then we put the policies behind the principles. The six basic principles that ought to be the basis of a guideline for the formulation of a Canadian government policy in this crucial year of 1981 so that Canada can play its role in helping to break this North-South deadlock are the following.

The first principle is to put a floor under poverty. Under that principle would be policy implications about when Canada will reach the .7 per cent of gross national product as official development assistance that is the international target advocated by the UN.

The second principle is international food security. We must do more to increase production, to increase food reserves and

we must do a better job on emergency assistance and food crises. Policies could be formulated to support that principle.

The third principle is to have international energy security. In support of that conservation would be highlighted, investment in energy development would be increased, and in particular there would be support for the World Bank's new affiliate on energy to develop energy in the developing countries. Under that principle there would be greater efforts to secure stability of pricing by OPEC, giving them stronger voting rights in international financial institutions so that they too, could play a responsible role in formulating a sound economic policy for the world.

● (2215)

Fourth is to have economic stability to help the developing nations, those which are hardest hit, the oil-importing, least developed nations which had a cash deficit last year of $50 billion while OPEC had a surplus of $115 billion. Something serious has to be done to help rectify that terrible imbalance in the world.

The fifth principle is very simple. It is self-reliance through trade. The North-South task force recommended several sound measures to promote more import and export with developing nations and to do more business with the vastly increasing population-based marketing potential for Canada in many parts of the world.

Sixth is to do something to reduce the terrible disparity between what is spent in the world on arms and what is spent on development. A sum of $500 billion a year is spent on arms; a sum of $30 billion a year is spent on development assistance. This is immoral and does not make any sense. Those are the principles, sir. I have already used up my time and I have not even started. It just shows you how badly we need some time in the House of Commons for those members who really want to participate and help the over-all formulation of a policy by critical input and analysis for which we have a responsibility as parliamentarians.

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, there are two basic questions which the member opposite has raised. One is a major issue and one which he rightly calls for, that is to have some time in this House to debate the whole issue of North-South relations.

With respect to some of the other questions the hon. member has raised, I thought the Prime Minister (Mr. Trudeau) attempted to answer some of his concerns on the various issues that affect the whole North-South dialogue.

Our government has a fair amount of legislation which has to be passed respecting measures included in the budget of 1980. We have a fair amount of legislation which has to come through in terms of enacting the National Energy Program which is a priority for the government. But, at the same time, if the member opposite would get the ear of his House leader and as well if we could have the same take place with members in the New Democratic Party, I am certain, given the importance which the Prime Minister places on the whole North-South dialogue, that perhaps we could have an all-party agreement to arrive at a suitable two-or-three-day debate prior to the summit in July, 1981.

The member has pointed out correctly that the Prime Minister has taken the North-South issue as one of the prime areas he wishes to address in termes of foreign affairs. His recent trip to Europe, Africa, South America and Mexico, which found him meeting with various presidents, is only the first step in which we hope the Prime Minister can play an important role as a facilitator. That is a role I strongly believe Canada can take in trying to get this whole North-South dialogue moving better than it has over the last decade.

I think the member opposite knows about some of the problems inherent when anyone starts to discuss the North-South issue. It is no easy task to convince industrialized countries of their mutual interests respecting countries in the Third World; in other words, the poor countries. Although this government's record is not the best in the western industrialized world, it is by no means the worst. Certainly there is room for improvement. However, the answers which the Prime Minister gave yesterday afternoon were in that vein. The Prime Minister mentioned the government has accepted the 0.5 per cent of gross national product to be the aim of the government by 1985. It accepts in principle the position that it should be at 0.7 per cent by the end of the decade. I think the Prime Minister recognizes that if we are going to accept the 0.7 per cent figure by the end of the decade, there will be a need for a tremendous selling job by parliamentarians on all sides of the House, regardless of party affiliation, to convince Canadians that the funds expended in the area of foreign aid are well spent. That is not simply the job of the government members. If you believe the whole issue of North-South is of paramount importance, I would say that every parliamentarian in this building will have to convince his home county.

● (2220)

NUCLEAR ENERGY—NATIONAL INQUIRY INTO DOMESTIC AND INTERNATIONAL POLICY—GOVERNMENT POSITION

Hon. Ray Hnatyshyn (Saskatoon West): Thank you, Mr. Speaker. I rise again on a persistent and continuing attempt to extract from the government some kind of information concerning what they are doing with respect to a nuclear inquiry. Let me just outline some of the background in brief, to put it in some context or perspective.

You will recall, Mr. Speaker, that while we were in government the previous administration had, in fact, brought before the House terms of reference with respect to a national inquiry. This would be a parliamentary inquiry which would review, assess and obtain extensive public input into the consideration of our domestic and international nuclear policy. We considered that a very important initiative taken by our government, since at no time in the course of Canada's history has the national government gone out to obtain public input with respect to nuclear policy. In fact, a number of provincial governments have conducted inquiries to set the basis upon

which their policy would move toward. By way of example, I can mention two, Saskatchewan and Ontario. Both of these provinces have had inquiries with respect to the nuclear side of things and also with respect to uranium policy. Yet, the national government has been singularly absent from this kind of inquiry, although it has responsibility and jurisdiction over that particular aspect of our energy policy.

When I first raised this matter last year, Mr. Speaker, the Prime Minister (Mr. Trudeau) indicated to me that there would be an internal inquiry conducted, at which time there would be some provision for public input. Subsequently I raised the matter with the Minister of Energy, Mines and Resources (Mr. Lalonde). He also responded to me that there would take place an internal inquiry by way of a number of studies which would be released and made available to the public for their input, consideration, observation and, in fact, that there would possibly be an opportunity for a parliamentary inquiry. The basis upon which the Prime Minister responded to me on that first occasion was that he did not think a parliamentary inquiry or a national inquiry, which we had proposed, was appropriate. This was because he felt time was of the essence and quick decisions had to be made in order to determine what the future of our nuclear industry would be.

What I have since discovered is that there is, in my view, none, or very little, action taking place on the part of the federal government with respect to our view of the nuclear policy.

In my estimation and submission, Mr. Speaker, the government has decided the course of action they will take. It has established a team to sell nuclear reactors abroad. It has already made its decision. Mr. Speaker, this is a shell game. There is absolutely no intention on the part of this government to have any sort of public input into what our policies ought to be.

The other side of the coin is that as a result of the lack of any type of inquiry or involvement on the part of the public, or an opportunity for the public to come to grips with this situation, there is a sense among the nuclear and the uranium industries that there is no leadership. In fact, we are facing a government which is giving absolutely no leadership and respect to the nuclear or uranium industries in our country. People do not know where we are going with respect to this matter. There is no indication whatsoever. As I say, Mr. Speaker, it is a shell game because decisions are being made.

If the inquiry which we had originally set up had been proceeded with, we would have had a report to the government by this time with respect to the situation in Canada today. Our government had set a time limit of one year on the original nuclear inquiry. The present government says we must have an internal investigation. They say we must have reports and that these reports will be made public. Our government had internal papers prepared which would have been available for a national inquiry. These papers and studies were available to the government when it took office. I suggest to the parliamentary secretary, if he is attempting to answer again today, that what has happened is that these papers have been available to the government on the basis of a discussion and on a basis upon which there could be public input, yet we have heard nothing, no announcement and we have seen no interest. My only conclusion can be that there is no serious interest on the part of this government in respect of having any kind of inquiry at all. We are faced again with something that is the opposite of the truth from the Prime Minister and from the Minister of Energy, Mines and Resources, and they are going to proceed on their own basis without an opportunity given to the people of Canada to in fact have a full public open discussion as to what our policy should be on the domestic and international side.

● (2225)

I will be interested in hearing whether the parliamentary secretary, again at this late date, almost a year after the government has been in office, can give some explanation as to what in fact the government's intentions are, or some indication as to whether we are going to have any kind of inquiry at all with any opportunity for public input.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member has mentioned the previous discussion on this subject which he raised back in May. At which time the Prime Minister (Mr. Trudeau) indicated that the government, in light of the pressing problems facing the nuclear industry in Canada, would undertake an internal review.

Since then the government has indicated on several occasions that the background papers which would form in part the basis for such a review would be released. They include those papers to which the hon. member opposite has referred, the background papers which were prepared for the study proposed by the previous government, which have subsequently been updated. I am pleased to indicate to the hon. member opposite that those papers will be released in the next weeks. Comments and contributions of the Canadian public will be welcomed; indeed, will be solicited in respect of those papers.

The hon. member opposite may also be aware from a recent press comment that additional studies were undertaken; two in fact by the Woods, Gordon consulting group. Those papers will also be made available, with whatever restrictions may be necessary for commercially confidential purposes, a point which I am sure the hon. member opposite would recognize.

Beyond that, of course, we have had the benefit in Canada, as the hon. member has noted, of commissions and inquiries in a number of provinces in Canada; the hon. member mentioned Saskatchewan and two in Ontario. In addition there have been inquiries in British Columbia and New Brunswick. Those papers and contributions have also been taken into account in the review which has been conducted.

At the same time, I should point out to the hon. member, when he refers to what he considers lack of direction in the

nuclear policy for Canada, the government has in the specific area of commercial enterprise, which he mentioned, been pursuing new opportunities for sales of Candu reactors abroad. At the moment we are actively pursuing new possibilities in Mexico and Japan and additional possibilities in Korea and Roumania. I do not think in that area there is any lack of direction by the government, as the hon. member suggests.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Wednesday, January 21, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

THE MINISTRY

CALL FOR MINISTER RESPONSIBLE FOR STATUS OF WOMEN TO BE RELIEVED OF DUTIES—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, I rise under the provisions of Standing Order 43. In the light of the resignation yesterday of Doris Anderson, President of the Canadian Advisory Council on the Status of Women, protesting gross manipulation of the council by the minister responsible for the status of women who feared the council's February 12 and February 13 conference on the constitution would prove embarrassing to the government, and in the light of the council's original concept to be an advisory council reporting directly to Parliament as an independent body, not a political tool to any minister, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House demands the minister responsible for the status of women be immediately relieved of his duties in order to restore the independence of the advisory council.

Madam Speaker: For presentation, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ENERGY PROGRAM

CALL FOR POLICY CHANGE—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the Liberal government's energy policy in threatening nationalization of large and small successful oil companies and imposing increased federal taxes on provincial resources is crippling the oil industry, and whereas these policies are driving businesses and skilled labour and capital out of Canada which will set back oil sufficiency in this country at least ten years, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That the liberal backbenchers open their eyes to the facts and demand that the Prime Minister change these disastrous policies.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIR CANADA

PROPOSED CONNOISSEUR SERVICE—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Air Canada has announced the establishment of a new connoisseur service effective February 1, 1981, for passengers paying the regular economy fare with special service to avoid line-ups at airports, more spacious seating, complimentary bar and wine service, a first choice of meals, a first choice of magazines and newspapers and priority in boarding and deplaning. Unfortunately, this service will not be available to Saskatchewan, Manitoba and Atlantic Canada where full-fare economy passengers will pay more for less. Therefore, I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That this House direct Air Canada to renounce second-class treatment for the people of Saskatchewan, Manitoba and Atlantic Canada and initiate its new connoisseur service on all domestic flights effective February 1, 1981.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

CONSTRUCTION OF PULP AND PAPER PLANT IN MATAPÉDIA—MOTION UNDER S.O. 43

Mr. Rémi Bujold (Bonaventure-Îles-de-la-Madeleine): Madam Speaker, I rise on an urgent matter under the provisions of Standing Order 43.

S.O. 43

In view of the fact that, for the last two years, the people of the Matapédia Valley have been wondering about the possibility of establishing a paper plant in the area; that the solidarity expressed last Monday at a demonstration held at Amqui proved the extent of the frustration of the people of the valley; that the economic situation in that area is characterized by an extremely high rate of unemployment, I move, seconded by the hon. member for Rimouski (Mrs. Côté):

That the Minister responsible for Regional Economic Expansion reach a decision as soon as possible on the matter, so that the people of the valley will know where they stand with regard to the setting up of a pulp and paper mill in that area.

Madam Speaker: That motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

GARRISON DIVERSION

CANADIAN OBJECTIONS TO BE DISCUSSED WITH U.S. PRESIDENT—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the comments made recently by North Dakota governor Olson calling for the completion on schedule of the Garrison diversion project and his statement that there have been no official statements from Canada that the project would be harmful to Manitoba waters, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That Canada's objection to the Garrison diversion project be put on the agenda at the first meeting between President Reagan and the Prime Minister and that a copy of the IJC report which officially explains the harmful effects of the project on Manitoba waters be presented to the governor immediately.

● (1410)

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GOVERNMENT ADVERTISING

FAIR SHARE OF BUDGET FOR COMMUNITY NEWSPAPERS—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 and would ask all members of the House to give this motion at least fair consideration. Considering that the federal government is the nation's largest advertiser, spending more than $60 million last year, and recognizing that Canada's small independent newspapers are undergoing pressure from the large newspaper chains, I move, seconded by the hon. member for Beaches (Mr. Young):

That the members of this House recognize and support our local independent newspapers and request the Minister of Supply and Services to ensure that our small community newspapers receive their fair share of federal government advertising expenditures.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HAZARDOUS SUBSTANCES

IDENTIFICATION OF SITES AS REPOSITORIES—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I rise under the provisions of Standing Order 43 with regard to a matter which is becoming increasingly urgent and pressing, namely, the handling, storage and more specifically the permanent disposal of harmful and dangerous substances such as PCBs, which are still widely used by industry throughout the country and will be used for some time, even though replacement materials have been developed, for the reason that there are no facilities available either to safely store or, more ideally, to dispose permanently of substances such as PCBs, which have been proven exceedingly harmful to the environment and dangerous to human health. I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That the government through its appropriate agencies and jurisdictions, and in co-ordination with similar agencies in the provinces, begin immediately to identify and prepare suitable sites in strategic locations throughout the country to serve as repositories for dangerous and harmful substances, and having established such repositories, to put in place regulations under which the use of such substances, particularly in the industrial workplace, can be eliminated.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AID

FINANCIAL AND TECHNICAL ASSISTANCE TO ZIMBABWE—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the Canadian International Development Agency's extreme tardiness in living up to the promises made by the Secretary of State for External Affairs (Mr. MacGuigan) for a program of substantial assistance to Zimbabwe following Canada's prompt recognition of

the new government, I move, seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett):

That this House urge the government to follow through with concrete actions, not just words, on the Prime Minister's spoken concern to increase aid levels when he was in Africa, specifically by directing CIDA to deliver on the promises for financial and technical assistance which were made to the government of Zimbabwe.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE MONARCHY

SUGGESTED VISIT TO CANADA OF QUEEN AND ROYAL FAMILY—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on an important matter. I am certain that every member of this House recognizes the unique and important role that the monarchy plays in Canada's parliamentary system of government and, indeed, in the very fabric of Canadian society. I therefore move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That this House undertake, through appropriate protocol, to invite Her Majesty Queen Elizabeth and the Royal Family to schedule an official visit to Canada during 1981, to celebrate with all Canadians the adoption of the official Canadian national anthem.

Mr. Trudeau: And the new constitution.

Mr. Hnatyshyn: Make that 1982 or 1983.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ADVISORY COUNCIL ON THE STATUS OF WOMEN

RESIGNATION OF PRESIDENT—ALLEGED INTERFERENCE BY MINISTER

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the Prime Minister. It concerns the resignation of Doris Anderson as a result of the direct interference by the minister responsible for the status of women into the plans of the advisory council. The Prime Minister may be aware that that interference is documented in the transcript of the proceedings of the executive committee on January 9,

which states that the minister strongly suggested that the conference on women in the constitution be cancelled because (a) the timing was bad since the conference was being held at the same time that the charter of rights would be tabled in the House, and (b) it would be an embarrassment to the government.

• (1415)

My question, Madam Speaker, is this. In light of this blatant interference by the minister responsible for the status of women in what is supposed to be an independent council, will the Prime Minister immediately demand that the minister resign from this particular responsibility? He is not responsible in this matter, he is totally irresponsible.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I regret the resignation of Mrs. Doris Anderson. I think she has done a good job and I am sorry to see that she took it upon herself to resign because I would have hoped personally that she would have continued. I understand there was a vote of the members of the council, and the result of that vote, democratically taken by members of that council, was to postpone the conference. Since that was contrary to Mrs. Anderson's opinion, she saw fit to resign which, of course, is her right. I think the hon. lady opposite, in suggesting that the minister was interfering in the process, is really suggesting that that democratic vote was made by irresponsible members of the council, which I would not accept, Madam Speaker.

Miss MacDonald: What we are talking about here is the resignation of the minister responsible for the status of women, and that is what is important to this House. What is at stake, and the Prime Minister must recognize this, is surely the integrity and credibility of the Advisory Council on the Status of Women as an independent body. It has not been allowed to be independent; it has been interfered with. Doris Anderson respected that principle, and she had no difficulty getting along with two previous administrations, both Liberal and Conservative. It is only with this minister that the difficulty has arisen. I ask the Prime Minister, therefore, whether he will immediately demand the minister's resignation from this responsibility or, better still, will he change the mandate of the council so it reports directly to Parliament and is not liable to be the political tool of any minister?

Mr. Trudeau: Madam Speaker, the answer to the question is certainly not, I would not ask for the minister's resignation. His accomplishments as minister responsible for the status of women since his appointment are very great indeed.

Some hon. Members: Hear, hear!

Mr. Trudeau: He has introduced measures to ensure affirmative action in the public service, affirmative action clauses in all job-creation programs; he has ensured that a 75 per cent wage subsidy be paid to women in non-traditional occupations; he has ensured that priority be given to job creation which assists women, for instance in day care; he has reduced the

minimum insurable hours for unemployment insurance from 20 to 15 hours per week—

Some hon. Members: Order, order.

Mr. Trudeau: The hon. lady opposite knows that 75 per cent of part-time workers are women. He has sponsored a $1 million national ad campaign on women's employment; and he started a review of the unemployment insurance to, among other things, remove discrimination—

Some hon. Members: Order, order.

Mr. Trudeau: He started a review of immigration to help—

Madam Speaker: Order, order. I do want to remind hon. members that when a question is exceptionally long there is no reason why the answer should not be just as long if it is needed.

Mr. Clark: So much for an impartial Chair.

Some hon. Members: Oh, oh!

[*Translation*]

Madam Speaker: Order. This incident is really of no consequence. Let us resume the Oral Question Period. The hon. member for Kingston and the Islands has the floor.

● (1420)

[*English*]

ALLEGED MANIPULATION OF COUNCIL MEMBERS BY MINISTER

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my final question is directed to the minister responsible for the status of women, who could take a look at the example set by Doris Anderson with respect to adherence to principle. The minister stated flatly the other day—it is recorded in *Hansard*—that "at no time was pressure applied". In a documented chronology of events leading up to this fiasco the minister's assistant, Nancy Connolly, reported to Doris Anderson and to the executive committee on January 7 that the minister was determined that the conference must be changed and regional conferences scheduled instead.

In light of that documentation and in light of that evidence—and there is much more—I would like to ask the minister if he is still trying to weasel out of the charge that pressure has been brought to bear and that members of the council were manipulated by his office and therefore whether this whole matter should require his resignation from that particular responsibility.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, it may be of some interest to the hon. member to know that in reference to that particular document the members of the executive committee who were at that meeting have signed a legal affidavit stating that the document is full of misrepresentations. That affidavit has been deposited with a lawyer. I do not know what the document says. I have not seen it. Obviously, the hon. member was privy to a confidential document to which no one else is, but I do know that an affidavit was deposited with a lawyer saying that the document was ill prepared.

I simply repeat to hon. members of this House that political pressure was not applied. The meeting referred to was requested by the members of that executive committee. They asked for an opinion; I gave them an opinion. I told them the decision was theirs to make and that we would live with the decision either way. That decision has been made by the executive committee and ratified by the entire council. That is a democratic process, and those who argue for the independence of the council should be reminded that the best way to preserve that would be to respect the decision made by a council of people who are very dedicated to the cause of women in this country.

SUGGESTED RESTRUCTURING OF COUNCIL

Mr. Walter McLean (Waterloo): Madam Speaker, in the light of the controversy over what has or has not been said in terms of decisions being imposed from above upon the Advisory Council on the Status of Women, and in the light of the public reaction personified by Lynn MacDonald, the president of the National Action Committee on the Status of Women, which represents 150 women's groups across the country, when she said that her group will have to rethink its position regarding a government-appointed advisory council, would the Prime Minister give serious consideration to restructuring the advisory council and widening its representation so that women's groups across the country can rely on the council to be impartial in the opinions it gives?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would like to answer the hon. member by saying that we would certainly be prepared to examine any improvements to the council which could be made, but I want to suggest that the council has already proved its real value through the work it has done in making major recommendations with respect to the constitution. Those representations were accepted by the government as part of our amendments to the charter. In fact, hon. members on this side of the House are the only ones who have strongly endorsed that particular plank and included it in our charter of rights, with which the opposition is in total disagreement. If anyone defends women's right, it is certainly this party, but we are prepared to meet with members of the council and discuss how their operations and procedures could be improved.

RECOMMENDATION THAT COUNCIL REPORT TO PARLIAMENT

Mr. Walter McLean (Waterloo): Madam Speaker, what the minister is saying is that the council will continue as a political tool. My supplementary question is addressed to the Prime Minister, and it is on a matter of policy in relation to the council and to this House. A 1970 recommendation of the Royal Commission on the Status of Women was that the

council should report not to a minister but through a minister, as does the Human Rights Commission and as does the Auditor General. Women represent 52 per cent of our nation, and they ought to be heard. While there are many able women here, women are still underrepresented. Will the Prime Minister act upon that recommendation and see that this House receives reports of the actions of the advisory council?

• (1425)

Right Hon. P. E. Trudeau (Prime Minister): I will gladly look into that suggestion and ensure that a report on it is made to me. I just want to emphasize, in reply to what was said by the minister responsible, that at least we on this side have introduced a constitutional charter, binding on all Canadians, which would prevent discrimination against people on the basis of sex. I noticed last night that the hon. gentleman's party has copped out on that. They suggested they are prepared to defend rights when everybody in every province in Canada agrees, but, of course, we know from what happened in September that several provinces are against the infringement of rights, with the result that obviously the hon. gentleman's party has copped out on this again.

Some hon. Members: Hear, hear!

WIDER REPRESENTATION OF WOMEN ON COUNCIL

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I should like to direct my question to the Prime Minister, who knows that we in this party urge very strongly—indeed I made a speech in the House—that the wholly inadequate section 15 be amended, and indeed it was a few weeks ago. The person behind that thrust was, of course, Doris Anderson; I think the right hon. gentleman knows that. The minister responsible for the status of women—and perhaps the Prime Minister does not know this—made three different speeches in this country, in Newfoundland, Montreal and Saskatchewan, in which he said that the proposals of the council under Doris Anderson were not good, that they had had bad legal advice.

I should like to ask the Prime Minister, in view of the fact that people in the whole of this country, and particularly of course the women, 51 per cent of the population, have written letters and telegrams of support to Mrs. Anderson for her position of protecting the integrity and independence of the council, and in view of the fact that one reason we are all so concerned is that there are patronage appointed people on the council and they do not have credibility in the eyes of the public—

Some hon. Members: Oh, oh!

Miss Jewett: Doris Anderson was the one person—

Madam Speaker: Order, please.

Miss Jewett: I would like to ask the Prime Minister—

Madam Speaker: Order, please. The hon. member was just about to ask her question. I would encourage her to do that.

Miss Jewett: I will, Madam Speaker. I should like to ask the Prime Minister if he would seriously consider having the council made up of people who are genuinely representative of all the women of Canada, ensuring they represent the immigrant women, the native women, the trade union women, the working women, and so on, in much the same way as other councils are made up. Would he consider that?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as regards the preamble which the hon. lady put to her question, I agree, and that is why in my first answer this afternoon I said I regretted the resignation of Doris Anderson. I think she has done some good work. I would point out that in bringing in our amendment on the equality provisions in the constitutional charter we were happy to do so on the advice of the council and of many people in the country.

I want to remind the House and the hon. member that the first draft of the charter was based on the desire to get as many provinces as possible supporting us. The hon. lady knows, because I know she is in contact with the government of at least one province, that the provinces generally are against this non-discrimination provision, and that is why we have waited for the pressure to mount on the provincial governments as well as on us to strengthen the provisions of the charter.

In so far as her suggestion for appointing members to the council is concerned, I will look into it, as I said to the previous questioner. It was my impression that members of the council were indeed representative of women in all walks of life. The fact that they are appointed by the government, it seems to me, does not mean that they are captive citizens, nor does the fact that ten voted against the proposition to hold the conference in May rather than in February and 17 voted in favour. What is the hon. lady saying, that the 17 should be smeared as irresponsible but that the ten, because they agreed with her, should be treated as responsible? Should we replace only the 17 and keep the ten? I think the hon. lady is on a bad course of logic in suggesting somehow the members of the council acted undemocratically and as tools of the government when they voted in this democratic fashion.

• (1430)

Some hon. Members: Hear, hear!

Miss Jewett: Madam Speaker, the fact that some of the members on the council who voted to keep the conference in February were Conservative—because of course the hon. gentleman knows the Conservatives also made appointments—does not remedy the problem. Therefore I repeat my question to the Prime Minister. Would he not think it advisable, now that the credibility of the council is destroyed—

Some hon. Members: Oh, oh!

Miss Jewett: —to have a new council, comparable to, say, the Economic Council of Canada, whose members would represent, for example, labour, native peoples, native women and other immigrant women? Would it not be better that they be

on the council, not because they are Liberals, Conservatives or whatever, not because their first loyalty is to the government—

Madam Speaker: Order, order.

Mr. Trudeau: Madam Speaker, in all her questions the hon. lady suggested that somehow the politics of the members of the council influence their decisions. First, I do not know how she establishes the politics of those who voted on one side or the other. She said that the ten are presumably Conservatives. I do not have the names, does she? Does she know the politics of the members? It seems to me that if she does—and the hon. lady said she does—she is precisely contributing, as the other questions today, to destroying the credibility of this council by suggesting they acted politically. We do not believe it, but if hon. members continue to say it, of course its credibility will be destroyed.

I do not think anyone will find a way to name members of the council who have no politics at all. What will we do then? Should we ask their politics before accepting their appointment or count their politics every time they vote? It seems to me the parties opposite, in the name of protecting women, are in the process of destroying democracy.

Some hon. Members: Hear, hear!

Miss Jewett: Madam Speaker, since most of the women of Canada in fact question the credibility of the council—

Mr. Trudeau: How do you know that?

Some hon. Members: Oh, oh!

Miss Jewett: I wonder because—

Some hon. Members: Oh, oh!

Miss Jewett: Since the majority do—

Madam Speaker: Order, please. I wish the hon. member would ask questions and not make so many statements. I have allowed a few but my patience is coming to an end. Questions, please.

Miss Jewett: Madam Speaker, I have one final question for the Prime Minister. Would he, as he has already been requested, seriously consider finding among his ranks someone who is genuinely concerned about women and the independence of the advisory council to be the minister responsible for the status of women?

Mr. Nielsen: A hopeless task.

Mr. Trudeau: Madam Speaker, I had begun to answer that question earlier when the opposition howled with anguish.

Some hon. Members: Hear, hear!

Mr. Trudeau: I will continue the list of achievements of the minister since the month of April, 1980.

Some hon. Members: Order, order.

Mr. Trudeau: Apart from all these things, we established a task force to look at the situation of foreign domestics. We have put forward—

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): A point of order, Madam Speaker.

Madam Speaker: Order, please.

Mr. Munro (Hamilton East): He is entitled to answer.

Madam Speaker: Could I ask the Right Hon. Prime Minister to answer his questions briefly?

Mr. Trudeau: Yes, Madam Speaker. The answer is no.

* * *

THE BUDGET

ALLEGED INCONSISTENCIES IN TAXATION POLICY

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance; it concerns the thrust of the tax policy in his recent budget. The Minister of Energy, Mines and Resources on many occasions said that self-sufficiency is the number one objective of the government in energy policy. If that is the case, surely the policy should be to encourage production and discourage consumption.

In view of the fact that the policy set out in the budget of the Minister of Finance is clearly to discourage production through the 8 per cent tax and the excise tax on natural gas, and that clearly consumers are not sensing any comparable strong action to promote conservation, how does the minister explain this inconsistency in his policy with the objectives of the program?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not accept the premise of the hon. member's question.

Mr. Wilson: Madam Speaker, it is clearly there. If the power of logic on the part of the Minister of Finance is not any better than that, I hesitate to guess what the next budget will indicate.

Canadianization is another one of the key objectives of the government in the national energy policy. Surely the tax policy should try to impact less upon Canadian-owned companies in the industry. Because Canadian-owned companies are primarily in the production area, the impact upon them is much greater than it is upon multinationals engaged not only in production but refining, petro-chemicals and marketing. Would the minister explain again the inconsistency in his tax policy with the objectives of the National Energy Program?

Mr. MacEachen: Madam Speaker, the hon. member says again that there are inconsistencies. He makes his own

assumptions and attributes them to the budget and the National Energy Program. We do not accept this total disagreement shown by the hon. member with the objectives of the National Energy Program and with the methods taken to implement them, which in my opinion are widely supported by the people of Canada, if not by his party.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

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GARRISON DIVERSION

REQUEST PRIME MINISTER DISCUSS PROJECT WITH PRESIDENT OF UNITED STATES

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the Prime Minister; it concerns the Garrison diversion project. As the Reagan administration is now in place, would the Prime Minister assure the House that the diversion project will be on the agenda for discussion in his first meeting with President Reagan and once again express our concerns over the diversion, especially if the entire project is completed?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have raised this matter in previous meetings with the then president of the United States, as I am sure the Right Hon. Leader of the Opposition did in his meetings. I will continue to do so.

REPORTED STATEMENT OF GOVERNOR OF NORTH DAKOTA

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my supplementary question is directed to the Secretary of State for External Affairs. The governor of North Dakota has made some very startling statements. He is reported as saying: "What we've heard from Canada has been unofficial." Also he said that no evidence has been presented that there will be any harmful effects to Manitoban waters. Will the minister assure us that he will contact the governor of North Dakota and at least give him a copy of the IJC report? Perhaps the minister could telephone the governor to explain these facts of life, because he is calling for the completion of the entire project.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, certainly I will see to it that the governor of North Dakota receives a copy of the IJC report. I suspect he is already very familiar with it and chooses to interpret it in his own way, but I know he and others in that region are very concerned because the government of the United States has been co-operating with us in not using funds Congress voted in any way which would imperil our waters. So we have been receiving the co-operation of the United States administration. It is that very fact which is distressing some of the local politicians in that area of the United States.

DISARMAMENT

PROLIFERATION OF NUCLEAR WEAPONS—SAUDI ARABIAN GRANT TO PAKISTAN

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is directed to the Right Hon. Prime Minister. On Monday it was reported that the government of Saudi Arabia would give $800 million to the government of Pakistan to finance that government's development of a nuclear weapon. All Canadians view with alarm the growing proliferation of such weapons throughout the Third World. I would like to ask the Prime Minister if, during the course of his visit to Saudi Arabia in November, he tried to impress upon the Saudi government the danger to world peace of such proliferation. Further, would he now promise to use all the diplomatic powers of the Canadian government to persuade the Saudis of the inadvisability of this particular grant to Pakistan?

● (1440)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member refers to a news report of yesterday. I do not know if it is accurate, but if it was made yesterday, it certainly could not have been brought to my attention before going to Saudi Arabia. I undertake, to keep the hon. gentleman's representations in mind when I return to Saudi Arabia.

Mr. Sargeant: Madam Speaker, I realize the report just came out, but I anticipated that it might have been a matter of discussion since there had been previous talk about an Islamic bomb.

In the Speech from the Throne last April the government promised to "continue its strategy to suffocate the deadly growth in the nuclear arsenals of the world." Since April there has been very little noticeable suffocation, aside from the appointment of the ambassador for disarmament. I would like to ask the Prime Minister if he can tell us whether or not his government has a real battle plan to bring about this suffocation. If so, will he bring it before this House as soon as possible so we can debate it?

Mr. Trudeau: Madam Speaker, apart from appointing an ambassador for disarmament, who has been working along the lines which were suggested by me in the speech on disarmament to the United Nations, we have also appointed ex-Ambassador Ford as a member of the Palme commission on disarmament.

As for the hon. gentleman's suggestion that we debate these questions, our party would be happy to do so. I think hon. members of this House know that between now and, perhaps, the next six weeks, we have a very busy agenda doing precisely the things which the hon. Leader of the New Democratic Party has suggested we do; that is to say, to pay more attention to the economy at home. When we have passed the measures of the Minister of Finance and have begun to deal with the constitution, then we on this side of the House would be happy to find a day to debate international affairs, particularly disarmament. Of course, if between now and then the opposition find it to be one of their priorities and wish to

devote one of their days to international affairs, we might accept that suggestion and begin a debate earlier.

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EXTERNAL AFFAIRS

IRAN—RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my question is for the Secretary of State for External Affairs. In today's *Globe and Mail* the minister is quoted as saying that the hostage-taking in Iran was abominable and a gross affront to all decent, civilized people. He is also quoted as saying that our embassy in Iran will be reopened within weeks. In view of these statements, would the minister explain the haste in re-establishing ties with Iran? Would he assure the House that no Canadians will be posted to Iran against their will so that they will have to serve with these indecent, uncivilized, international bandits?

Some hon. Members: Hear, hear!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. member has correctly quoted me on one part of my statement and incorrectly on the other. I certainly did strongly condemn the actions of the Iranians during the period of captivity for the American hostages. I said that we would likely re-establish diplomatic relations on a full scale, not within weeks but within months, some time in 1981. It is certainly not something which we will be rushing into. However, we will be removing the sanctions within weeks, since they were imposed for the specific period the hostages were held captive, just like other countries.

I assume the hon. member knows, as this House knows, that every Department of External Affairs officer is always prepared to go voluntarily to wherever in the world he is needed.

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ADVISORY COUNCIL ON THE STATUS OF WOMEN

SPONSORSHIP OF CONFERENCE—SUGGESTED REFERENCE OF MATTER TO STANDING COMMITTEE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I would like to direct my question to the Minister of Employment and Immigration, who is responsible for the Advisory Council on the Status of Women. It is obvious from responses of the Prime Minister that he does not consider the minister to be worthy to axe.

I would like to ask the minister about a matter which has been bothering me and a great many Canadians. Why did the minister consider that the conference, which was to be sponsored by the advisory council, would be an embarrassment to this government?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as I have explained to this House several times—perhaps the hon. member was not in his chair during those times—when my opinion was solicited as to why I thought the conference might be better held at another time we simply said there were a number of reasons. The most important reason was the fact that the recommendations had already been put forward to the cabinet by the advisory council. They had been accepted by the cabinet and recommended to the constitutional committee. Therefore, there was an opportunity for us to start looking at a second round of issues, particularly those dealing with family law, federal-provincial relations, childcare services and others. After my talks with a number of women's groups across this country, I felt they required more information and discussion so that they could bring those recommendations and ideas before the first ministers' conference, which will be held after the constitution is returned to Canada. That was the primary reason. When the question was posed to me it may be that I said, as part of the conversation, that it was certainly not my primary concern, that it was really to make sure that there would be a proper opportunity for a broad-scale discussion to take place across this country.

I repeat, Madam Speaker, that was an opinion which I offered. It was not in any way an attempt to impose an opinion; it was simply advice that I was giving. I understand the reason for the skepticism of members opposite since they are skeptical about everything, but those happen to be the facts, Madam Speaker.

Mr. Hnatyshyn: Madam Speaker, the reason I may not have been in my chair is that the answers given by the minister usually cause me to lurch from the chamber to the washroom. On the basis of the minister's statement and the timetable imposed by the Prime Minister, theoretically the constitution is to be passed by the British parliament by the time all this preliminary work has taken place.

In effect, Doris Anderson, the president of the advisory council, has called the minister a liar. Since the minister's integrity has been attacked, I want to ask him whether under these circumstances he will not do the right thing, as he did with the O'Leary matter and with respect to the question of the Royal Albert Arms, and move a motion to have this whole matter referred to the Standing Committee on Privileges and Elections, where witnesses can be heard under oath?

Some hon. Members: Order!

Mr. Hnatyshyn: This would give the minister a chance to clear himself with respect to this scandalous interference with the advisory council.

Some hon. Members: Hear, hear!

Mr. Axworthy: Madam Speaker, I am not responsible for the condition of the hon. member's kidneys or any other part of his anatomy. I suggest to him that in this case the facts have been put forward. Those who had to make the decision were members of the executive committee and the council. It would be very worth while if members of the opposition

would provide that council of independent people, who have been committed to women's rights, with the recognition that they made that decision, without bringing it into question.

STATUS ACCORDED COUNCIL

Right Hon. Joe Clark (Leader of the Opposition): My question has to do with the question of respect for the Advisory Council on the Status of Women. I wonder if the Prime Minister will tell the House if there is a policy reason as to why that council should not report to Parliament in the same way the Auditor General, the Economic Council of Canada and the Commissioner of Official Languages reports to Parliament. Is there a policy reason why the Government of Canada gives the council second-class status, reporting to a minister and not to Parliament?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the right hon. gentleman has been prime minister. He will recall that there are two kinds of advisory councils, two kinds of originators of advice to the government. There are many different councils which advise the minister directly, such as advisory councils in trade, health and welfare, immigration and sports. They advise the minister so he can keep their advice in mind when introducing legislation. I do not think these are second-class councils, or second-class people, to use the expression of the hon. gentleman opposite. If they were, why did he not make a change when he was prime minister? Why did he not make them all first class?

Mr. Clark: Madam Speaker, the Prime Minister will know that we had legislation under preparation which would—

Some hon. Members: Oh!

Mr. Clark: —change the status of that council. The policy decision was taken by the government I had the honour to lead to put the Advisory Council on the Status of Women on an equal footing with the Commissioner of Official Languages, the Economic Council of Canada, the Auditor General and other bodies of that kind.

I repeat my question to the Prime Minister with respect to policy. Why will he not follow the example we set? Why will he not accord to the Advisory Council on the Status of Women that first-class priority, that right to be free of manipulation and that right to report directly to Parliament?

Mr. Trudeau: Madam Speaker, since the question is repeated, I repeat my answer. I do not suggest that all members of advisory councils who report to ministers are manipulated. If the hon. gentleman thinks that, he should have changed them all. There are advisory councils to the Minister of Industry, Trade and Commerce composed of respectable businessmen and union leaders. Does he suggest that they are being manipulated because they do not report directly to Parliament? I hardly think so.

● (1450)

In so far as following the right hon. gentleman's "example", he suggested that legislation was in preparation. Well, he knows this; this seems to be the kind of statement *ex post facto* like the one when he said there was an agreement on energy with Alberta.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: There was.

Mr. Trudeau: If there was, why does he not produce it?

Mr. Clark: Madam Speaker, the Prime Minister can play what games he wishes. The public is catching up with him.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

An hon. Member: It caught up with you, Joe!

Madam Speaker: Order. The Right Hon. Leader of the Opposition has the floor.

Mr. Clark: May I ask the Prime Minister a simple question, Madam Speaker. As a matter of policy, is it the intention of the Government of Canada to preserve the status of the Advisory Council on the Status of Women as one which reports to a minister—a minister who on the record has manipulated that council, or will he, as a matter of policy, change that status and give the women of Canada the right and confidence of knowing that their council will not have to report through a filter that manipulates but will report directly to this House of Commons?

Mr. Trudeau: Madam Speaker, the hon. gentleman continues his accusation of manipulating which I suggest is not only offensive to the minister but to the so-called manipulees. I wish the Leader of the Opposition would give me a list of the people who have been manipulated on this council. We would undertake to remove them.

I would also ask, if he wants to change the nature of that council, how many other councils there are, the nature of which should be changed, according to the hon. gentleman?

Mr. Andre: One for now.

Mr. Trudeau: They are suggesting one for now, but what about tomorrow and the next day?

Mr. Andre: What difference does it make?

Mr. Trudeau: What difference? I think if the hon. gentleman is asking for a policy statement, he should have a policy.

Mr. Clark: We do.

Mr. Baker (Nepean-Carleton): What is yours?

Mr. Trudeau: All he is able to give us are the "might have beens" of his government—had they remained in office they

had legislation in preparation. We know about this kind of "might have been". That is what the Leader of the Opposition is—a great might have been.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

An hon. Member: "Might have been Joe".

Mr. Clark: Better than a fraud.

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ENVIRONMENTAL AFFAIRS

PROPOSED WASTE DISPOSAL SITE AT SOUTH CAYUGA, ONT.

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is for the Minister of the Environment. The minister will recall that on December 9 last I raised a question pertaining to the announced intention of the province of Ontario to transport all their industrial toxic waste through the populated heartland of southern Ontario and dispose of it on agricultural land in the Niagara Peninsula lying between Lake Erie and the Grand River. The minister informed me at that time that his department would look into the matter and inform me at a later date. I would ask the minister now if this matter has been looked into and, if so, what decision has been arrived at by his department.

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, it is true that my department is aware of the proposals and has looked into them. In some ways I am naturally tempted to respond to the hon. member that he himself should get in touch with the government of Ontario directly, which is, of course, a government formed by members of his party. That government has the basic responsibility for the determination of disposal sites within the province.

I could say to him, however, since he has asked for a comment from me, that it is my view that it would probably be preferable if the government of Ontario were to establish a general policy on the criteria and conditions which should be applied to the location of those sites before determining the individual sites which are to be found, rather than to proceed in an ad hoc way looking at one site and another. I am reluctant, Madam Speaker, and you will understand why, to be overly critical of the activities of the government of Ontario in this regard. In a general way we recognize that there is a need to find sites for the safe disposal of hazardous waste, and also in a general way, through the meetings of the Council of Resource and Environment Ministers, we have promised to co-operate as much as we possibly can with that process.

Mr. Bradley: Madam Speaker, I have been in contact with the provincial government of Ontario, as have many other concerned people in the province. My supplementary question is also for the Minister of the Environment. There is a sense of urgency about the matter. In spite of the fact that 46 communities have supported the town of Dunnville and the region of Haldimand-Norfolk in their resolution requesting an adequate environmental assessment and hearing into this matter, the province has ignored their pleas and has announced the initiation of expropriation procedures. The concern felt in the Lake Erie area now, Madam Speaker, is not about acid rain but the possibility of acid drain.

I would ask the minister of the government supports proper environmental assessment and hearings on issues as important nationally as toxic waste disposal. If so, will it take whatever steps are available to it to ensure that the people of southern Ontario, and all people in the lower Great Lakes area, are properly protected against the potential of Love Canals in Canada through proper environmental assessment and hearings?

Mr. Roberts: Madam Speaker, clearly I am sympathetic to the concerns that the hon. member has expressed, but I am sure he would be one of the first in the House to protest if I were to take actions which were to pre-empt the legitimate responsibilities of the provinces. We are concerned in this area to proceed in conjunction with, and with the co-operation of, provincial governments. It seems to me that up to this point that has shown itself to be the most effective way in which we can proceed. On several occasions I have talked with or written to or been in communication with the provincial governments to draw to their attention our concerns about the necessity of detecting or finding possible locations of past dump sites which presently constitute a hazard to ecology or to human health. The response from some governments, and I would have to say the response from the government of Ontario, has been very supportive and forthcoming; it is less so, perhaps, on the part of some other provinces. As a result, I have indicated that I intend to raise this matter at the next meeting of the Canadian Council of Resource and Environment Ministers.

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COMMUNICATIONS

LICENCE RENEWALS AND TRANSFERS—PROVISION OF POLICY GUIDELINES

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I am sorry that the Minister of Communications is not with us this afternoon; I intended to raise a series of questions with him on this particular matter. Perhaps they could be taken as notice or I would welcome a reply from any minister who responds for him.

The minister's department commissioned what was known as the Babe-Slayton report concerning licence renewals and transfers. One of the things that the report did was to lambaste private TV broadcasters for failing to comply with the aims of the Broadcasting Act. It further called for competitive licensing procedures in transfer situations or in renewal situations as one means of making stations live up to their promises regarding Canadian programming.

Why has the minister shelved this report? Why have we heard so little about it? If he has not shelved it, when is he going to provide the CRTC with the policy guidelines it has strongly requested so that it no longer has to operate in a policy vacuum on this very important matter?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, the Minister of Communications is away from the House today on important government business regarding the National Film Board's affairs. I note that the hon. member indicated he had a series of questions to ask. In view of the fact that we are near the end of the question period, perhaps the best thing would be for me to take notice of those questions and ensure that the Minister of Communications is aware of the hon. member's concerns in order that he can respond fully when next in the House.

Mr. Rose: Madam Speaker, the absence of a policy of competitive licensing recently allowed a Toronto-based cable conglomerate, a monster, to gobble up a Victoria cable company, despite the fact that as far back as 1977 Capital Cable Co-op had been promised that the department would deal "fully and fairly with the matter". I ask that the minister be informed of my question. Why did he not set aside the CRTC decision to allow Canadian cable systems to proceed in that application, especially when, at the time he refused to set it aside, he had the Babe-Slayton report in his hands recommending quite the opposite procedures?

● (1500)

Mr. Roberts: Madam Speaker, as I have already told the hon. member, I will draw these questions to the attention of the Minister of Communications who, I am sure, will want to reply to them very fully as soon as possible.

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RAILWAYS

ABANDONED RIGHTS-OF-WAY IN WESTERN CANADA

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my question is for the Minister of Transport. Since the minister has accepted the policy of his predecessor, the hon. member for Vegreville, to transfer the rail rights-of-way abandoned in western Canada to the provinces and interested individuals, could he update the House on the standing of that process and whether the order in how many other is about to be signed making this possible?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the discussion about these matters is going on with the provinces. However, we are discussing now only those rights-of-way which have been the subject of an agreement between the department and the railways. As far as I can recall though, the discussion is still being pursued. Some provinces would like more than what the government is in a position to offer but the impression I have from recent conversations with officials on that matter is that we are getting close to a resolution of it.

Mr. McKnight: Madam Speaker, could the Minister of Transport inform the House about the problems in these negotiations? He mentioned, as I recall, that some provinces wanted more transfers. Could the minister explain which provinces are giving his department difficulty and for what reason?

Mr. Pepin: Madam Speaker, I cannot detail the position of each one of the provinces on this matter, but I will do so in a conversation with my hon. friend.

* * *

POINT OF ORDER

MR. EPP—STATEMENT MADE BY MR. AXWORTHY

Hon. Jake Epp (Provencher): Madam Speaker, I rise on a point of order which arose this afternoon out of an exchange with the Minister of Employment and Immigration (Mr. Axworthy) during question period.

I think it is important to the House that the record be clear. The minister can play fast and loose with what are details on the public record, but I want to tell him, and you, Madam Speaker, very clearly, that while he might disagree with components of any propositions made by anyone in this House, or for that matter any components of the charter, this party has endorsed the charter. That has been done quite clearly, in public and on the record. I would ask the minister to keep that in mind and I ask that he not use something which is obviously not in keeping with the facts. If he has regained his ability to read facts, I will send him a copy of the proposal.

Madam Speaker: The hon. member has made his point, and I will allow that.

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PRIVILEGE

MR. GAMBLE—DELAY BY MR. MACGUIGAN IN ANSWERING QUESTION

Mr. John Gamble (York North): Madam Speaker, my question of privilege arises out of a question which I asked in this House on January 16. It was directed to the Deputy Prime Minister (Mr. MacEachen) but responded to by the President of the Privy Council (Mr. Pinard). As reported in *Hansard* at page 6271, the question reads:

Madam Speaker, my question should be directed to the Secretary of State for External Affairs, but in his absence I will direct it to the Deputy Prime Minister, who will know that last week Canadians, including a renowned Canadian author and columnist, Barbara Amiel, were incarcerated in the Mashava prison in Mozambique during which time Miss Amiel almost expired as a consequence of contracting tropical diseases. Having regard to the fact that both Canadians were incarcerated without just cause by the government of that country, has the Government of Canada sent a stern note of protest to the government of

Mozambique for the harsh and uncivilized treatment accorded Canadian citizens?

The issue which gave rise to that question was important not only to the House but to all Canadians, Madam Speaker. It involved the entry into Mozambique by two Canadians, one of whom was referred to in the question, and an American companion. These people were denied the right to leave that communist-controlled country. When they endeavoured to do so in the usual course of their travels, they were detained by the immigration authorities of Mozambique. They were ultimately imprisoned, having been arrested by the secret police of Mozambique. Both Canadians carried Canadian passports and requested the right and opportunity to consult with and seek the protection of Canadian consular officials. The facts are that while Canada has an ambassador to Mozambique, he resides, as the Secretary of State for External Affairs will know, in Zambia.

Fortunately, between the time of the original detention by the immigration authorities and the time of the arrest by the secret police, one of the three people was able to place a telephone call to the United States consulate in Mozambique. After being imprisoned from December 31 to January 8 in the Mashava prison, a place where one in Canada would not countenance the housing of animals, they were released as a consequence of the activities of both the U.S. consular officials and the consular officials of Great Britain.

Immediately after release they were questioned by Canadian consular staff in Johannesburg. According to the Canadian ambassador to Mozambique he has filed a complete report and an analysis of the occurrences.

I submit this issue concerned the duty and obligation of the government of this country to protect its citizens when travelling abroad, and to see they are granted access to Canadian consular staff abroad. Nations, such as Mozambique, which have denied Canadian citizens travelling to their country the right of that access, should be subject to the stiffest of diplomatic notes of protest which this government can issue. In my submission, instead of that, the government has acted as a spineless coward in failing to respond to this customary need which Canadian citizens travelling outside of Canada should expect from their national government.

The President of the Privy Council responded to my question, found at page 6271 of *Hansard*, as follows:

Madam Speaker, seeing the Secretary of State for External Affairs is absent, I shall take notice of the question of the hon. member and convey his views and suggestions to the Secretary. I shall make sure that the hon. member gets a reply as soon as possible.

I have not as yet received a reply from either the President of the Privy Council, the Secretary of State for External Affairs, or anyone acting for or on their behalf. Imagine my surprise when I read an article in yesterday's *Toronto Star* by Ellie Tesher, who gave an account of having communicated with the Department of External Affairs and of having been advised by the department that no note of protest had in fact been dispatched by the Government of Canada to the government of Mozambique.

Miss Tesher made reference to having spoken to someone in the Department of External Affairs. Of course, not preferring to rely on an article which appeared in a newspaper, I spoke to Miss Tesher. She confirmed the accuracy of the account which appeared in the paper and gave me the name of the official at the Department of External Affairs, whom I contacted. The person in question did not deny the accuracy of the article which I mentioned to her, having first examined and read it in the newspaper.

This question of privilege is not based upon my complaint that the minister of the Crown or any minister of the Crown has not answered a question in the House. I clearly recognize that if that were the substance of my objection and my question of privilege, it would be without foundation. However, it is based upon the failure of a minister of the Crown to honour an undertaking which he gave to me as a member of the House of Commons.

• (1510)

Let me say in fairness that the minister might allege that the time limitation included within the phrase "as soon as possible" has not yet expired. If that is the case, why is it that a newspaper reporter can, by the simple expedient of picking up a telephone, contact the Department of External Affairs and obtain all of the information which is not available to a member of the House of Commons?

The proceedings in this House become a laughing matter if question period gives rise to the simple deferral of issues which are important not to individual members but to the whole conduct of the affairs of this House. I am not alleging that there is a deliquency in failing to respond to a question, but that there is a refusal to commit the completion of an undertaking which has been given by a minister of the Crown to this House and to one of the members thereof.

The House is not well served by a failure of the kind I have described. I submit it is incumbent upon ministers of the Crown to discharge their obligations given in this House, without which the House cannot properly function. I therefore move:

That this matter be referred to the Standing Committee on Privileges and Elections for attention.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the rather turgid presentation of the hon. member for York North (Mr. Gamble) has certainly not contributed to an understanding of this problem. The reason why he has not got an answer, and the reporter whom he quotes did get an answer, is simply that they were asking different questions. The reporter was asking whether a note of protest has yet been sent. The answer to that is clearly no. The hon. member asked whether such a note will be sent. On that question of whether a note will be sent, we have not yet reached a final decision.

I wish to tell the hon. member and the House that, on the basis of the facts as we possess them at the present time, there is no foundation for any note of protest. The facts are as follows: Miss Amiel and two companions, one of whom is a

travel agent, would have been presumed to know that when entering Mozambique a visa is needed. They entered Mozambique from a country which does not have close relations with Mozambique, South Africa, and which in itself is probably a suspicious factor for the Mozambique authorities.

They entered without a visa as required by Mozambique law. On attempting to leave Mozambique, they therefore had no valid visa on entry and no stamp on their passport. They were apparently detained because of the illegal entry. Within the bounds of Mozambique law, as far as we can ascertain, that seems to be a valid offence.

They were held rather long because of the holidays. We do not have a resident mission in Mozambique. I might say we are very grateful to the British and the American officials, especially the British ambassador, who assisted us in getting these people released from that country. I might add that our High Commission in Lusaka dispatched notes of thanks to those who rendered us this service.

While the circumstances of the tensions were undoubtedly very bad, there is no evidence that they were any worse than those to which citizens of Mozambique are normally exposed and to which others charged with the same offence would be subjected. In other words, there is no evidence of unusual treatment at all. On the basis of those facts as we now have them, there would be no grounds for a letter of protest.

The reason we have not yet answered the hon. member is precisely that we are awaiting a full report from our High Commissioner in Lusaka as to whether there are any other facts or aspects of the problem of which we are not aware. When we have received that final report and make a final decision on whether to send a letter of protest, at that point we will be in touch with the hon. member and give him the answer to which, I agree, he is entitled. However, at the present time there is no foundation to the question he has raised.

Madam Speaker: I am prepared to rule on the question. It is obviously not a question of privilege. The hon. member went to some length to say he was not complaining because he was not satisfied with the answer, but he was not satisfied with the way in which the minister dealt with the commitment he seems to have made to him, inside or outside the House. That, too, is a complaint. The hon. member might be highly dissatisfied with the sense of urgency of the minister and he can complain about it, but that in itself does not constitute a question of privilege.

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POINTS OF ORDER

MR. MUNRO (ESQUIMALT-SAANICH)—STATEMENT MADE BY MR. MACGUIGAN

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I rise on a point of order. I am sure the Secretary of State for External Affairs (Mr. MacGuigan) would not want to mislead the House, but had he checked *Hansard* for January 16, 1981, page 6271, column two, the question asked by the hon. member for York North (Mr. Gamble) was "has the Government of Canada sent a stern note of protest to the government of Mozambique". To convert that into "will the government be sending" was, I am sure, inadvertently misleading.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as the hon. member has raised a separate point of order, let me say that I was giving the sense of the undertaking. If all the hon. member wants to know is whether a note has been sent, obviously a note has not been sent. Surely what he wants to know is whether we will protest. He can ask the same question every day. I interpret the question to mean that when we have made a decision as to whether we are going to send a note or not, will we let the hon. member know, and, Madam Speaker, we will do that.

Madam Speaker: I am not sure whether that is a point of order. However, that exchange was probably conducive to bringing out more information. We will leave it at that.

MR. HNATYSHYN—NOTICE OF POSSIBLE QUESTION OF PRIVILEGE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I rise on a point of order in light of an exchange that took place between members of our party and the Minister of Employment and Immigration (Mr. Axworthy). During the course of his response, as I recall it, the minister said he was in the process of obtaining affidavits by members of the Advisory Council on the Status of Women, ostensibly to proceed to undermine the chairman, Miss Anderson.

I rise on this point of order to reserve the right, after having had an opportunity of reviewing the transcript of the official *Hansard*, to see what the minister in fact stated, with a view to determining whether a question of privilege should be raised tomorrow. I do that as well because of the absence of the minister at this time. I think it would be appropriate for me to look at the situation to determine whether he is making reference to a collection of these affidavits, and, if that is the case, to request that these affidavits be made public and tabled in the House of Commons. I simply bring that point of order to Your Honour's attention.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following

questions will be answered today: Nos. 1,000, 1,334, 1,609, 1,767, 1,853 and 1,859.

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

[*Text*]

RCMP COMMISSIONER ROBERT SIMMONDS

Question No. 1,000—**Mr. Cossitt:**

1. Did RCMP Commissioner Robert Simmonds receive a communication, message, etc. from certain representatives of the RCMP alleging that (a) RCMP senior officers were failing to provide full support for members of the force appearing before public inquiries (b) members of the force were not being protected from unwarranted interference of "their human rights" (c) inquiries into RCMP activities have "unsavoury effects . . . on the membership at large"?

2. What action, if any, has Commissioner Simmonds taken in the above regard?

Hon. Bob Kaplan (Solicitor General): In so far as it concerns the Royal Canadian Mounted Police: 1. Yes.

2. Every possible assistance, in the form of the appointment of legal counsel, has been provided to RCMP members who have been required to appear before commissions of inquiry. The commissioner acknowledges the adverse affect these inquiries have had upon the morale of members, their families and friends. This can only be expected to improve when the commissions of inquiry are concluded. The commissioner and other senior managers are most sensitive to members' concerns and have done everything within the legal bounds of their responsibilities to ensure that members' human rights are protected. From the outset, Commissioner Simmonds has encouraged the complete co-operation of all RCMP members appearing before commissions of inquiry. He has undertaken to provide unreserved co-operation with the McDonald Commission of Inquiry and this co-operation continues to this day. However, the fact that the RCMP has been the subject of ongoing, highly publicized examination during the past three years before five different commissions of inquiry has definitely had an adverse effect upon the morale of many of its members but, in spite of this, their dedication to the duties of the force remains high.

FEATHERBED FILE

Question No. 1,334—**Mr. Cossitt:**

1. With reference to the answer to question No. 100 stating that the Commission of Inquiry on the RCMP reviewed the Featherbed File in 1978 (a) was this done in camera (b) what are the names of all those present at the time the file was reviewed (c) at what location was the file reviewed (d) what judicial steps were taken to obtain access to the file (e) what RCMP officers were present at the time?

2. Is the review of the Featherbed File mentioned in the first report of the security and information of the McDonald Commission and (a) if so, on what page (b) if not, to the knowledge of the government what are all the reasons it has been kept secret?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council):

1. (a) The Featherbed File was examined in private at RCMP headquarters on two occasions in 1978; initially by Mr. J. F. Howard, Q.C., chief of counsel to the commission of inquiry and later by the chairman, Mr. Justice McDonald.

(b) On both occasions, the file was reviewed in the presence of RCMP officers. It is not in the national security interest to reveal the names of those officers who were present.

(c) See 1(a).

(d) None.

(e) See 1(b).

2. No.

(a) Not applicable.

(b) The disclosure of the contents of the file would be injurious to the security of Canada and the privacy of individuals referred to therein.

BURNS INTERNATIONAL LIMITED CONTRACT

Question No. 1,609—**Mr. Cossitt:**

1. Did the government issue contract numbered DA E0231-0-0799 to Burns International Limited to supply security protection for Place du Portage in Hull and, if so, what are all the details of the contract?

2. (a) Is the government aware that Burns International Limited is a subsidiary of a foreign company (b) is it government policy in the field of security to award contracts to firms connected with foreign interests whether or not the countries involved are considered friendly?

3. Does government policy differentiate between awarding contracts to foreign subsidiaries on matters not involving security and the awarding of contracts to foreign subsidiaries that do involve security and, if not, is it considering doing so?

Hon. J.-J. Blais (Minister of Supply and Services): 1. Yes. Proposals were invited from 11 licensed Quebec security guard agencies with offices in the Ottawa-Hull area considered to be in a position to provide Public Works Canada with security, emergency and information services at Place du Portage, Phase I and II, Hull, Quebec, during the period November 1, 1980, to October 31, 1981. Six agencies submitted quotations, all of which were considered responsive, and the contract was awarded to Les Services de Protection Burns International Limitée, who submitted the lowest proposal. The total contract value was $419,623. A total of 33 personnel are required every day from Monday to Friday, with reduced numbers being required on weekends. The estimated total utilization for the contract period is 88,572 person-hours.

2. (a) Yes.

(b) It is the policy of the Department of Supply and Services when arranging for the provision of security guard services to contract for these requirements with the Canadian Corps of Commissionaires. In the instances where the corps is unable to provide the services, bids are invited from all qualified private commercial guard companies meeting the sourcing requirements and registered with the department. It is our general policy to contract for goods and services, including security guard services, from all qualified companies located

in Canada. In this regard, both Canadian and foreign-owned firms are given the opportunity to bid on all government requirements. In the case of guard services, the companies involved and their employees must possess a provincial government licence, issued by the authorities in the province in which the services are to be provided. The present policy has been and continues to be subject to periodic review to respond to changing environments in the security field.

3. No, see 2(b) above.

ADVERTISING EXPENDITURES

Question No. 1,767—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Cape Breton Development Corporation for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): I am informed by the Cape Breton Development Corporation as follows: (a) $100,000, (b) $40,000, (c) $40,000.

Question No. 1,781—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Crown Assets Disposal Corporation for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. J.-J. Blais (Minister of Supply and Services):

(a) Advertising and publications charged directly to major sales programs. $ 164,000.
Advertising for retail stores, image of the Corporation, recruitment and annual report. $ 89,000.

(b) None;

(c) None.

APPLICATION FORMS FOR CERTAIN CONTRACTS

Question No. 1,853—**Mr. Cossitt:**

Does the Department of Supply and Services include in application forms for certain contracts, a request for a statement of assets of all those tendering and, if so (a) for what reason (b) will the government consider as a policy, asking for credit references in regard to potential clients rather than requesting disclosure of assets and stock values?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services requires all potential suppliers to complete a questionnaire in order to secure information on their legal, financial, technical and managerial capabilities for source listing purposes. The basic questionnaire includes a requirement for the supplier to provide a statement of its assets and inventory stocks.

(a) The purpose of the request for assets and inventory stocks is to inform the department as to the relative capability of the firm to supply the requirements of the federal government.

(b) The Department of Supply and Services continues to subscribe to the Dun & Bradstreet service which provides current ratings for many of the suppliers that do business with the government. However the Dun and Bradstreet ratings are only used on an exception basis as the normal means of protecting the government against loss in payments only upon delivery and acceptance of the goods. Thus the questionnaire is an essential part of the procurement process as it provides the basic sourcing information which the department uses to assess a supplier's legal, financial, technical and managerial capabilities.

FRAUDULENT GOVERNMENT CHEQUES CASHED

Question No. 1,859—**Mr. Herbert:**

1. During each of the past three years and in the current fiscal year to date, what was the total number and amount of fraudulent government cheques cashed?

2. What was the total amount of cheques cashed with chartered banks that the government did not proceed to collect through the courts?

Hon. J.-J. Blais (Minister of Supply and Services): 1. See list below. 2. None.

	Cheques Issued	Fraudulent Activity	Per cent
1977	113,015,409	8,023	.0071
1978	117,617,029	6,622	.0056
1979	126,045,607	8,087	.0064
1980 (to Oct 1)	92,627,747	4,025	.0043
		$ Amounts	
	$ Value Issued	Forged Amount	Per cent
1977	$67,042,536,343.09	$1,249,116.00	.0019
1978	$74,033,794,049.40	$1,117,118.00	.0015
1979	$86,789,642,963.92	$1,517,331.00	.0017
1980 (to Oct 1)	$69,693,094,720.54	$ 806,639.09	.0011

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

● (1520)

[*English*]

Mr. MacKay: Madam Speaker, may I just bring to the attention of the parliamentary secretary, following his answers to questions on the Order Paper, or lack of them, that on May 14 I put some questions with respect to the McDonald commission of inquiry, and I am sure he would agree with me that since May 14 there has been ample time to supply me with some of the information. I would request that he look into this matter as soon as he can.

Mr. Collenette: Madam Speaker, I will undertake to do that.

Income Tax Act

MOTIONS FOR PAPERS

Madam Speaker: Notices of motions for the production of papers.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I would ask, Madam Speaker, that they all stand.

Madam Speaker: Is it agreed that they stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Tuesday, January 20, consideration of the motion of Mr. MacEachen that Bill C-54, to amend the statute law relating to income tax, be read the second time and referred to Committee of the Whole.

Hon. Charles Lapointe (Minister of State (Small Businesses)): Madam Speaker, I should like to address those aspects of Bill C-54 which would significantly benefit Canada's small businesses. Without doubt this bill of over 200 pages is a highly technical one—

An hon. Member: That won't take long.

Mr. Lapointe (Charlevoix): The hon. member says it will not be a long speech. I hope he will have the patience and interest to stay in his seat for the 40 minutes I intend to use.

Without doubt this bill of over 200 pages is a highly technical one. It is indicative of the complexity of our tax structure, a complexity that is necessary in order for our Income Tax Act to be effective, but at the same time a burden in terms of understanding its implications and putting them into effect. Very often it leads to a degree of unawareness of forgetfulness with regard to the benefits small businesses already receive under our tax structure. These benefits are among the most favourable of western nations.

I cite particularly the small business tax deduction which reduces the tax rate for small firms by some 21 percentage points. In terms of tax expenditures, the cost of this one measure alone is approaching some $1 billion annually.

[*Translation*]

On the other hand, Mr. Speaker, various tax measures have been introduced in the last four years that apply specifically to small businesses. Among those measures, there are tax concessions to promote research and development, a sales tax exemption for all manufacturers whose annual sales do not exceed $50,000, the tax exempt sale of a small business to the children or grandchildren of the owner, and provisions for the deduction of capital losses. Those measures, in fact, represent almost $1 billion in tax concessions. Small businesses also benefit from a number of tax measures that apply to businesses generally. I am thinking here of the provisions on accelerated capital cost allowances and inventory credit allowances.

That, however, Mr. Speaker, does not in any way mean that this is it where tax measures on small business are concerned. Bill C-54 is an example of what we can do, even now, to improve the conditions under which that sector of our economy operates and to open the door to further action at a later date.

[*English*]

This bill includes a number of provisions which, although not specifically intended for only small businesses, will nevertheless benefit this segment of our business community. I refer particularly to those provisions which allow Canadian firms to compete more effectively abroad by introducing a special tax treatment for their employees stationed outside Canada on longer-term projects. Small enterprises offer a significant potential for increased export activities, and many small Canadian enterprises are currently involved in turnkey projects abroad.

There are also provisions in this bill which could allow employees to deduct depreciation and interest expenses relating to automobiles required for use in their employment. Many of these employees work for small firms.

This bill also includes provisions aiming at increased participation in the energy industry by Canadian firms. Although this sector is dominated by large enterprises, it has also seen the start-up of many new small businesses.

[*Translation*]

In addition, of course, there is the 50 per cent investment tax credit on new plants and equipment for manufacturing or processing of products already granted under the Regional Development Incentives Act. This provision should prove quite valuable to small businesses thus allowing them to reduce their tax load. In view of the fact that in specially designated areas where this 50 per cent investment tax credit applies, small businesses truly are the spearhead and the backbone of all new economic development. I should like to add that by reintroducing the tax relief on MURBs we hope to stimulate the building industry which makes for an important part of the small business sector. This program makes it possible to use capital cost allowance on eligible rental buildings as a tax haven for revenues from others sources.

Furthermore, Mr. Speaker, under Bill C-54 small businesses will benefit from another excellent provision which is the extension of the tax relief for retailers converting their scales to metric. This tax relief has been extended from June, 1981, to the end of December, 1983. It represents a considerable saving for retailers who have not yet converted to metric. We can also mention the taxable grants offered to assist home owners to move off oil and convert their heating system to

some other fuel. These grants will create opportunities for small Canadian businesses involved in that kind of conversion or some other related area. As you well know, Mr. Speaker, the implementation of the Canadian Home Insulation Program introduced in the House by the former Liberal government generated thousands of small insulation businesses all across Canada. It is, therefore, quite possible that this new grant program to promote the conversion of oil heating systems to some other form of energy will indeed generate thousands of new small businesses.

Also, I think we should note the importance for the Canadian economy in general and for small business in particular of the industrial restructuring program promised in the budget introduced by the hon. Minister of Finance (Mr. MacEachen) and announced by my colleagues the Minister of Industry, Trade and Commerce (Mr. Gray), the Minister of Labour (Mr. Regan), and the Minister of Employment and Immigration (Mr. Axworthy). I think that this $350 million which will be spent to promote industrial restructuring and manpower retraining will greatly help small businesses in areas of particular need to get set up, and to maintain and improve their operations.

In addition, Mr. Speaker, it is patently clear that the budget features two other highly significant tax measures more specifically related to small businesses. The first one will enable the owners of unincorporated businesses to deduct from their taxable income the salary paid to a spouse. This proposal will affect 600,000-odd businesses, most of which can be described as being small. Thanks to this new measure, any employee who is paid by his or her spouse will enjoy every fiscal advantage normally granted to regular workers. Farmers and fishermen will benefit as well from this measure, as indicated so eloquently last evening by my parliamentary secretary, the hon. member for Lambton-Middlesex (Mr. Ferguson). Finally, Mr. Speaker, this bill will put an end to the various controversies created by the implementation of the Small Business Development Bond program, under which banks and other lending institutions are allowed, for tax purposes, to report as dividends any income from interest payments. As we know, tax regulations governing dividends are less stringent, and that enables banks and other institutions to offer prime lending rates.

● (1530)

[*English*]

Under this measure small Canadian-controlled private corporations can obtain low-interest rate loans of up to $500,000. These loans can be used to acquire fixed assets and finance research and development activities.

Small Business Development Bonds can also be used to refinance assets acquired after December 11, 1979, and to finance or refinance the obligations of small firms facing financial difficulties.

Although there have been some delays with regard to the introduction of this measure, the concept has been well received by the private sector. To date over $200 million of financing has been provided to small businesses under this measure.

This tax incentive has now been extended from its December 31, 1980, expiry date to March 31, 1981. What that means is that with its retroactivity to December, 1979, this measure will have been in place for over one year to permit as many small businesses as possible to profit from it during the period of its existence.

[*Translation*]

If we consider every measure I have just mentioned, Mr. Speaker, we realize that so far the federal government has loaned $3 billion to small businesses, either directly through the Federal Business Development Bank, or through loans guaranteed by the government under the Small Businesses Loans Act, or again under such programs as the business development program. Besides those $3 billion in outstanding loans to small businesses, it is well known that roughly $100 million is paid to small Canadian businesses through grants from the Department of Regional Economic Expansion, or the National Research Council of Canada, or the Department of Industry, Trade and Commerce, or any other department of this government involved in economic development.

In addition, Mr. Speaker, as I said at the outset of my remarks, several tax measures such as preferred rates for small businesses, deductions for inventory financing, deductibility of the spouse's salary in a business and all those tax measures amount to about $2 billion annually in tax rebates. In other words, Mr. Speaker, and I think hon. members will agree with me, that represents for the federal government a very sizeable investment in the small business sector.

Naturally, rather than making a thorough study of the substance of Bill C-54, our colleagues from the New Democratic Party and from the Progressive Conservative Party saw fit to rehash their political philosophy and preferred to tell Canadians that there is nothing for them in Bill C-54, whereas they could have informed our fellow Canadians about the tax measures and proposals from which they stand to benefit. I suggest they are openly displaying their lack of responsibility but, coming from them, Mr. Speaker, there is nothing surprising in that.

[*English*]

Today I read the remarks made by the hon. member for Kamloops-Shuswap (Mr. Riis), who painted a bleak and inaccurate picture of the small business sector of this country which surprised me. I would like to tell him and this House that, despite an increasing failure rate, less than 1 per cent of businesses in Canada fail in any year. In addition, there are now more start-ups in the small business sector than ever before. While some 6,500 firms went bankrupt in Canada in 1980—and I think everyone regrets that—on the positive side of the

picture we must be aware that approximately 50,000 started in 1980.

[*Translation*]

After having listed those programs as well as statistics and figures that are often quite high, Mr. Speaker, since I have been in charge of the Department of State for Small Businesses I have wondered whether our investments are always as effective as they should be. In other words, do we have the right formula? In a short book I was reading recently entitled "Murphy's Law", Arthur Black gives businessmen a rule to deal with bureaucrats. He says, and I quote:

When government solutions fail to answer your problem, alter the problem because you will never be able to change the solutions.

Mr. Speaker, I think that Mr. Black is mistaken, and I may add that I firmly intend to do my utmost to find suitable answers to the problems of small businesses in Canada. This is why, following my colleague, the former minister of state for small businesses, I have instructed my department to conduct a thorough study on every aspect of small business financing. At present, that study is divided in four main parts. The first part consists of a thorough study of the role and activities of the Federal Business Development Bank. Considering the importance of that institution, the results of that study will greatly contribute to a comprehensive visualization of the problem. The second part deals with the performance and the role of chartered banks with regard to small business financing. In the course of that review, loan applications received by banks will be studied; applicants, that is potential clients, will be interviewed, to determine whether or not banks have discriminated against small businesses. The third part deals with the role of financial institutions other than chartered banks. That sector is becoming increasingly important and seems mostly interested in assisting small and medium-sized businesses. It will therefore be necessary to determine in what financing sectors such good will may be turned to greater advantage, and we want to consider more particularly, in co-operation with financial but non-banking institutions, what answers they have given over the past two years to applications for financing, as far as risk capital and more especially rolling capital are concerned.

● (1540)

Finally, the fourth part of this review is a study conducted by the Economic Council of Canada. The Council set out to analyse a total of 24 items ranging from a critical review of all existing government programs to the financing methods used by businesses according to their size, and so on. This fourth part will be particularly useful when we analyse the results of the comprehensive study I mentioned earlier.

Of course, Mr. Speaker, we are concerned about the increase in interest rates and the negative impact that these rates can have on the financing of small businesses and the restraints that they can bring to bear on the working capital and inventory financing. However, I believe that we would be acting irresponsibly, at a time when this major review which deals specifically with these problems has not yet been completed, if we were to take temporary measures which had not been well thought out. The hon. member for Kamloops-Shuswap suggested yesterday evening—and I think that this is a very valid suggestion—that one of the things we could do would be to develop, as in the case of the registered retirement savings plans or the registered housing savings plans, a program to allow individuals to deposit every year up to $10,000, which would be taxed at a lower rate then other incomes and could be invested after five years, along with the savings of other individuals, in new small businesses. As I say, this is a very positive suggestion which deserves consideration.

In all the meetings that I have had throughout Canada with various groups of small businessmen through boards of trade or other associations, I was made clearly to understand that there is no need to develop new programs. They say, "There are already a great many programs available to us, and very often"—this is what small businessmen and businesswomen believe—"we cannot manage to study all the forms you send us and to sift through all the programs which might help us." What these people were telling me was not to develop any new programs but to keep the government out of their pockets if we want them to be happy.

Mr. Speaker, I believe that this is a very reasonable request. Of course, the Minister of Finance and myself want to consider the most appropriate methods to assist small businesses in addition to all the many and very generous incentives already in place in the tax system. We are quite willing and ready to consider further means of creating an even more favourable tax structure and climate for small businesses. One of the most popular and most highly rated incentives among businessmen is certainly the preferential rate that we apply to small businesses. As I said earlier, this rate is 23 per cent lower than for large businesses. We might be justified in time in considering a gradual taxation schedule for small businesses such as we have for personal income tax. We should perhaps review some time in the future the $750,000 limit now applicable to small businesses. All this is now under consideration, Mr. Speaker, but we are aware that we must still operate within the financial restraints of the national budget. Moreover, I believe that Bill C-54 introduced by the Minister of Finance is one of the most responsible bills ever brought before the House.

Indeed, we are not utopians like the New Democrats who say that a larger national deficit does not matter, nor do we advocate the neo-conservatism of the Progressive Conservative Party which says the deficit should be drastically reduced. In his wisdom, the Minister of Finance has chosen rather to avoid both extremes so as to promote harmonious economic growth

while trying to reduce the deficit gradually so as not to create major restraints for Canadian citizens and businesses.

[*English*]

Mr. Speaker, as I mentioned earlier, small businesses in Canada already benefit significantly under the current tax structure. But I am quite ready to admit that there will always be room for improvement. Passage of Bill C-54 will add to these benefits and will be part of these improvements. It will contribute to the growth and development of a sector of our economy which I consider to be our vital majority.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, on rising to participate in the debate on this important piece of legislation, I think I would be remiss if I did not respond to a couple of points made by the minister. He indicated in his remarks that the bill with which we are presently dealing is very technical and complex. I suggest to him that he pay heed to the suggestion, which was advanced by my colleague, the hon. member for Moose Jaw (Mr. Neil), in his contribution to this debate in the House yesterday, that perhaps the time has come for a new income tax act to be drafted in language more suitable and more accommodating to the taxpayers of Canada rather than to computers.

When the minister, in a sort of global attack on the opposition, suggested we were not dealing with the major thrust of the bill, perhaps he would do well to read, or to have some of his officials read, some of the speeches which were made here, because I think he would find some very important points and some very important recommendations were made which could be put into effect.

The minister also suggested that we should be noting the positive elements of the legislation. Let me tell him that it would not take very long to go over the list of positive elements in this legislation, so there would not be much of a debate. Second, the House should be reminded that a year ago, when we were dealing with a similar piece of legislation, a budgetary measure, the minister and his party seemed to put their political welfare ahead of the welfare of Canadians. To put it bluntly, when the shoe was on the other foot, when they happened to occupy opposition benches, we certainly did not see them going out looking for any positive elements in the legislative proposals which we put forth. So I suppose that what is sauce for the goose is sauce for the gander in this case.

An hon. Member: It is you who have suffered.

Mr. Mazankowski: It is the Canadian people who have suffered in the process. That brings me to the fact that it is quite difficult to participate in this debate without reflecting upon the activities of a year ago. I think it is fair to recall that a year ago this nation was embroiled in a mid-winter election campaign which was brought about by the combined forces of the Liberal-NDP alliance, on the premise that Canada can continue on the road to economic disaster and can continue pursuing a policy of cheap energy. At that time we believed that as a government we had to embark upon a new course in establishing a realistic energy policy and a realistic economic policy.

Throughout the course of the election campaign the stage was set for a rather bitter debate in the country, and a great deal of confrontation between the east and the west which is still with us today. What is most disturbing to people in western Canada is the fact that we have a government which is now occupying the Treasury benches and which got there on a platform and policies of deceit, deception, and cynicism. There is no question about that. Liberals were aided and abetted in every shape and form by the NDP. It was rather interesting to see them huffing and puffing for an election a year ago because they were toe to toe with the Liberal opposition, both in body and in spirit. The Liberals proposed instant solutions which were politically enticing and attractively packaged, and of course the NDP thought they might very well gain some support so that they could form the balance of power.

An hon. Member: Don't be so bitter.

Mr. Mazankowski: Today some of the more enlightened members of that party are trying to extricate themselves from that union. It was a convenient bond then, but now they are finding it rather uncomfortable because they are feeling the pressure from western Canada to the effect that they are ignoring their constituencies and the people who are supporting them, and they are not standing up for the genuine interest of the people who sent them here to represent them. The NDP-Liberal alliance is under attack.

Last night the hon. member for Kamloops-Shuswap (Mr. Riis) went into quite a tirade in which he tried to divorce himself from the policies of the Liberal government. I should remind hon. members of the statement which was made in June by the financial critic of that party when he was speaking on the Borrowing Authority Act and said the following as reported at page 2063 of *Hansard* of June 12:

> There is a total contradiction between the kinds of statements and the kinds of things that were being said about deficits, about spending, about the nature of stopping deficits, the nature of taxation, the nature of the recession and what the Liberal party would do when it was elected, and what its record has been since it was elected.
>
> There has been a total contradiction in the statements that were made by the financial spokesmen for the Liberal party prior to the election and what the government has been saying since the election. There is a complete contradiction, and that contradiction has to be brought home again, again and again to the Canadian people. But above all else, this party opposite is a party without a shred of principle, without a shred of conviction and without a shred of belief in anything, either political or economic.

● (1550)

Today the story is somewhat different. They conveniently join with the government on issues such as the Constitution. We are not sure where they stand on the energy situation but, needless to say, they are going off in all directions. The Premier of Saskatchewan is saying one thing, the hon. member for Regina West (Mr. Benjamin) is saying another, the hon. member for Yorkton-Melville (Mr. Nystrom) is saying something else, their leader is saying something different, and the

hon. member for Winnipeg North Centre (Mr. Knowles) is talking about pensions. They are really running for cover.

If any member has credibility in terms of pursuing pensions for veterans, senior citizens and railway workers, I am sure no one else in the House has established a finer and better reputation than the hon. member for Winnipeg North Centre; at least he has some principles.

Some hon. Members: Hear, hear!

Mr. Mazankowski: What were some of the issues in the last election? What issues are immersed in this piece of legislation with which we are attempting to deal? During the election campaign the Liberals promised cheaper gasoline and petroleum products. As a matter of fact, on February 8, 1980, the Prime Minister (Mr. Trudeau), in a speech in Toronto, said that their price increase would be less than 14 cents a gallon, that there would be no new taxes, that there would be no increase in the excise tax, that there would be a made-in-Canada blended price, and that there would be a negotiated agreement with the provinces within a year. What else did they promise? They promised economic revitalization, cheaper interest rates, and a made-in-Canada interest rate policy. We all know what the Minister of Industry, Trade and Commerce (Mr. Gray) promised when he was finance critic. He said that if interest rates go up he would resign. Well, he is still here; perhaps that is why they call him "amazing Gray".

Also they promised an increase in the guaranteed income supplement, on which they delivered. They promised double tracking; they would link all the sidings along the CN mainline between Winnipeg and Vancouver so that the number of trains could be increased from 25 to 50 because of the parallel line. We now know that it has been discounted as an impractical solution. As a matter of fact, it is the most lunatic proposal I have ever seen. They promised to revitalize agriculture with a 12-point program. They promised help for small business. They promised changes in capital gains. They promised a four-point automotive program. The Prime Minister made a personal promise; he said that if he was elected he would resign within four years. I am sure that is one promise many Canadians are hoping will be fulfilled very quickly.

Let me review the record. What about the automobile industry? It has never been in more dire straits in the history of this country than it is today. In spite of the fact that the government is attempting to bail out Chrysler and to put the industry on a sound footing, there are still some very serious problems.

What about changes in capital gains? The hon. member for Moose Jaw very effectively dealt with that matter yesterday, but I think it should be repeated. The Liberal government promised a change in valuation day from December 31, 1971, to December 31, 1974.

There was a suggestion that some inflationary clauses would be enacted to take into account the impact of inflation. Something must be done to lessen the impact upon capital gains. The impact upon capital gains destroys initiative, discourages ownership, and stifles productivity. As the hon. member for Moose Jaw pointed out yesterday, many people who own enterprises, particularly in the small business and farming sectors, take very, very low wages and do not institute pension or retirement programs. When they sell their enterprises, the moneys realized serve as their retirement funds, yet ministers seem to be following a course of a more regressive capital gains tax rather than a progressive one. I think the future of ownership and private initiative is under attack as a result of the philosophy of the government which is shared by the NDP that ownership is bad, that people should be taxed from the cradle to the grave, and that any selling off of one's resources acquired over the years should be subject to a very punitive tax. I do not agree with this. Our economic program dealt very effectively with these matters.

Let me turn to agriculture. A 12-point program was to be instituted, but all we have seen is an increase in the farm loan act, which is a help. What is happening in grain movement? We are barely keeping pace with the shipments of last year, even with the advent of more hopper cars and improvements in the capacity of terminals and the entire operation. The government failed to establish a target for grain movement for this year. My party established a target of increasing exports by 20 per cent in the last crop year over the previous one, and we achieved it. There should have been at least a 10 per cent increase in anticipated grain movements in the export position of this year over the last crop year. As a matter of fact in terms of quotas a number of points in western Canada are still on a three-bushel quota while others have a nine-bushel quota. There is inequity in the opportunity for delivery, which creates many problems.

What about prices? The initial price of $4.25 f.o.b. Thunder Bay established by our administration is still in effect, while wheat sales are in the $7.50 to $8 range. Why does the government allow the Canadian Wheat Board to keep farmers' money? There should be an immediate adjustment in the initial price. Farmers are paying 20 per cent interest, and the minister in charge of the Wheat Board will not give farmers their own money.

Furthermore, the minister in the other place suggested that the farmers should not get their money at Christmas because they would spend it on Christmas cheer and presents, or they might have income tax problems. It is nonsense. Certainly they have problems, problems meeting their commitments and being forced to pay high interest rates. These problems are not helped by the government's approach to small business and the small farm.

I take exception to the fact that the minister in charge of the Canadian Wheat Board is unduly politicizing that board. There is no reason in the world why he should be announcing the grain sales of the Canadian Wheat Board. They are the selling agency; he is not. He should not announce the final payments or the adjustments in the payments. The Canadian Wheat Board, acting on behalf and in the best interests of farmers, is doing the job. He should not attempt to enhance his political position and the political position of the government by associating himself and meddling with the glorious little

announcements which are strictly the property of the Canadian Wheat Board. I take very grave exception to that.

● (1600)

The minister who spoke today did so at length about some of the proposals for small business. I agree that the Small Business Development Bond was a very good mechanism. But because of the uncertainty, the lack of knowledge as to what the long term would be, it had a very negative effect upon many enterprises which wanted to utilize the mechanism of the Small Business Development Bond. This government, if it really intended to provide some stability and some help to small business, should have announced its intention to carry on with the program for a year when it assumed office. But it went until the end of the year and then, of course, the people who had to plan their building programs were faced with that uncertainty as to whether it would continue. As a result, full advantage was not taken of that very good program.

As I said, this bill basically incorporates some of the major economic thrusts and philosophies of the government, but it is mostly fine tuning; there is nothing distinctive or unique about it. The other day when the minister was introducing this bill he said that there had been a lot of encouraging developments since he had brought in his budget. I am not sure where those encouraging developments are. There are certainly none in the oil industry. The headline in *Alberta Business* of January 16, 1981, reads "Industry Follows Rigs South". There certainly haven't been any encouraging developments in the automobile industry. There have been no encouraging signs in the agricultural industry, or in the housing and construction industry. The whole mess we are in is a result of the lack of leadership and the lack of the enunciation of a clear economic policy.

Let us deal with the double tracking. I have said it was a lunatic proposal. It was then, and it is now. What is happening, Mr. Speaker, is that we now have a situation where the railways are threatening to ration the availability of boxcars and hopper cars for the movement of grain. We have the Minister of Transport (Mr. Pepin) peddling the same garbage. My goodness, if we are to continue to develop and improve our reputation as a reliable supplier of grain to our customers abroad, we will certainly not be able to do it that way. The minister should denounce that statement. He should not associate himself with it at all. If he does, I am sure our customers in Japan and China will not look to Canada as a No. 1 potential supplier of product. They will say, "Well, they have got strikes, they have snow, and they have a bad transportation system. And now they are going to ration the availability of boxcars and hopper cars. Well, we cannot go there, unless we do so as a last resort." I suggest that will have a tremendously negative impact upon our future in developing markets and maintaining our markets abroad. I hope that matter will be dealt with.

I hope the minister will change his approach and tell the railroads, "I know the problem is with the matter of the statutory freight rates. Let's get on with the job." There is a consensus developing. There is much work which has to be done, but we must maintain the momentum. If we are to call upon our farmers to produce the amount of grain that we want to market abroad, then it certainly does not provide much confidence for them if we are not able to move the product. They are sick and tired of building granaries and storage facilities.

We have a transportation system which I know will work. It requires co-operation and leadership, but it will work. There are some things which will always be a problem. But someone has to take charge. I call upon the Minister of Transport to take charge. I know that other fellow from the other place has really no interest. I must say this about the Minister of Transport, though, at least he is prepared to sit down, listen and talk to the people of western Canada. He knows he does not have all the answers. This other fellow from the other place thinks he has all the answers. As a result, he is going nowhere. I suggest to you, Mr. Speaker, and to my good friends who sit across the way who have some knowledge about western Canada, since we were on a transportation excursion both to the east and the west, that they know westerners talk straight from the hip. They will certainly sit down and talk to the Minister of Transport. I am not too sure whether sending that other yoyo out there to do the job does the party opposite and our country any good at all.

We talked about economic revitalization. Interest rates are the highest in history and yet the Minister of Industry, Trade and Commerce is still here. Our dollar is the lowest it has been in 47 years. Inflation is projected at 11.7 per cent by the C. D. Howe Institute. That is the highest in 33 years. Employment prospects are bleak. Prospects for growth are at 1 per cent. Here again that is not my assessment. That is an assessment made by experts. We will have an accumulated budgetary deficit between the years 1980 and 1984 of some $52 billion. So, you know, economic revitalization has not come to pass.

With respect to energy, the promise was that gasoline prices would increase by less than 14 cents—that was from the mouth of the Prime Minister. I do not know about areas in other parts of the country, but I can tell you that in my area the retail price of gasoline has increased by 32 cents to 34 cents a gallon since the defeat of our government. It has seen seven different increases. Diesel fuel was 61 cents at the time our government was defeated; it is now 91 cents a gallon. That is a 30-cent increase—50 per cent.

There are four new tax increases proposed under the National Energy Program. There is the petroleum gas revenue tax of 8 per cent, the natural gas excise tax of 30 cents per mcf which will increase to 75 cents. There is the petroleum compensation charge which will reach $10.05 by 1983. Then we have a Canadian ownership charge so we can start a whole series of mini PetroCans and big PetroCans. We will have more national oil companies in this country than small businesses. That charge could be a potential $4 per barrel. If you add all these figures together they amount to some $37 billion worth of revenues flowing from the provinces into the federal treasury. Western Canada does not look at this as simply an encroachment. It looks upon it as a wholesale raid.

What has happened to the consumers? Well, there is no relief. Heating oils have gone up. The prices of natural gas in our particular area have increased anywhere from 60 per cent to 70 per cent. There has been no relief for the home owners, no relief for the aged, the pensioners, or low-income Canadians. There is no relief for farmers and fishermen. When we talk about the excise tax, there was relief for farmers and fishermen under our proposal.

So we have a situation here where there is very grave uncertainty, political and economic. There is deep division, which is the most disturbing element in our country today. There is discord, and bitterness which has developed. I say that is impairing, and will continue to impair, our nation if it is not corrected. To say the least, the state of our country today and the injury which has been inflicted on it, will be a long time healing, because we have a government today which is perceived as governing one half of the country and attacking the other.

And there is no trust. Anyone who travels to western Canada will find that out very quickly. Unless there is trust it will be very difficult to assure co-operation. The situation we are in now is caused by the infliction of unilateral action by the government. It is a process which violates the true spirit of co-operation, the true spirit of federalism, and the true spirit of a partnership. It is caused by the unilateral action with respect to the resource field. I suggest that the actions of the government on both counts is most un-Canadian.

● (1610)

I want to say in all sincerity that unless these policies are modified or changed, this country may not survive. While every political party and every government makes some mistakes—and perhaps some parties have made mistakes that cost them the right to govern—this government is making mistakes that could cost us the country.

I do not want to go into detail on the constitutional issues, and I may deviate somewhat from the text of the bill, but when we speak of the Income Tax Act and Canadians' ability to pay, I want to try to outline some of the difficulties which impair the ability of Canadians to pay. We are preoccupied by the constitutional issue and the energy issue. In terms of the constitution, I think the most important thing in western Canada at the moment is the perception of political inequality. It really is not just a perception, because a real political inequality exists between western Canada and the rest of the country. That should be the No. 1 issue, and it must be resolved. Our present political structure literally shuts off one half of the country from the political process. We should attempt to resolve this issue so that all regions of Canada may participate effectively in the decision-making process. That is one of the things that I believe is a grave error in terms of the constitutional package with which we are dealing.

The constitutional package does not clarify the resource issue, Mr. Speaker, and the amending formula is not acceptable. There are questions about the charter of rights that are so serious it is being challenged in the courts by six provinces.

Those are the things that irritate Canadians and the regions of the country. As a result, we are not delivering because the country is preoccupied with these issues, the economy is suffering, and individual Canadians are suffering.

The National Energy Program is bad for the west and it is bad for Canada; there is no question about that. If the economy is to be turned around, energy has to be the key. It is the key to economic recovery, to economic opportunity, and to allowing the west to take its rightful place in confederation.

The objectives of the National Energy Program are fairness, security, and opportunity. It fails on all fronts, Mr. Speaker. It is unfair to the producing provinces. It constitutes a wholesale and massive intrusion into the area of potential resources in which the average westerner sees the reconfirmation of the pre-colonial status, particularly as it concerns Saskatchewan and Alberta. It unilaterally sets the price at a level that does not match inflation. That is the first time this has been done, Mr. Speaker. It singles out the energy resources of the west. No mention is made of hydroelectricity or uranium. Yet in many respects the purpose of the National Energy Program is to garner funds for the federal treasury. If it is necessary to tax energy, Mr. Speaker, why single out the energy resources of western Canada? I am sure that no government could do that without being charged with lack of fairness, to some degree.

The National Energy Program is unfair to the industry because the federal government can arbitrarily confiscate 25 per cent of producing properties in frontier areas. It is unfair to companies like Suncor which pioneered and developed the oil sands process and was nearly bankrupted doing it. It was subsidized for many years before it showed a dismal profit. It is unfair to Canadian companies, in the words of Robert Blair, president of Nova corporation, who has pointed out that small firms suffer. A report in the *Edmonton Journal* of December 19, 1980, of an interview with Mr. Blair, reads in part as follows:

> . . . serious damage is being done to the small, largely Canadian-owned segment of the industry.
>
> One of the sad things "is the real and psychological damage being done to the smaller, Canadian-owned firms," he said in a Thursday interview.

It is unfair to Canadian companies. It is unfair to the heavy oil industry on which we placed so much of our hopes to achieve self-sufficiency.

Let me speak now about security, Mr. Speaker, in the context of heavy oil. A headline in a newspaper in Swift Current carried the headline "Oil Tax Increase Imperils 400 Jobs Sask. Mayor says". Today we are trying to preserve industry in central Canada, we are trying to bail out Chrysler, we are spending $350 million on a special Industry and Labour Adjustment program, and at the same time are deliberately driving Canadian industry out of the country. How foolish that is, Mr. Speaker.

Each of the little oil rigs that the Minister of Energy, Mines and Resources (Mr. Lalonde) says is really nothing, is worth $6 million and employs between 40 and 50 people. Every time one of those rigs leaves western Canada a factory is lost

because, in effect, they are small factories. We have lost over 60 of these rigs already.

Any hope of achieving self-security under this program has been scuttled; there is no question about that. I do not think anyone on the government side of the House appreciates the fact that our conventional oil reserves are running out. Something like 1.2 billion barrels are being produced today; the projection is that by 1985 that figure will be reduced to 680 million barrels, and by 1990 to 377 million.

The megaprojects are in a state of limbo. Cash flows are being reduced by 30 to 40 per cent. Exploration budgets of companies going out to look for oil have been cut by 30 to 40 per cent. I have mentioned already that at least 60 rigs have left the country. Over 170 are idle, according to my colleague, the hon. member for Wetaskiwin (Mr. Schellenberger). Some 2,600 people have been laid off already, by March 40,000 will be laid off, and there will be many more by springtime. In the province of Alberta last year some 9,000 holes were dug when looking for oil, but this year less than 5,500 will be dug.

It has been suggested that because of the National Energy Program there will be a dependence on imported oil of almost 600,000 barrels per day by 1985. The cost could rise from $6 billion per year to $14 billion per year. Over a five-year period the total drain of funds would be approximately $55 billion. That is a lot of money, Mr. Speaker.

Now let us consider the opportunities that have been lost and the jobs that have been lost. I can sympathize with members from Ontario and Quebec when they are faced with the prospect of jobs being lost in their constituencies, because I am experiencing the same thing. They might not appreciate it, but the effects of the oil industry are spread over the whole of western Canada and beyond. It provides jobs for westerners and for Canadians from central and eastern Canada who have gone there. Young people in my hometown are losing jobs every day. Many who went home for the Christmas break have not been called back to work because of the impact of the National Energy Program. It is having an effect on the opportunities for young Canadians and on their spirit, Mr. Speaker. It should be borne in mind that this industry is 90 per cent Canadian owned. The drilling industry is owned and developed in our own land.

● (1620)

Mr. Blair from Alberta Gas Trunk Line, now known as Nova, says that 600 of the 1,800 wells which Husky Oil has in Lloydminster may have to be shut in. This impacts on the whole economy of western Canada, but it impacts more on the total economy of Canada. This program discriminates against the individual Canadian who wants to continue to invest in the industry. Of course, as my hon. colleague indicated, the program is not a program to Canadianize, it is a program to nationalize. There is nothing in this budgetary package to encourage more Canadians to invest in the resource industry. That is something which I am sure individual Canadians from coast to coast would want to do, that is, to invest in the future of their country by investing in Canada's energy resources.

When we look at what has happened, western Canadians can only conclude that the government is pursuing a course of economic, social and political disaster. They do not believe the Minister of Energy, Mines and Resources understands the totality of what he is doing. He comes across as being very arrogant and condescending and is suggesting to western Canadians that he knows what is best for them.

A reporter for *The Globe and Mail* called the minister, his cohorts and colleagues a bunch of arrogant amateurs. I have to agree with that statement. The minister must start showing some flexibility and some genuine concern for what his National Energy Program is doing, otherwise this division, discord and bitterness will continue to develop.

Western Canadians are worried because they see the massive takeover which has occurred in the oil industry. They are concerned this could happen in the food production industry. Energy and food will be two of the most important commodities as we enter the year 2000. There is a major concern within the forest industry that the government may engage in a wholesale raid on that very important industry as well. In other words, we are engaged in an exercise which is having a most profound effect upon the political, economic and social future of a very important part of our country.

As I said earlier, we live in a period of very serious and political uncertainty, with serious concerns respecting our economic future. Many Canadians cannot understand why, in this land of plenty, we should be involved in this stalemate over such a basic and fundamental issue, namely, the issue of provision of energy to propel the machines of industry and the wheels of transportation. We live in a fortunate country. We are one of the very few industrialized nations of the world which has the potential of being self-sufficient and having a secure supply of energy.

I suggest that this government and this minister get back to the drawing boards and back to the negotiating table with their provincial counterparts, and do so quickly. First, they have to establish some agreement respecting figures. The federal government says that the province of Alberta is going to extract some 43 per cent of the revenue. Alberta says that it will extract only 28 per cent—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but I must advise him that his allotted time has expired. He may, however, continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Mazankowski: Mr. Speaker, I want to thank all hon. members of this House for allowing me to continue. I will not abuse the privilege, I can assure you, Mr. Speaker.

I want to place before the House some recommendations which I think must be followed. First, the province and the federal government have to get back to the bargaining table. There has to be some agreement on a common set of figures. There is too much discrepancy about what is the provincial take. As I have said, the province indicates that its take is only

28 per cent while the federal government suggests that its take is 43 per cent.

There are differences of opinion with respect to supply projections. Under the National Energy Program, Alberta says that net imports will be 525,000 barrels a day by 1985, and 734,000 barrels a day by 1990. This will cost something in the order of $20 billion to $30 billion a year. Ottawa claims the reliance on imports will be 260,000 barrels a day by 1985 but by 1990, no imports will be required. Obviously, there is a major discrepancy and that is the first thing to be overcome.

The federal government has to recognize that because it moved unilaterally in placing before this House the kind of National Energy Program and pricing regime that it did, and because this is not going to be bought by the provinces, it will have to make the next move to get back to the bargaining table. There can be no question about that. There must be a demonstration of some flexibility, reason, and concern. It is universal now that the National Energy Program is very detrimental in many aspects. Unless the federal government takes a position of flexibility I can say to you, Mr. Speaker, that there will be no harmony and there will be continued discord and chaos in the country.

We have to work toward an agreement which is fair, fair to all regions and fair to all Canadians. Until such time as we approach it in that fashion, the division and animosity in the country will continue.

I say in conclusion that this is perhaps one of the most important periods in the history of Canada. It could very well be the turning point between failure and success, and I mean that in the broadest sense. We have the opportunity to transform this country into one of the great industrialized giants of the world. Canada has the potential, the strength, manpower resources and natural resources. We have it all. It is unfortunate that the difficulties we have are not those caused by nature. They are difficulties caused by governments and people. The time has come for us to get the show on the road. We must ensure that this very important issue is resolved quickly, not only for the west but for all of Canada.

It was said once, "What is good for General Motors is good for Canada." We should now say, "What is good for the west is good for all of Canada." Strong regions mean a strong country. The provinces of Ontario, Quebec and eastern Canada will all reap the benefits of a satisfactorily concluded agreement. Therefore, I urge the members of this House to prevail upon the cabinet to get back to the negotiating table, and to do it quickly.

Some hon. Members: Hear, hear!

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, it is a great pleasure for me to rise today to speak on Bill C-54, an act to amend the Income Tax Act.

The Income Tax Act is a piece of legislation which touches all Canadians. I am sure many of us in the House today wish that it did not touch most of us as directly as it does. However, we all know that the legislation is essential to the financing of government programs and services. The Income Tax Act does far more than simply provide the wherewithal for us to run the nation's business, it also contains many different measures aimed at stimulating the economy of the country.

● (1630)

Today I would like to speak briefly on one of the measures contained in Bill C-54, the special investment tax credit, which was described by the Minister of Finance (Mr. MacEachen) on budget night as a bold and experimental new program to help deal with regional inequalities in the country. As Parliamentary Secretary to the Minister of Regional Economic Expansion and as the member for Cape Breton-The Sydneys, I know a considerable amount about regional disparities and inequalities. That is why I heartily support this measure, for I know that the special investment tax credit program will go a long way toward reducing regional inequalities in this country.

By providing this 50 per cent tax credit, the federal government, through the Department of Regional Economic Expansion, will be able to help generate much needed industrial development in some of the most seriously affected parts of Canada. These areas, which are marked by both high family unemployment and low per capita income, can be found in every province and territory. And while these areas contain only some five per cent of the Canadian population, it is important to remember that this is the five per cent most in need of this kind of assistance.

As you might expect, since the program was announced on October 28 there have been many requests for it to be broadened, to include a larger portion of the country. While I agree that there certainly are localities outside the designated areas which could well benefit from the program, economic realities necessitate the focusing of available funds on those parts of Canada where this program can be most effective.

Let me say a few words, about this innovative program. Simply put, it is a tax credit. That means that a company, or individual, making an eligible investment in a designated area is entitled to deduct 50 per cent of the cost of that investment from the federal income tax payable. For example, if a business person invests $100,000 in a new manufacturing facility, he or she will be able to deduct $50,000 from any federal tax which is payable. If there is no federal tax payable in that year, or very little, the business person may defer the unused credit to a future year.

There are, of course, some restrictions on how and when you can use some of these credits. For example, an entrepreneur must reduce any capital cost allowances available to him or her by the amount of the tax credit in order to avoid duplication of benefits. Also, the credit must be used within five years of the year in which the investment was made.

However, these restrictions aside, it should be noted that the administration of this program is very simple. No prior

approval of projects is required. All industries which are defined as manufacturing or processing operations under the Regional Development Incentives Act are eligible. Furthermore, the fiscal advantages are automatic from the moment an entrepreneur makes an eligible manufacturing investment. All that is required is to claim the credit as part of an income tax return. If Revenue Canada requires any clarification on the eligibility of the industry or the area in which the project is located, it will obtain this from DREE.

Let me return now to the eligible areas in which the program will apply. As I said earlier, the program is aimed at those parts of Canada which lag behind others, economically speaking.

For a variety of reasons, people living in those areas do not have the opportunities available elsewhere. Perhaps they are geographically isolated, too far away from the centres of economic activity to benefit from that activity. Perhaps employment opportunities do not exist simply because it is not financially attractive for an entrepreneur to locate or expand in such an area. There is a host of reasons why these people are in need. But, whatever the reason, action is required no matter where these people are located.

Just where are they located? With the help of Statistics Canada, DREE has been able to identify those census divisions, containing approximately 5 per cent of the Canadian population, where the family unemployment rate is greatest in relation to the national average and where the per capita income is lowest relative to the national average.

But statistics alone do not tell the whole story. In order for the special investment tax credit program to be effective, it was necessary to use these statistics as a basis for decisions requiring human judgment. I am sure that claims could justifiably be made that the criteria I have just described would warrant the designation of additional census divisions in the Atlantic region in particular. However, it must be remembered that the special investment tax credit is intended to be an incentive to stimulate industrial investment in areas of greatest need.

If the whole of a province were designated for eligibility purposes, for example, there would be no financial incentive for a firm to locate in the area of greatest economic need. That is why the Minister of Regional Economic Expansion (Mr. De Bané) placed the constraint on the program that, generally speaking, not more than 40 per cent of the population of any one province would be eligible for the special tax credit. However, I should point out that there was an exception to this 40 per cent rule in Newfoundland, where the designation of all the region of Labrador raised the provincial percentage above this level.

Similarly, the statistics did not take into account the fact that in some census divisions, while the average family unemployment rate may not be the highest and the per capita income may not be the lowest, there are, nevertheless, many people living in rural or isolated areas who are much more disadvantaged than their fellow residents who live in the more urbanized parts of the country. It was with a view to helping these people that the minister decided to include some census divisions in the northern parts of the country, especially in Ontario and western Canada.

I would like to take a few minutes to describe briefly the areas that are covered by the Special Investment Tax Credit program. In British Columbia the northeastern part of the province covered by the Peace River-Liard census division 55 has been designated. This includes Dawson Creek, Fort St. John, Fort Nelson and Liard River.

In Alberta the northwestern part of the province covered by census division 15 has been designated, with the exception of the urban area of Grande Prairie. Located here are places such as High Prairie, Peace River, High Level and Fort Vermilion.

In Saskatchewan the northern part of the province has been designated. This area, covered by census division 18, includes La Ronge, Buffalo Narrows, La Loche and Uranium City.

In Manitoba the northern part of the province, with the exception of the urban area of Thompson, has been designated. Here, in census divisions 19, 21, 22 and 23, we find communities such as The Pas, Flin Flon, Norway House and Churchill.

● (1640)

In Ontario we have designated that part of the province north of the 50th parallel of latitude. Included here are communities such as Sioux Lookout, Red Lake, Sandy Lake and Moose Factory.

In Quebec the part of the province north of the 50th parallel of latitude, with the exception of the urban area of Sept-Îles, has been designated. This includes Fort George, Gagnon, Natashquan and Fort Chimo.

The Gaspé region, covered by census divisions 02, 03, 04, 05, 06, 07, 08 and 09, has been designated, with the exception of the urban area of Rimouski. Included here are such centre as Rivière du Loup, Matane, Gaspé and New Carlisle.

The Magdalen Islands which is census division 01 have also been designated under the program.

In New Brunswick the northern and eastern parts of the province have been designated. These areas are located in the following census divisions: Kent 08, Northumberland 09, Madawaska 13, Restigouche 14 and Gloucester 15. Here can be found communities such as Edmundston, Campbellton, Bathurst, Chatham and Richibucto.

In Prince Edward Island, the area covered by the Kings census division 01 has been designated. This includes centres such as: Montague, Cardigan, Souris and Murray River.

In Nova Scotia, Cape Breton Island, which is covered by the counties of Inverness 15, Richmond 16, Cape Breton 17 and Victoria 18 census divisions, has been designated, as has the nearby part of the Eastern Shore covered by Guysborough 13 census division. Included are communities such as Port Hawkesbury, Ingonish, Sydney, Glace Bay, St. Peters and Canso.

In Newfoundland, Labrador, census division 10, and the coastal regions of the Island of Newfoundland, with the excep-

tion of the Corner Brook area and the Avalon Peninsula, are designated. These areas are covered by census divisions 02, 03, 04, 07, 08, 09 and 10. This includes communities such as Happy Valley-Goose Bay, Port aux Basques, Trout River, Bona Vista and Marystown.

In the Yukon and the Northwest Territories, the government has designated all of these territories as specially designated areas under the program. This, of course, includes communities from Whitehorse and Old Crow to Frobisher Bay and Pangnirtung.

You will note that in this list of eligible areas the cities of Grande Prairie, Thompson, Sept-Iles and Rimouski are excluded. Understandably, residents of these areas would like the program to apply to them. But it must be remembered that the program is limited in its application to some five per cent of the Canadian population. Also, the areas designated are those most in need of assistance.

Urban centres generally offer greater economic opportunities than do rural or isolated areas. This is the case with the cities in question which do have more employment opportunities and other economic advantages than in their surrounding areas.

There are two other points I would like to address before leaving the matter of statistics and eligible areas. The Minister of Regional Economic Expansion has been asked why Statistics Canada data have been used and whether changes will be made to the designated areas. If I may respond on behalf of the minister, I would point out, as far as the first matter is concerned, that Statistics Canada provides authoritative, national data on population and other factors which have been used as the bases for things such as this program for many years. In addition, DREE wants to evaluate the achievements of the program over time, and census information provides the best means for doing this.

As to changes to the eligible areas, I would mention that the minister has indicated that he will be closely monitoring the program and that he will not hesitate to make improvements if, and when, these become necessary or appropriate. However, the minister has also stated that before any changes can be made the program must be subjected to an evaluation. Therefore, given the need for time over which to make this evaluation, the minister cannot foresee my changes to the eligible areas in the near future.

Speaking of evaluation, what are the benefits expected from the Special Investment Tax Credit program and against what will this evaluation be made? As envisaged, the benefits will be both economic and social in nature. By this bold initiative in regional development, the federal government is demonstrating, in a significant way, its interest in people living in economically disadvantaged areas of Canada. It is offering new hope to these people and it is challenging the private sectors to take advantage of this very generous offer and to make industrial investments which will be of benefit to themselves and to the people of the areas in which projects are located.

The economic benefits which will accrue from these investments are manifold. Employment opportunities will be generated in areas where such opportunities are now extremely limited. The investments themselves will have spillover effects, as well. Because the investment must be of a manufacturing or processing nature, jobs will be created in the primary and tertiary sectors of the economy. That is to say, jobs will be generated, for example, in the harvesting of resources to be used in the manufacturing process. They will also be generated in the service sector in responding to the need, for example, to supply or repair equipment in the manufacturing operation, or to provide personal services to employees.

The measure of success of the program will be, in part, the extent to which the program lowers unemployment rates and increases per capita incomes in the census divisions where it applies.

These benefits will, of course, be measured against their cost. At this point we can only estimate what the cost will be since we do not know how many firms will take advantage of the program, nor do we know what the size of the projects will be. The government is hoping that both the number and the size of projects will be large because the benefits to the areas of need will, of course, reflect this scale.

However, when I state that the costs can only be estimated at this time, I should hasten to add that the program must be developed with cost considerations in mind. For example, I referred earlier to the fact that there would be no duplication of benefits, in the sense that a firm cannot claim both capital cost allowances and the 50 per cent tax credit. Similarly, the Department of Regional Economic Expansion, as well as other federal government departments, will take this new program into account when a firm applies for a benefit from other discretionary programs. That is to say, in deciding whether a grant, repayable incentive or loan guarantee should be offered under DREE's Regional Development Incentives Program, the minister and his officials will decide whether such an inducement is needed in addition to the 50 per cent tax credit in order to get the firm to establish, expand or modernize a facility in an eligible area.

I think it is important to point out, as well, that the program is aimed primarily at profitable enterprises—firms that have demonstrated their ability to succeed in the marketplace. Therefore it can be expected that the projects generated by these firms will be viable ones. Therefore the government can expect to receive increased corporation taxes, as well as personal income taxes that will become payable from residents of the area—some of whom may have had to rely on government assistance up until the present time.

The Minister of Regional Economic Expansion will be assessing the costs and the benefits of this program over time, and will provide information both to the House and to the public in the light of this experience.

I have not dwelt on the technical aspects of the Special Investment Tax Credit program, but perhaps I should make a few remarks in this regard. The program became operational on October 29, 1980, in the sense that the capital costs of

assets acquired on or after that date will be eligible for the 50 per cent credit. Assets must be acquired by December 31, 1985, and the credit must be claimed within five years of the date of acquisition.

● (1650)

As I said earlier, DREE is responsible for the direction of the program. Industry eligibility is determined with reference to the definition of a manufacturing or processing operation under the Regional Development Incentives Act. The definition of eligible capital property and other similar terms will be determined with reference to the Income Tax Act. Similarly, the calculation of the tax credit, the use of capital cost allowances and so on will be the responsibility of Revenue Canada.

The administration of the program has been kept as simple as possible. There are no prior approvals involved. There are no restrictions in terms of minimum or maximum size of project. The tax credit is simply claimed as part of a normal income tax return.

This last point leads me to my final comment. Recognition of the need for differentiated taxes between regions, and in particular for the higher investment tax credit rates for DREE designated regions, was given originally in 1975 and expanded in 1978.

In the Atlantic provinces and the Gaspé, the tax credit today is 20 per cent, and in other regions designated under the Regional Development Incentives Act 10 per cent, unless the special investment tax credit applies. So those regions which do not qualify under the Special Investment Tax Credit program will continue to benefit from these existing inducements for regional industrial development.

I believe that the Special Investment Tax Credit program offers an exceptional opportunity for the industrialization of certain regions of Canada and that it will provide significant benefits to the 5 per cent of the Canadian population that is in the greatest need of this kind of development.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, Canadians find themselves in severe economic straits, and the government finds itself extremely limited in the options open to it because of the hodge-podge of economic theories which have been the government's trademark over the past two decades.

The government's theory of exercising restraint is hard to rationalize. For example, it lays off employees, and closes its eyes to the acquisition of goods, services, materials and facilities. The government thinks nothing of adorning federal buildings across Canada with exotic plants and interior landscaping, of which the huge hothouse created by the Bank of Canada on Sparks Street here in Ottawa is a classic example. It would be preferable, in my view, to erect a picture of a woman in New Brunswick picking potatoes for a living, or a lumberjack in snow up to his chest earning a living cutting trees. Perhaps with a constant reminder of how hard Canadians work to supply tax revenues we might move ahead with parliamentary reforms to enable members of Parliament to play a meaningful role in eliminating waste and extravagance and in developing a more efficient government administration.

For years the government decided that it would be unpopular to have a modest increase in taxes or a cutback in spending, so it took the long way home and simply expanded the money supply, thus feeding the fires of inflation. And now it deals with inflation in the traditional and classical way by employing monetary policies which, in effect, feed the fires of unemployment.

It is always the little fellow who pays, and when the government is forced to increase taxation it is done in a merciless way. The energy taxes proposed by the government do not exempt low-income Canadians—they are not sheltered with energy tax credits such as those the Conservative government proposed—and they pay at the same rate as the wealthiest people in the land. That is exactly what I mean by a tax with a vengeance and without mercy. Again, it is the little people of this country who pay.

When the government's anti-inflation policies close manufacturing plants or cause lay-offs of employees, production drops, and we have the classical situation where the drop in supply is more dramatic than the drop in demand. With too many buyers chasing too few goods, prices go up, again feeding the fires of inflation. The government's policies for dealing with inflation are counterproductive. Short-term solutions have become long-term tragedies.

It is a preferable answer to abandon the spectre of nineteenth century solutions to twentieth century problems and deal with and address the reality of today. Our aging production facilities need to be rejuvenated, and the key to that rejuvenation surely is research and development.

The winds of change are blowing in advanced industrial states, and the signs of change are apparent in Canada too. The leading performers in our Canadian economy are firms that produce high technology products and systems. These firms provide good jobs for their employees and require support services that directly or indirectly involve almost every trade.

A government somehow has to learn the lesson that one of the elements in combating inflation is to increase the supply of goods, both domestically and in our export markets, so that prices go down and more Canadians are employed and become taxpayers sharing the burden of government, so that taxes can go down and the demand for social services can be reduced. It is my view that the government is doing right now exactly the opposite of what it should be doing to create jobs and fight inflation.

The tax system that supports the National Energy Program tabled on October 28 will indeed impinge on almost every sphere of Canadian activity for years to come.

The government has correctly excluded the Bay of Fundy, which is located between the provinces of New Brunswick and Nova Scotia, from Canada lands. This area is essentially

untested for energy resources, and it would appear to be in the classification of high-cost exploration risk.

The tax table accompanying the National Energy Program indicates that the after-tax, after-incentive cost for a Canadian company conducting an exploration program would be seven cents per dollar spent on Canada lands against 34 cents in the Bay of Fundy. For a foreign company it would be 28 cents versus 53 cents. The province of New Brunswick is in no financial position to offset this differential if it is to see its offshore resource potential property evaluated. There has been one hole drilled in the Bay of Fundy, but a number of promising structures remain to be tested.

A ship-borne seismic survey by Chevron-Irving this past summer indicates a renewed interest in looking at this important area. I am concerned about the financial incentive to pursue exploration in the Bay of Fundy as a result of the tax program being proposed by the government. I am also concerned about the policy statement of the government that the Foreign Investment Review Agency will vigorously enforce its investment criteria in the energy sector.

Again, the government policy whereby it does not want to see the oil companies use their cash flow to expand into the non-energy part of the economy impacts adversely on the province of New Brunswick.

Over the past decade New Brunswick has received as much as one quarter of its non-hydrocarbon and uranium exploration expenditures from oil companies or their mineral exploration subsidiaries, most of which are foreign controlled. These firms have sufficiently large exploration budget allocations to justify spending a small portion in relatively high-risk areas or to test new exploration concepts in the areas of unproven potential. Following the decline in the role of junior mining companies in the late 1960s they became leaders in mineral exploration activities.

I suggest that oil companies which have established a level of mineral exploration expenditures over the years should not have their continuing participation frustrated and, indeed, if their participation is to be discouraged by the federal government, it should first see in place a comparable alternative financial source to carry on this development in New Brunswick and other areas that suffer from regional disparity.

The federal government's program does not adequately recognize the potential for New Brunswick oil shales to play a major role in the development of alternate energy forms. New Brunswick's capability to finance research and development in oil shale is limited. The extent and potential of New Brunswick's oil shale are attractive. It has not been defined, nor is it generally recognized, but the evidence collected in the only area recently tested in any detail indicates considerable potential. The one square mile drilled by Canadian Occidental Petroleum over the past number of years comprises about .1 per cent of the area known to be underlain by oil-bearing shales. The Occidental work has shown that the principal zone in the one square mile area contains 8 per cent to 10 per cent hydrocarbon, or several hundred million barrels of petroleum.

It is not unreasonable to assume that at least 5 per cent of the oil shales are of comparable or better quality. If this is so, the potential is for 15 billion barrels or more. Surely, a potential of this nature requires exploration, research and development, and this in turn requires that tax incentives be provided by this government. Instead, the government appears to be moving in the opposite direction and discourages exploration in New Brunswick.

● (1700)

Canada has offered Saskatchewan a five-year, $50 million heavy oil research and development program. It allocates nothing to New Brunswick in terms of development of our oil shales. The role allocated to development of the oil shales in the national energy inventory is disappointing because an active exploration program, coupled with the necessary research and development, has great potential in helping to solve our national energy problems and in providing badly needed jobs in New Brunswick and Nova Scotia.

My search for the base data used to arrive at the areas designated for the special 50 per cent tax credit provision mentioned in the bill before us was greatly assisted by the member for Madawaska-Victoria (Mr. Corbin), for whom I have a high regard, when he asked the Minister of Regional Economic Expansion (Mr. De Bané), as reported at page 5288 of *Hansard* of December 3, 1980, if the minister was prepared to publish the base data used in the establishment of the program, and when he further asked him to confirm that the program is being put forward as a pilot endeavour for the next year.

The minister said, in reply, that he would have never dared to make those designations, either on gut feeling or as an arbitrary decision. The minister said he took the 5 per cent of Canadians who are in most need, and in no province could he designate more than 40 per cent. He further stated that all the statistics have been made public.

If the designation of the census divisions eligible for the program was not arbitrary, why were they limited to 40 per cent of the population of Canada? Are not these in themselves arbitrary criteria?

Is the program only, in the words of the member for Madawaska-Victoria, a pilot endeavour for the next year and, if so, will this not make potential investors reluctant to participate in what may be a start-stop program?

Later, in response to a point of order I raised, the minister said he made a commitment to the parliamentary committee on regional development that during the year he would try to refine the designation to try to correct it as such. He said that there were three criteria: the highest family unemployment rate in Canada, the lowest per capita income, and an isolation factor.

Why did the minister not mention the isolation factor in his earlier reply to the member for Madawaska-Victoria, and why is it not mentioned in the information release on the program which says simply, "The program is aimed at the 5 per cent of the Canadian population suffering the most from high family

unemployment and low per capita income?" Are isolated areas included regardless of unemployment and income levels? Also, "isolated" and "northern" appear to be synonymous as all northern areas are included, except for northwestern British Columbia and northeastern Alberta. Why were those areas omitted? The information release notes that each province and territory has at least one census division in the program. Was this a requirement; that is, was one area from each province and territory included, regardless of relative levels of family unemployment and per capita income?

The information sheet also notes that "the eligible areas generally account for less than 40 per cent of the population of any one province," but the minister's statement to the member for Madawaska-Victoria says that "in no province could I designate more than 40 per cent." However, in his reply to my point of order, he moves back to a more conditional phrasing when he says:

In no province should the regions designated cover more than roughly 40 per cent of the population of the province, otherwise there would be no incentive.

Is the 40 per cent criterion a requirement of the program or only a general target, and in either case why, if more than 40 per cent of a province qualifies under the other program criteria, should regions be excluded from the program? Why would there be "no incentive" if such regions were included? Will there be the opportunity to refine the areas designated and the criteria for designation before the program goes into effect this year and, if not, what value is that pledge of the minister if, in the words of the member from Madawaska-Victoria, "The program is a one year pilot project only?"

In the testimony of the Minister of Finance (Mr. MacEachen) to the Senate finance committee, he said that the upper limit of revenue loss set for the program was $15 million. He added that it was not a requirement of the program that at least one census division be eligible in each province and territory, and he said that it would be possible for a company to get a combination of the tax credit and a regional development incentives grant which would be more than the company could get in a regional development incentives grant. I would like to hear the minister confirm that the upper limit of revenue loss under this program is $15 million, an amount the Liberal senator from Northumberland, Mr. Thériault, described as "minuscule".

I would like to hear the minister confirm that it is not a requirement of the program that at least one census division in each province and territory be included in the program.

If the Minister of Finance was correct in stating that it would be possible for a company to qualify both for the tax credit and a regional development incentives grant, which, in combination would constitute a larger incentive than the regional development incentives grant for which it would otherwise be eligible, why does the information release say that "stacking of the 50 per cent tax credit with other incentives is not generally permitted" and that "the tax credit will be taken into account in determining the need for an amount of incentives under the Regional Development Incentives Act"?

Will any companies qualify for the tax credit which could not qualify for grants under the Regional Development Incentives Act? If not, is it not merely a substitute for the Regional Development Incentives program in the designated areas?

I have to confess that I find it very confusing to attempt to rationalize the minister's program which bisects parts of provinces within a region in determining where the new 50 per cent tax incentive program will apply. The stated objective is to promote industrial development in those parts of Canada most adversely affected by economic disparities. I find it very difficult to rationalize this approach with the application of the program spread over every province and territory in Canada instead of concentrating on regions which suffer from disparity.

The mystery deepens when we refer to the areas that are identified and those that are not. Take the province of Quebec, for example. The areas identified take in the eastern Gaspé and northern Quebec, excluding the urban regions of Sept-Iles and Rimouski. Yet the maps supplied to me by the minister indicate that, according to the program criteria, the counties of Labelle and L'Islet should be included. Yet they are not. In Ontario everything north of the 50th parallel is included, yet the county of Haliburton, the only county in Ontario to meet the program criteria, is not.

In New Brunswick the county of Queens is the worst off in the province in terms of income and meets the other program criteria, yet it is not included. In Nova Scotia the counties of Cumberland, Digby and Yarmouth meet all the program criteria, yet are not included.

All these counties could have been included in the program, even with the arbitrary 40 per cent rule, yet they are not there. Moreover, because of that rule the entire Avalon peninsula in Newfoundland and census division 05 in the western part of that province which meet the unemployment and income criteria are not included.

Meanwhile, a number of census divisions are included in the program, it seems purely on the grounds of isolation or a rule that one census division in each province must be included.

It is little wonder then, why I have asked and am asking to have the date base, the maps I have been given, and any related information which was used in arriving at these designated areas, tabled in the House.

When I look at these discrepancies and note the fact that every area in the Atlantic provinces which is included—with one small exception, that of 4,700 people in part of Guysborough county in Nova Scotia—is represented by a member of the government caucus, questions arise in my mind, and there are questions put to me by other people which I simply cannot answer. I would, therefore, like to have the statistical information upon which this program is based.

I finally received more information from the minister in which he confirmed that census divisions were chosen as a geographic basis for the program. The main reason for this selection was that statistics are available on that basis which will permit, in the future, an evaluation of the program's

impact on the areas now designated. He mentioned as well that Ontario and Quebec are minor exceptions and that partial census divisions were designated in the north in order to preserve the criterion of isolation to which he referred.

● (1710)

The minister confirmed that the three designation criteria applied to the different census divisions were: highest family unemployment rate, lowest per capita income, and isolation. In addition two other constraints were applied. One was to have the program applied to only those areas where approximately 5 per cent of the neediest people of Canada reside. The other constraint was to limit the designation to a maximum of about 40 per cent of the population in any one province in order to induce industry to locate in the most needy areas in the province.

The precise criteria applied with respect to the family unemployment rate and the per capita income are as follows: the family unemployment rate had to exceed the national average by at least 30 per cent, and the per capita income had to be less than 89 per cent of the national average. The minister felt the combination of these criteria resulted in a very stringent and severe approach to designation. It appears the figures of 30 per cent and 89 per cent were not based on any objective criterion of what constitutes hardship but on the colour coding system used to define different levels of unemployment and income on the maps. This is arbitrary in the extreme.

Moreover, the department utilized an isolation factor to add a few more census divisions to those otherwise designated. For example, they added northern census divisions or partial ones in Quebec, Ontario, and some of the western provinces. In the west, in particular, the department felt this criterion of isolation would also serve to include many native people who are not accounted for in the unemployment and per capita income data provided. Yet northeastern Alberta and northwestern British Columbia, excluded from the program, have larger native populations than the census divisions included from these provinces. Again I must ask why?

I have yet to receive the economic indicators on which the minister based his selection of the different census divisions to which the new special investment tax credit program will apply. But the maps he supplied show that the information base was the 1976 census for unemployment and the 1976 Revenue Canada figures for income. Since income data are available for census divisions for 1978, the use of such out-of-date data disturbs me. But leaving that aside, on the basis of the information which he has given me it seems serious discrepancies exist which he should want to remedy.

It is difficult to offer constructive criticism of a program with a view to its improvement when the data base which accompanied most other government programs, particularly those winter works programs promoted by the Department of Employment and Immigration, such as Young Canada Works and programs of that nature, have always had the data information released and made public so that the designations and allocations of funds made out of those programs could be verified. This program appears to be an exception.

In closing, I think the principle of this program is an excellent one. I should like to see its implementation perfected, and that is the reason why I offered the constructive criticism the minister invited.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the purpose of my speech today is to inform and reassure the people with regard to the Canadian tax policy, to stress the responsiveness of our Deputy Prime Minister and Minister of Finance (Mr. MacEachen) and finally to expound, with a great deal of pride, on the typically Liberal decisions contained in the last budget.

Indeed, Mr. Speaker, although political observers had predicted a tough budget with increased taxes for everyone, Canadians were pleasantly surprised to find a budget where the government had sought on the one hand to recover all that was humanly possible for the administration of government programs and on the other hand to plan an even fairer distribution of the economic load, and finally, to be more constructive, positive and dynamic, to prove that the Liberal government wanted to involve every sector of our economy in the solution of our current economic problems on a short, medium and long-term basis.

However I do not claim to be a tax expert and it is as Parliamentary Secretary to the Minister of National Revenue (Mr. Rompkey) that I want to comment on a bill which has been consistently described as very technical and yet which meets in a positive way the needs of the people. Therefore, I do want to assure all Canadians, Mr. Speaker, that one of my concerns is the equitable distribution of the tax load, the other being our desire to help the most vulnerable and have-not members of our society overcome present economic hardships.

Mr. Speaker, I would like to discuss in the House today one of the most equitable tax systems in the world, applied in a country where the quality of life continues to be one of the best in the world. The Canadian tax system was inaugurated, out of necessity, in 1917 to allow the country to collect the funds needed to administer the country. It has greatly expanded since that time with the implementation of various social programs aimed at promoting the well-being of all Canadians, as for instance old age pensions, family allowances, the Canada Pension Plan and unemployment insurance. The tax reform helped this system make Canada one of the best places in the world to live. It is a good idea to mention this in the House and to convince ourselves of it, and the opposition in particular should know that its masochism is very costly for Canada and all Canadians, and today more than ever before. All governments are faced with serious economic problems at this time, we all know this, and ours is no exception.

● (1720)

An investigation carried by the Organization for Economic Co-operation and Development confirmed it.

In 1978, tax revenues in Canada made up 32.3 per cent of the gross national product, thus our country ranked fifteenth, far behind Sweden with 53.1 per cent. This same investigation in a comparative study of tax revenues collected by the three levels of government indicated that Canadian provinces and municipalities receive a larger portion of tax revenues than their counterparts in other countries. According to some comments on the results of the OECD investigation, such comparisons do not reflect the distribution of the tax burden among the taxpayers nor does it permit comparing personal taxes with corporate taxes. To answer such comments, Mr. Speaker, we would have to explain the entire social philosophy underlying the Canadian tax system but as I do not intend to use all my time to deal at length with the nature of the Canadian tax system and its effectiveness in promoting social justice and economic welfare. I will merely state that such are our aims and that the proof of the pudding is in the eating. I would rather dwell upon the value of the system.

First I should like to say that according to a study in which were compared the levels of personal and corporate income tax in Canada and the United States, personal income tax in Canada is lower by 1 to 1.5 percentage points than what it is in the United States. The same is to be said with respect to our respective corporate income tax levels, but this is not necessarily true, however, for all industries.

Let us now have a look at the income tax actually paid by individuals in various income brackets. Again, these data may be found in the Statistics Review for 1978 which reports on the income tax returns submitted by Canadians for that year, the most recent one for which such data are available. In 1978, Canadians with between $1,000 and $5,000 in taxable income paid an average of $3 in income tax; in 1977, the preceding year, they had paid an average of $9. Those whose taxable income was between $15,000 and $20,000 paid $2,396, while those with a taxable income between $30,000 and $35,000 paid an average of $6,134. Those in the $50,000-$100,000 income bracket paid an average of $15,564, and so on. Those earning $200,000 and over paid an average of $107,495 in income tax. These figures clearly demonstrate how our progressive income tax system based on income levels does operate. Moreover, these figures show how this system can adjust the taxation rates to protect the incomes of individuals against the throes of inflation. For instance, the $3 average tax paid in 1978 was a reduction from the $9 paid in 1977; the $2,396 average income tax paid by taxpayers in the $15,000-$20,000 income bracket showed a reduction from the $2,564 paid in 1977, and so on and so forth. I do not intend to talk about indexation today, for it has already been dealt with at length.

However I should like to point out, Mr. Speaker, that indexation is one element of the tax structure that can benefit the individual taxpayer but not the corporations. I should also like to point out that since indexation has been implemented way back in 1973, the federal government has lost $7.5 billion of its share of revenue whereas the loss for the provinces has amounted to $2.3 billion. Indexation is applied not only to the tax rate but also to a large number of exemptions and credits to which each and every Canadian taxpayer is entitled, and low-income Canadians benefit more from those credits.

Let us consider, for example, the child tax credit. In 1978 a single parent with three children and an average income of less than $18,000 was getting on the average a tax credit of $711. Married people in an identical situation received an average credit of $600. With respect to those who were entitled to the child tax credit in 1978, a total of 1,698,270 people with an income of less than $18,000 obtained an average credit of $393, while 770,106 families with an income over $18,000 received an average credit of $268.

This type of taxation structure takes the financial situation of every Canadian into consideration. It allows the individual to show on his tax return the annual deductions and credits to which he is entitled. It should also be noted that the tax returns are simple enough since two thirds of all Canadians complete their annual returns themselves and that most of those who call on professional tax services are either independent workers or small businessmen whose taxation situation is more involved.

As I said earlier, a great many people believe that high income earners have great wealth which should be distributed equally. However, if every fraction of income over $30,000 were to be collected as tax and redistributed, every Canadian would receive only $150 and this would not help to develop our country in the long run. This brings me to the second aspect of our tax system, that is, the incentives available to private businesses.

As everyone knows, our tax system provides many deductions and exemptions for individual taxpayers. In the case of businesses, these deductions take the form of fiscal incentives aimed at developing the business sector during periods of economic recession or at creating employment during periods of high unemployment. These incentives are offered for the benefit of all Canadians and not only to help businesses increase their profits. Indeed, they encourage companies to take risks when an unfavourable economic climate would require them to be more cautious. Without these incentives, many businesses would decide to abandon their investment projects, which would be to the long-term disadvantage of our economy. Fiscal policies are often an important factor in these decisions. For instance, fiscal incentives have the advantage over subsidies that they can reach a vast population much more quickly. Businesses may easily determine whether they are eligible for an incentive and they can quickly take advan-

tage of it. However, because these incentives are well known, they are bound to be criticized by the public who, too often, fail to understand their objectives. Once established, the incentives are rigorously controlled to ensure that they are used legitimately. Whenever there is abuse, the Minister of National Revenue requires that the proper legislative amendments be made. Such a regulating or tuning mechanism, if you will, may be applied over the years, and minor changes made until the desired results are achieved.

The deduction granted small businesses has, among other things, been adjusted that way. The reduced rate applies to the income of actively operated businesses, and is intended to encourage their development and the updating of their technology through the tax savings achieved. That reduction was granted because small businesses at times find it difficult to borrow in the money market and obtain the funds they need to expand. However, there have been cases where it applied to individuals not operating businesses actively.

The department also takes steps to ensure that the tax system is applied fairly. For instance, it is easy for them to check the salaries of employees, for instance, through salary deductions and information supplied by employers.

To ensure that independent workers, small businesses and corporations pay their fair share of taxes, the department carries out tax audits. For that purpose, computers print out a list of taxpayers who draw income from a source other than salaries or wages and break them down into two categories: first, corporations, namely, wholesalers and manufacturers; second, private individuals, namely, professionals, business owners and farmers.

The lists are used to select files for audit purposes, a process which may involve industry as a whole or a given group of taxpayers. Such audits have already been carried out in the scrap iron industry, the clothing industry, the tourist industry and the pharmaceutical products industry. Indeed, this last project has yet to be completed. As a result of audits in the scrap iron industry, 94 court proceedings were launched and $17 million in taxes were recouped.

Obviously the tax system has different objectives when it comes to collecting from individuals and businesses.

In the case of individuals its main purpose is to ensure social justice for all, whereas the objective is much wider for businesses since it is to strive for greater economic security for all Canadians. That is why a comparison of the tax load shouldered by individuals and companies must go beyond what is reflected by the figures. I have the figures here but they apply only to taxable income. In 1978 corporations paid $6.5 billion in taxes on a taxable income of $19.6 billion, an average tax rate of 33.4 per cent. Small business owners paid $616 million in taxes on $3 billion in income, that is a rate of 20.3 per cent, and the employees paid $16 billion in taxes on taxable incomes of $79.7 billion, a rate of 21.2 per cent. Still we should not forget that many other factors must be taken into account in this comparison, among others the number of taxpayers in each category, which is quite significant: there are about 9,568,000 employees, close to 600,000 business owners and professionals, and 441,000 corporations. The legislative measures contained in Bill C-54 were the object of a close examination which took into account the main objective of our tax system. That is the best protection possible for the rights of all Canadians.

These measures are designed to create a balance between the rights of the individuals and the business incentives which are sometimes necessary. Earlier in the year the Liberal government released the draft of many of the amendments contained in this bill in order to gather the opinions of the taxpayers before introducing the actual legislation. Bill C-54 takes these suggestions into account, some of which had even been introduced by the previous government in December 1979. They were among other things, measures allowing people running unincorporated businesses to deduct wages paid to their spouses, and interim provisions with regard to the Small Business Development Bonds enabling them to obtain financial aid at lower interest rates in order to compensate for revenue losses incurred because of these measures and to help finance the increases anticipated in other areas. A 5 per cent surtax on top of the federal tax payable by corporations has been introduced for a two-year period. Furthermore, the bill contains tax relief provisions for volunteer firemen and for employees working on temporary assignments abroad, as well as for other cases where there is income tax related to family law provisions.

This bill also contains measures proposed in the October 28 budget for individuals and businesses, including provisions aimed at improving regional incentives in areas of high unemployment and low incomes. It also contains a great many technical changes which take into account constructive comments made by businessmen and tax experts as well as various readjustments regarding the implementation process which I discussed earlier. So Bill C-54 has been devised as a way to help Canadians of all walks of life through our taxation system. We are therefore presenting this bill for second reading hoping that after having heard the various speeches and thought things over, hon. members will give it the approval it deserves.

● (1730)

[*English*]

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I welcome the opportunity to join in the debate on Bill C-54, an act to amend the statute law relating to income tax. On January 16 the Minister of Finance (Mr. MacEachen) issued a press release relating to this act. There were several things in that release that I should like to refer to briefly.

The first is that the minister, when speaking about Canada's economy, said that we are in a period when we, like other national economies, are facing a very difficult situation. If the

minister wants to compare Canada with other economies, Mr. Speaker, I think he should do it in an open and honest fashion. He should examine the strongest economies in the world today and compare Canada with them. I refer especially to the economies of Japan, Germany, the United States, and Switzerland, which are the four strongest in the world today. Those economies were not built, like Canada, on natural resources, and the abundance of fossil fuels that we are able to take advantage of. In spite of that, however, those economies have been developed to a point where they are now placing this country in serious economic difficulty. This is not being done on the basis of cheap labour, although that is a misconception held by many people in Canada.

I should like to point out to the minister that although we are in a difficult economic situation it is not for the same reasons that other countries, with which we compare ourselves, have had to face. They have surmounted their problems and in many cases are now in a better position than Canada, in spite of the resources that we have. This has come about because of the way they have managed their economies, by increased efficiency of production, by entering world markets with car production and other things, and by the way they have adopted science and technology as a basis upon which to build an industrial economy.

The minister referred to his budget speech and to an earlier budget. In April, 1980, he mentioned in a ways and means motion many measures that were included in the former budget. I question how much credit he should take for that however, and whether he has given proper credit to the people who instituted those measures. I see an hon. member shaking his head. When I read that I found it difficult to understand whether the minister referred to something he had put forward or something that had been put forward by the former minister of finance, the hon. member for St. John's West (Mr. Crosbie).

On page 4 of the press release the minister referred to industrial development and the grand total of $12 billion to be allocated over the next three years to essential productivity and supply initiatives. He said that this should help reduce inflationary pressures by increasing supply.

I have heard mention in this House, as have my colleagues, of the possibility of a government industrial strategy being introduced. We have yet to see any specific policy that would bring this about although we are all waiting expectantly for it. A program for the expenditure of $350 million has been established to promote industrial restructuring and manpower retraining in areas of particular need. I am not sure where the areas of particular need will be, nor exactly what kind of retraining will be involved, and I question whether that is the direction that an industrial strategy should take. Perhaps we should proceed in the same fashion that other nations have, by providing a true industrial strategy and investment for the future.

The third point I should like to make concerns the minister's comment that he would like to reiterate the support given in the budget for the monetary policy pursued by the Bank of Canada. I have several comments about that, Mr. Speaker. The first is that by allowing the Bank of Canada to have a floating rate, the minister has taken himself away from the responsibility of setting interest rates in our country. That in itself was politically expedient and I give the minister credit for doing that. It took a lot of pressure away from him. It also takes the government away from the responsibility of looking at what the Bank of Canada is doing with the bonds it is bringing forward. Putting extra bonds on the market really forces interest rates up and by doing that it has control over interest rates. This point has been brought out by other members on this side of the House and is something which impacts particularly on industry and on the farm community, both of which are important to the economic health of the country.

● (1740)

My understanding is that the Bank of Canada is selling more bonds than it needs to, and these treasury bonds are one of the reasons why the interest rate in Canada is staying as high as it is. The Bank of Canada may believe that by keeping interest rates high and restricting money for lending it will help fight inflation. That may be so, but it is at the expense of the economy, small businessmen, farmers and others who are needed to generate activity in the country. If the minister is supporting the policies of the Bank of Canada, I suggest that he needs to do it in a very honest way by saying he is abdicating the responsibility, if he chooses to take it, for the monetary policy of the country.

I would like to touch on some specific issues. There is one major issue on which I questioned the minister a few days ago. It concerns the Small Business Development Bond. Like a good many other economic measures, people are starting to question what the priorities of the government are, and whether or not the government is putting effort into the areas that need it, in order to look after the affairs of the nation. We all agree the constitution is important, and all the things concerning energy are important. But the economic basis and the structuring of institutions which lend money for businesses are matters in which we are all interested. The Small Business Development Bond is a specific instance which comes to mind. This bond was brought forward at least 13 months ago. It was given support about nine months ago, I believe on April 21, by the government in a ways and means motion. Since that time and up until now it has still not been put in place nor has it been defined in such a fashion that the business community understands what it is all about.

The minister said his department spoke to banks and that he understood they knew what it was all about. However, I must question that. I suggest that if the minister or his parliamentary secretary looked into it he would find by going beyond the big cities and into banks in some smaller rural areas that the bank branches do not understand what that bond is about, and there is limited access to funds. The larger branches have kept the money or have given directions to their smaller branches in such a way that people have not had access to that funding opportunity. That is a very important point, because here we

are 13 months later at a time when that bonding will be stopped as of March 31, as I understand things stand now. Many people still do not know that that advantage is available to them.

I will cite an example of an incorporated farm. There are many of those. Owners of these farms might want to build a new barn. First, banks not knowing it would be law were reluctant or not giving proper direction, because they did not understand what the opportunities were. Accountants were in the same position of not fully understanding all of the ramifications. But now people are finding out that these things are possible and we are in the middle of winter. In my area about eight feet of snow is on the ground and people are finding out that they can get a bond to build a barn. But let me point out that on March 31 a person can only take funding for that portion of the barn that is actually erected. Money cannot be obtained for the materials bought, only for whatever portion is actually standing.

I do not know whether the parliamentary secretary or the minister understand that point, but I ask them to look into that. Perhaps they could find some way to extend the March 31 deadline. Even if they do not wish to extend it beyond the time period, perhaps they could look at it in such a way that people who are applying for these bonds, who are reasonable and honest about what they want to do but cannot do it because of time and weather, are given an opportunity to take full advantage of this interest rate level which is important if people are to expand their business or continue to survive in what is otherwise a hostile economic environment. I ask the minister, through the parliamentary secretary, to look into the point I have just raised. I also ask if he could look into extending the date beyond March 31.

I understand from the Department of Finance that this is anticipated to cost the government, in lost revenues, $50 million per month for each month it is functioning. It is my understanding also that it was between $200 million and $400 million which they feel has already been lost in lost revenue. I seriously question where a figure like that could come from, and I wonder how you estimate what is lost in revenue as compared to what is generated in additional revenue because people are doing things and business activity is created. I do not understand how someone could calculate that. I ask the minister whether there is an explanation. If there is, I will be happy to try to understand it.

There is a brief being prepared on behalf of the Canadian Cattlemen's Association. Mr. Charles Gracey has been instrumental in helping to draw up this brief. A motion has been drawn up supported by my local Bruce County Cattlemen's Association on behalf of the farm community across Canada, concerning this bond. The Canadian farm community has asked if this measure could be extended to unincorporated farms. This is particularly important for cattlemen. It is a subtle point, but it is confusing to a lot of people. I understand they are not able to claim interest charged against their income tax if they take advantage of this bonding. That is another area which will have to be balanced. The Cattlemen's Association request will have to be considered in the light of that as well. Will the minister look at that and consider that request?

In many cases there is no difference between an unincorporated and an incorporated farm. On the same concession road in any part of Canada we could find a farmer who has 200 acres and has incorporated for a variety of reasons, while across the road there is a farmer with 400 acres, who may be much more productive, which has nothing at all to do with being incorporated, but he cannot take advantage of this opportunity. That is a discrepancy and an inequity.

My second point concerns volunteer firemen. This concerns firemen in my area. Some time in the past we had ongoing discussions with a parliamentary secretary who is not now in the House of Commons. Those discussions were to help develop this increase which has occurred in their tax deduction. I think it is clear that the government has continued to support the measure, and it means that it understands the essence of volunteer firemen and that these people make a contribution, often at their own expense, which is valuable to smaller communities in Canada. I believe there are 20,000 firemen who are making a contribution on a volunteer basis. They do deserve the kind of respect suggested here.

● (1750)

I also make the point that this has not been duplicated in other areas of volunteer work. I suggest there is a difference. I suggest also that the historical fact is that they did have a deduction. A concession was made at one time. It was quite reasonably made on the basis of the contribution these people were making to their local communities. It was a very worthwhile effort. I support the government's measure there. I suggest it continue to look at whether there is a proper level of funding for that.

I would like to spend a little time on the energy conversion grants. This is another example. I do not know whether more information has come out in the last week or two concerning this program. The idea of the grant is good, and I support it. It helps to get away from oil, something worth while. It frees up fuel oil which can then be upgraded to gasoline, or whatever. In that sense it is a worth-while measure and should be encouraged. The fact that it is taxable is another matter. This is a serious consideration. It means we are reducing the net amount of the grant by 15 to 50 per cent because it is taxable. If we had the tax credits we were talking about in addition to this, there would not be much argument. However, the fact is we do not. I wonder whether the taxable nature of this will stop the program from having the full impact it might have otherwise had. We very much want to encourage the program and the subsidies it will provide.

The fact that this program allows us to make a gradual conversion is good. The fact we can take 50 per cent of it this year and 50 per cent next year, if we want, is good. The fact that it can be related to solar energy at a lesser percentage is also good.

There are a number of inequities in the program which are confusing and make it difficult. These are probably the reasons why the program is not yet functionable. I stand to be corrected, but my information, from having tried to find out over the last several months since this was announced, is that we do not have the agreement of all the provinces. I know the discussions are ongoing.

The difficulties arise when we talk about the opportunities available in the different provinces. An example is somebody who is already off oil. A person may have converted from oil to natural gas, a very rich form of energy, a fossil fuel, and now wishes to put in a wood stove to complement that. It makes a lot of sense, using a renewable energy instead of one that is non-renewable.

There are many such inequities which make it difficult to rationalize across the country. The Northwest Territories, Prince Edward Island and Newfoundland have an opportunity to use this grant in a very special way for retrofitting and allowing increased insulation, and this does not have to be applied just to take them away from oil. That is a good point.

The government should seriously consider extending that program so that it can happen right across the country. That would make more sense and would be a lot easier to administer. I am sure there would be general support for it across the country, and I encourage that to happen.

With regard to that grant, another inequity is the fact that those who rent their homes do not get any net benefit from it. These are often low-income people and those who live in apartment buildings. Some must pay their own energy costs. Their landlord has no real need to get off oil, so they continue to sit there, paying their own energy costs. There is no direct relationship to trying to conserve or get off oil, as they do not get any advantage from it. That is not true in every case, but in some cases. It is another area that should be examined.

Another point is the spouse's deduction. Some of the additional problems are related to how far this deduction or deductibility goes. I am having trouble obtaining specific information. We seemed to get a little more information along the way. The fact seems to be that spouses can pay into the Canada Pension Plan and be eligible for benefits at some point in time. I understand they cannot get unemployment insurance benefits, but I am not sure on that. This is an example of where we have a program that has apparently been in place since last April, possibly before, for people to take advantage of, but no one is clear on what it means or what the opportunities or options are.

We have a situation now, three quarters of the way through the month of January, past the normal year end for many people. They now wonder whether they should have paid their wives for the labour they provided to the business or farm. The question is whether it is possible to make this retroactive. Can they write a cheque for the work that was done last year? If it is not possible because of a certain deadline or time lapse and is no longer legal, why was there not a good educational program? There should have been an explanation to the public and the members of this House.

I have seen no specific information, directives or guidelines which would allow us, as members of Parliament, to get this information to our constituents. If that was an honest effort to bring out a program to help people, why did we not get the information which would have made it work? If there is that kind of information, will the government now be lenient and give people the opportunity to take full advantage of that? I ask the government to look into it.

Significant in what were not mentioned in this bill are measures to help small businesses and farmers, capital gains tax measures in particular. With the increased economic pressures on the farm today, as farmers retire they have to look at the investment they have had, and the capital gains they have accrued in their lives.

I understand the government promised to increase capital gains tax exemptions for farmers during the last election. If ministers did not do that, I stand to be corrected, but my understanding is they promised to do that. According to the information that has come out so far, the white paper on capital gains tax, it really does not address the situation for the agricultural community. It does not improve the status of farmers vis-à-vis the capital gains tax. I wonder why that was not included.

I mentioned briefly the energy tax credit. When looking at energy prices this is something that has to be seriously considered. I know that some of the work being done on energy by a special committee of which I am a member is with regard to the tax credit system on energy. We are looking at this in several special ways. The question is how to address the problems which will result from increasing energy prices.

Since the last election the government has permitted the price of gasoline to rise by 30 cents a gallon, or thereabouts. That is approximately what would have happened had the Conservative government remained in power. What measures are being taken to compensate for the difficulties of people on low and fixed incomes? What is being done to alleviate some of the burden, some of the real social consequences which have resulted from those increases?

I am not arguing against an increase in energy prices in order to allow us to maintain both security and self-sufficiency. However, I wonder whether it is responsible to allow that to happen with the broad, over-all effect of making no differentiation between the different strata of our society, those who need assistance and those who are able and will continue to be able to afford it.

I understand the government made some effort to give them some deductions. Ministers suggested prices would be lower. That was one of the bases of their whole approach during the last election campaign. If it has not happened, and I know there could be a number of reasons for that and I will not try to address them, then, I wonder why they would not look at that particular segment of the population and try to address that specifically as a welfare and social measure which is responsible and necessary at this time.

● (1800)

Mr. Knowles: Six o'clock.

Mr. Gurbin: May I call it six o'clock?

The Acting Speaker (Mr. Blaker): Order, please. Pursuant to Standing Order 2(1), it being six o'clock I do now leave the chair until two o'clock tomorrow afternoon.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, January 22, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT ANNUITIES

SUGGESTED INCREASE IN INTEREST RATE—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise under the provisions of Standing Order 43. In February, 1976, Robert Andras, then minister of manpower and immigration, increased Government of Canada annuity interest rates from 4 per cent to 7 per cent. In the communiqué, he stated, "It should be noted, however, that both the increase in the rate of interest and the percentage increase in the annuity will be subject to periodic review depending on future fluctuations in interest rates". The 7 per cent interest rate is now unfair, inappropriate and dishonest. I therefore move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the government do forthwith increase the interest rate on which calculations are based for the payment of the Government of Canada annuities to the same rate of interest presently paid on Canada Savings Bonds, and that the rate of interest on annuities fluctuate with the rate of interest paid to those who lend money to Canada on Canada Savings Bonds.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

EFFECT ON P.E.I. ECONOMY IF CN EXPRESS OFFICES CLOSED—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. This week 17 of the 41 CN Express employees on Prince Edward Island received notice they are to be laid off on March 1, despite assurances from the government that the elimination of CN Express on the island is being reconsidered. I move, seconded by the hon. member for Malpeque (Mr. Gass):

That this House condemn the government for ignoring the severe economic hardship P.E.I. will experience should CN Express be terminated there, and that the Minister of Transport honour his commitment to explore every possible way to prevent P.E.I. from becoming, except for Newfoundland, the only province in Canada without CN Express service.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENERGY CONSERVATION

SHARED COST PROGRAM—ADMINISTRATION OF GRANTS—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas this House has been debating a great deal the supply of oil and gas, for example, drilling in Alberta, tar sands development and pipelines, and has virtually ignored the things most people can relate to, such as programs converting their oil furnace to gas or electricity; and whereas the minister of energy, in talking about grants of up to $800, said in this House on November 14, 1980, that "we will arrive at arrangements with all provinces very soon as to how the program will be worked but especially concerning conversion to electricity", I move, seconded by the hon. member for Regina East (Mr. de Jong):

That the federal government stop dragging its feet in its negotiations with the provinces and allow the grants to be administered by provincial utilities like Hydro-Quebec in order to protect the consumers from rip-offs, and, finally, that the federal government make the $800 grant exempt from taxation.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

IRAN—RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton South): Madam Speaker, in view of the most recent accounts overnight of beatings and other physical and mental abuse suffered by the American hostages at the hands of their Iranian captors during their

444-day detention, accounts which have shocked the world community, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That the Canadian government refuse to re-establish full diplomatic ties with Iran, and specifically refuse to reopen the Canadian Embassy in Tehran, until an international investigation of the treatment of the hostages is completed and the world community is satisfied that Iran will henceforth live up to the obligations of international law.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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HUMAN RIGHTS

RECOGNITION OF EFFORTS OF UKRAINIAN COMMUNITY IN CANADA—MOTION UNDER S.O. 43

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I rise under the provisions of Standing Order 43 and ask the unanimous consent of the House to move a motion on a matter of great importance to the Ukrainian community in Canada. Considering that this House has not met on January 22 for the past six years and considering that the date of January 22 marks the commemoration of the 1918 proclamation of Ukrainian independence, I move, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That this House recognize the continuous efforts of the Ukrainian Canadian community to uphold the fundamental principles of freedom and democracy for the benefit of all citizens of Canada.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

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● (1410)

AIR TRANSPORT

SERVICE TO NORTHERN COMMUNITIES—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I stand under the provisions of Standing Order 43. In view of the fact that there is considerable confusion and consternation in the north concerning the government's plans for northern airports, and since budget cuts and reduction of maintenance service reinforce the uncertainty, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That the government deal with the issues of northern air services only after extensive consultation with territorial governments and other interested parties in the north.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

CALL FOR CTC HEARINGS INTO PROPOSED CLOSURES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas Canadian National Railways is planning cuts in CN Express which will, if carried out, close half of its 70 terminals and eliminate over 1,200 jobs, I move, seconded by the hon. member for Calgary North (Mr. Wright):

That the Canadian Transport Commission permit no closure to take place or job to be eliminated without a proper hearing being in the communities affected and evidence indicates that the closure is justified.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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OLYMPIC GAMES

1988 WINTER OLYMPICS—CALL FOR SUPPORT OF BID BY CALGARY—MOTION UNDER S.O. 43

Mr. John Kushner (Calgary East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The 1988 Winter Olympic Games will be awarded to a host country in October of this year. Bidding for Canada is the city of Calgary. I move, therefore, seconded by the hon. member for Bow River (Mr. Taylor):

That this House supports the city of Calgary in its bid to host the 1988 Winter Olympic Games.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: There is unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADIAN WHEAT BOARD

PROPOSED TERMINAL AT PRINCE RUPERT, B.C.—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of recent reports that the Canadian Wheat Board is offering a $100 million interest-free loan to the consortium that plans to build the new grain terminal at Prince Rupert, and in view of the fact that the interest costs for the loan will be a charge against money realized from sales of producers' grain and, in effect, an act of conversion or theft by the board of producers' money, I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the minister in charge of the Canadian Wheat Board instruct the board to withdraw its offer and cancel their plans for such a loan, and further that the minister have the law officers of the Crown review the Canadian Wheat Board Act and, if necessary, bring in amendments to ensure that the powers of the board are restricted to the basic principles on which the Canadian Wheat Board was established.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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OLYMPIC GAMES

1988 WINTER OLYMPICS—SUPPORT OF BID BY CALGARY—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I would like to seek the unanimous consent of the House to move under Standing Order 43, seconded by the hon. member for Calgary East (Mr. Kushner):

That this House supports the city of Calgary in its bid to host the 1988 Winter Olympic Games.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: There is unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

EFFECTS ON OIL SUPPLY—IMPACT ON CASH FLOWS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance. Daily we receive reports of the disastrous effects of the program on future supply of oil in this country. We have heard from the Royal Bank of Canada, the Bank of Montreal, the Toronto-Dominion Bank, and today Chevron announced a cutback of $330 million in its exploration program, with a Mobil $164 million cutback in addition to many other cutbacks by both independent and multinational companies.

When will the government accept the fact that all these actions which have been proposed by the companies, plus the advice which has been received, indicate that the National Energy Program, particularly the tax policies under that National Energy Program, is leading this country into a very serious supply crisis in the 1980s? More specifically, will the government withdraw the National Energy Program and replace it with a white paper, so that there can be proper discussion of the energy program following which specific policies can be introduced?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is not the intention of the government to withdraw the National Energy Program. As I stated yesterday, the main elements of that program are widely supported—

● (1415)

Some hon. Members: Oh, oh!

An hon. Member: Where?

An hon. Member: Even you don't believe that.

Mr. MacEachen: —by the Canadian population. If the hon. member's point is that the new federal taxes are affecting the cash flow of the industry, that, of course, is readily accepted because any tax which is implemented without loopholes is bound to have that effect.

However, despite the effect of the taxes on the industry, I think it is absolutely clear that the cash flow available to the industry is ample and growing. There is no other sector in the Canadian economy which has the opportunity for growth and development this industry has. I think the hon. member ought to bear that in mind instead of repeating the doleful dirges he has repeated today in his question.

Mr. Wilson: Madam Speaker, everyone agrees with the broad elements of the program, but the actual details of the program are undermining those elements, particularly in the area of supply. Has the government been monitoring the current National Energy Board hearings on supply at which company after company is saying that the supply objectives of

the National Energy Program will just not be met and that self-sufficiency is not possible under the National Energy Program in this century unless there are changes?

If the government is not monitoring these National Energy Board hearings, will the minister do so in order that he can amend the National Energy Program at the earliest possible stage if the supply objectives of the program are not met?

Mr. MacEachen: Madam Speaker, I welcome the hon. member's support for the main outline of the National Energy Program.

Mr. Clark: Canadianization.

Mr. MacEachen: I am delighted that he supports the major elements of that program. He has suggested that changes ought to be made. No one on this side of the House has ever opposed the notion of changes if they are justified. As the hon. member knows, just before Christmas I had tabled in the House changes to the definition of exploration expenses in response to representations from the industry, and as discussion continues there undoubtedly will be further modifications if they are justified. However, what the hon. member fails to get across in his question is that despite the National Energy Program the cash flow to the industry as a whole is very substantial. It is growing, and when we add the incentive payments, growth in the cash flow to the industry in 1980 and 1981 will be very substantial indeed.

Mr. Clark: Why are they leaving Canada?

Mr. MacEachen: Therefore, the hon. member ought to bear that in mind as he contemplates the details of the program.

Mr. Wilson: Madam Speaker, the impact on cash flows is very substantial. It is causing companies to cut back severely on their exploration programs to help us achieve self-sufficiency. Those cutbacks are severe and we will not achieve self-sufficiency as it stands.

● (1420)

Let me move on to my supplementary question. I mentioned earlier that three banks have stated their objection to the National Energy Program. Clearly there is a message here, Madam Speaker. Their clients, the oil companies, have told them that they will not be able to finance the activities which had been under way prior to October 28, and their financial position has been quite drastically weakened as a result. Has the minister discussed the impact of the program with the chartered banks in order to take their advice as to changes which might be made in the National Energy Program?

Mr. MacEachen: As a matter of fact, Madam Speaker, I have had occasion to discuss briefly, for example, the National Energy Program with the president of the Bank of Montreal, who recently made a statement in which he supported the National Energy Program and the elements and goals of that program. In fact, it was a very supportive statement, in contrast, I might add, with some of the not so favourable and not so objective comments made by other bank presidents.

The hon. member has again stated that the industry will not be able to finance development activity, and I want to tell him that the cash flow of this industry in 1981, even without the incentive payments which are provided, will be 28 per cent higher than it was in 1979.

An hon. Member: Nonsense, flim-flam.

Mr. MacEachen: Is that an industry that is being hard done by? I again ask the hon. member to think over his question.

CUTBACK BY MOBIL OIL

Hon. James A. McGrath (St. John's East): I should like to ask the minister this question, and I am concerned not only because of the supply aspect, Madam Speaker, but because the $164 million or 46 per cent cutback bodes serious economic consequences for the Atlantic provinces. My question to the minister is whether the government has been in touch with Mobil Oil and has it determined precisely where the cutback will take place?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): I am not aware of what has been done by the Minister of Energy, Mines and Resources. I personally have not been in touch with Mobil.

OWNERSHIP OF OFFSHORE RESOURCES

Hon. James A. McGrath (St. John's East): My supplementary question has to do with the question of jurisdiction, because the Mobil announcement, in addition to the uncertainty of the government's energy policy, cited the whole question of jurisdiction as being one of the reasons they are cutting back at this time.

Perhaps I should direct my question to the Prime Minister and ask him why the government has shifted its position. Last fall it indicated that the energy offshore question would come in the second phase of the constitutional talks, yet in the energy paper preceding Bill C-48 the government says it is anxious to refer the matter of ownership quickly to the Supreme Court. Now we have Bill C-48 which stakes out the government's claim in terms of the Canada lands, thereby pre-empting the whole question from being discussed at the first ministers' conference. I now submit that the consequence is just further uncertainty and perhaps further cutbacks.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am afraid I do not understand the hon. member. Surely when we have an energy policy, we have to deal with Canada lands. Whether the offshore is in those Canada lands or not will be a matter to be decided either by negotiation, as we have attempted to do for the past ten years, or by the courts; but surely you could not have an energy policy without dealing with the Canada lands, and the matter of what is included in those lands will be determined in some other way.

HOUSING

LAND BANKING—REFUSAL OF REQUEST FOR ASSISTANCE BY CITY OF VANCOUVER

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is for the minister responsible for CMHC, whom I would like to welcome back from the city of Vancouver which, to quote him, has the hottest housing crisis in North America. The mayor of Vancouver asked the minister for $15 million to help establish a land bank program, which is absolutely essential to de-escalate the extreme situation going on in the housing field in that city, and also to build affordable housing. How can the minister justify to the House the fact that he refused this help for Vancouver when apparently he agreed that there is a terrible housing situation there, and when he also admitted that he has surplus funds available in his community service grants budget which could be used for this very purpose? Why does the minister have to wait for advice from a real estate conference in March before acting on behalf of Vancouver?

● (1425)

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, in my discussions with Mr. Chabot, the provincial minister for housing and with the mayor, I think it was generally understood that the land banking proposal, the request for $15 million, was a long-term or medium-term plan of the mayor and council in addressing the question of need, the point being that if lands were made available in the future possibly the problem being experienced now in Vancouver and in the lower mainland would not be as acute. It is a request for all governments to join in co-operation, as we have in the past, under some program for addressing housing needs. I think the mayor was more concerned with the immediacy of the problem. Of course, in that respect we have been able to respond immediately with the designation of social housing units, from an initial designation of 600 last year to over 3,000 for the year ending 1980. I am directing my attention to the immediate needs, and I thought the mayor, the councillors and the provincial minister with whom I met understood that as well.

ADDITIONAL SOCIAL HOUSING FUNDS—ELIMINATION OF SPECULATION

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, certainly the situation in Vancouver demands action now. Why wait for spring; it is now that a solution is needed and the planning should start.

My supplementary question is directed to the Deputy Prime Minister and Minister of Finance. Last week the minister said that he would forward my request for additional social housing funds to the cabinet social development committee. The first part of my question is: Will the minister confirm that he submitted it to, and supported it in, the social development committee? Second, since the monthly increase in the value of a home in Vancouver is greater than the earnings of a worker, and the vacancy rates in at least six other major cities in Canada are very low, what action will the minister take to bring in a 100 per cent capital gains tax in order to eliminate this terrible speculation in housing?

Presence in Gallery

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the interests of brevity, the answer to the first part of the question is yes and the answer to the second part is no.

Mrs. Mitchell: Madam Speaker, I will return to the minister responsible for CMHC. Perhaps the minister is aware that last week the hon. member for Oshawa was in Vancouver—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. I would ask the hon. member to omit her preambles and go immediately to her question.

Mrs. Mitchell: Does the minister support the economic recovery program proposed by the hon. member for Oshawa which would include lower mortgage interests, revitalizing CMHC, increasing non-profit housing, leasing Crown land for housing, and reinstating community services grants to municipalities?

Some hon. Members: Order, order.

Madam Speaker: Order, please.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member made submissions on the designated day last week. I think there were ten points which perhaps reflected her idea of an economic recovery program. I indicated in my first answer that the government is addressing a number of those points in order of priority, where we think we can achieve the most immediate good in response to the present tight market. For some other areas such as the community services program to which she alluded, the money and space will not be free until 1982.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF COMMUNICATIONS FOR AUSTRALIA

Madam Speaker: I should like to draw the attention of members of the House to the presence in our gallery of the Minister of Communications and leader of the House for Australia, the Right Hon. Ian Sinclair.

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for Victoria.

Hon. Allan B. McKinnon (Victoria): Madam Speaker, since the Minister of Supply and Services is not present in the

House at this time, perhaps Your Honour could see me at a later time or later date.

* * *

● (1430)

NATIONAL RESOURCES

ZINC—STATUS OF PROPOSED REFINERY

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is for the Parliamentary Secretary to the Minister of Regional Economic Expansion. It is with regard to the proposed new zinc refinery in Belledune, Restigouche county, New Brunswick. Could the parliamentary secretary inform the House as to the status of this proposed new refinery, in light of excellent world markets for zinc? Can he inform the House as to the anticipated construction date of this important refinery, which will bring many permanent and much-needed jobs to the area?

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Economic Expansion): Madam Speaker, no money yet has been requested of the department for that operation. However, the Department of Regional Economic Expansion has committed over $1,600,000 to preliminary engineering and design work for the facility. Because it has put that amount of money into the design work and preliminary engineering, the department feels the project is a very positive possibility.

* * *

EMPLOYMENT

PROGRAM FOR THE DISABLED—ASSURANCE OF FULL PARTICIPATION

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, my question is for the Minister of Employment and Immigration. The minister called a hurried press conference together this morning to announce $59 million for the disabled and the chronically unemployed. I regret the announcement was not made in the House, where we could have made a suitable response. In the absence of that opportunity, I would like to ask the minister how much of the $59 million is allocated to the disabled. Over what period of time will it be available, what assistance and what assurances will be given for permanent employment at fair wages?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in my response to the hon. member I would like to elaborate on the press release, which was based upon the program announced in this House previously, when we announced our general employment strategy last summer. The program is a two-year experimental program. It is designed to provide employment opportunities in the private sector for the disabled, the mentally and physically handicapped and those who have disadvantages in the workplace.

The program is designed to give grants to the employers. It is our assessment that once that takes place, once the disabled are able to overcome that first barrier of obtaining a private sector job, they will then be able to stay in that job and demonstrate their worth and therefore obtain a high degree of commitment to continuity over a period of time. Our commitment is to take a look at this experimental program, at the sum which was paid, and if it seems to be a good program and provides for the incentive we need, obviously the government would be prepared to examine whether or not the program should be expanded.

Mr. Dinsdale: Madam Speaker, I have already had feedback from the disabled community pointing out that employment in sheltered workshops and temporary employment at low wages has been the chief deterrent in the past for permanent employment of the handicapped. Will the minister give us assurances that qualified disabled people will be able to participate in all government programs? They want to be integrated. They want to be part of the community and not earmarked in this special way. They want the assurance that they will be provided assistance from all government programs, including assistance for the setting up of small businesses and, particularly, the provision of technical aids designed to overcome motor and sensory disabilities which make full employment possible. This is the only way in which they can become fully employed.

Mr. Axworthy: Madam Speaker, the hon. member will recall that we have introduced affirmative action programs in the public service. One of the groups included in that program is the disabled or the handicapped. We have also introduced the affirmative action principle as part of our over-all job-creation program. Again, they are one of the identified target groups which will receive special assistance. As part of the announcement today with respect to the program for the disabled we are offering grants of up to $5,000 to any employer who takes the physically or mentally handicapped as part of the employment package to renovate facilities or provide special equipment where necessary.

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OLYMPIC GAMES

1988 WINTER OLYMPICS

Mr. John Kushner (Calgary East): Madam Speaker, my question is for the minister responsible for fitness and amateur sport. As the minister knows, the city of Calgary is bidding to host the 1988 Winter Olympic Games which will be awarded in October of this year. What is the minister doing to help the city of Calgary in its bid for the 1988 Winter Olympic Games?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I thank the hon. member for Calgary East for his question. His interest in the Olympics bid by Calgary is well known. I want to assure him that my department is totally supportive of the

bid by the Calgary Olympics Committee. I might add that it is an excellent committee which has been doing the work of seeking to have the games awarded to Canada for 1988.

We have given an official indication to the Olympics Committee that we endorse Calgary's bid. On Monday, in Calgary, I will be indicating a contribution by my department toward the cost of the bid, which is, of course, a very expensive undertaking. We have approved in principle, if the bid is successful, assistance in the form of revenue-producing stamp and coin programs, which we think will be helpful. We are very supportive of the efforts of the Calgary Olympics Committee to convince the Interprovincial Lottery Commission, which now has control of the lotteries of this country, to allow Calgary substantial revenue from those provincial lotteries, or to establish a special lottery to make the financing of that undertaking possible.

Some hon. Members: Hear, hear!

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CANADA SAVINGS BONDS

REQUEST FOR INCREASE IN INTEREST RATE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of Finance. The minister will know that today the bank rate indicates continuing blind adherence by this government to its high interest rate policy. In light of that, the minister indicated a week ago that he would be fair to Canada Savings Bonds holders. The minister will know that the rate is only 11½ per cent, while banks, trust companies and other financial institutions are paying higher rates. Will the minister now be fair to Canada Savings Bonds holders and increase the rate to 12½ per cent?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I have mentioned to the hon. member on a number of previous occasions, I am obviously monitoring the rate of Canada Savings Bonds. In that regard, on one occasion late last year the rate was adjusted.

Despite the comments which he has made today the Canada Savings Bond is still a very attractive instrument. I have not yet reached any decision to alter the rate at the present time.

Mr. Blenkarn: Madam Speaker, the minister will know that $261 million worth of Canada Savings Bonds were redeemed last week. He will also know that probably more will be redeemed this week, as the high interest rate policy of the government carries on. It costs the government a great deal of money to place those bonds, at least 1 per cent. Will the minister, in the interest of running a reasonable economic system in Canada, do something to retard the redemption of these bonds? Will he at least be fair to the people? Will he pay the people the kinds of rates which he is prepared to pay to the big banks and the bond market generally for money which he borrows?

Mr. MacEachen: Madam Speaker, of course we intend to be fair to those who have purchased bonds. The Canada Savings Bond has certain features which no other instrument has. For that reason, in addition to the interest rate, these other features, which are attractive to subscribers, must be kept in mind. I will certainly keep in mind the question of fairness so that the fair thing will be done at the appropriate time.

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HAZARDOUS SUBSTANCES

USE OF PESTICIDES—POSSIBLE HEALTH RISKS

Mr. Simon de Jong (Regina East): Madam Speaker, my question is for the Minister of National Health and Welfare. On June 23, 1980, the minister assured Canadians that there was no evidence that pesticides tested in the U.S. by Industrial Biotest Laboratories "represent a health hazard to users or as residues in food." Yet on January 7, 1981, the Regina *Leader-Post* revealed that secret Canadian government memos obtained in the United States indict IBT for fraudulent captan safety studies. The memo reveals that as early as 1978—

Madam Speaker: Order, please. Would the hon. member ask his question, please?

● (1440)

Mr. de Jong: Is the minister still prepared, in light of the recent disclosures about the health hazards of captan, to stand behind her statement of June 23, 1980, when she claimed that there is no evidence that any of these pesticides represent a health hazard?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I can confirm that on January 7, I believe, the CP wire service carried a story on the possible health risks associated with captan. Generally speaking, the information contained in that story was correct and corresponds with what I said in the House previously. Replacement studies were initiated by the registrants some time ago because tests on captan which were carried out by Industrial Biotest Laboratories in the United States were invalid. The results of a critical cancer study are expected to be available some time this month.

Mr. de Jong: I have a supplementary, Madam Speaker. The secret Canadian government memos also revealed that five pages of the test reports were altered by IBT after Chevron Chemical Company, a major manufacturer of captan, expressed concern about the high number of mutations found in animals exposed to the chemical. Yet the Canadian government has asked Chevron to carry out new testing on captan. Can the government assure the Canadian people that falsification of testing will not occur again?

Miss Bégin: Madam Speaker, a Canadian ministry is not and cannot be responsible for invalid tests performed by an American laboratory. The objective of any monitoring of tests

by a government is to ensure that they are valid, well done and not falsified. As soon as the weaknesses of the IBT tests were known, they were declared invalid and the proper course of action was taken. We are continuously attempting to ensure that all tests are valid.

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EXTERNAL AFFAIRS

SUGGESTED CONDITIONS FOR RESTORATION OF DIPLOMATIC RELATIONS WITH IRAN

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister, who will recall that on Monday he said that his government will "move toward a normalization of relations with Iran as soon as possible". Would the Prime Minister assure the House of Commons now that restoration of full diplomatic relations with Iran will not take place until at least these two conditions have been met: first, that there be an investigation into and report on any torture or violations of the human rights of the American hostages; and, second, that Iran has demonstrated that it will accept the normal international standards of behaviour governing diplomats abroad?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there are two aspects to this question. The question about resumption of diplomatic relations with Iran by the Leader of the Opposition presupposes that we have broken off diplomatic relations which, of course, neither his government nor mine has done. We still have diplomatic relations with Iran. The question is, when will we take concrete steps to send our mission back to Tehran? As the Secretary of State for External Affairs said the other day, that certainly would be done in months rather than in weeks.

The return of diplomats will depend largely on the assistance which Canadians need in Iran, if any at all, whether those are Canadians needing consular help or businessmen seeking to resume operations or regain some of their losses. So we cannot answer this question in advance; it will be decided in the best interests of the Canadian people.

With regard to normal relations, since the remark quoted by the Leader of the Opposition is the answer which I gave, I should say that I believe the remarks were made in the context of sanctions. The sanctions were taken specifically to obtain the release of the hostages. The hostages have now been released. I believe that it would be the policy of this government, though it has not been made a decision as yet, to lift those sanctions, as, indeed, they have been lifted already by the EEC, Australia, Japan and other countries which wish to re-establish normal relations with Iran.

But this being said, we are concerned as a government about the news of ill treatment of the hostages, and we will wait for further information before taking any concrete steps, particularly in light of the fact that the object of this exercise was to ensure respect for international law, especially the Vienna convention on diplomatic immunity. As I argued very early in this whole crisis, I think that much of what happens will depend on consultations between the major parties concerned. We will be in touch with many of the countries which took steps similar to the steps Canada took.

Mr. Clark: Madam Speaker, we have had a long answer and little enlightenment as to what will guide the policy of the government. The question both Monday and today had to do with the resumption of full and normal relations with the government of Iran. On Monday the Prime Minister said that those full and normal relations would be resumed "as soon as possible". The Prime Minister is now quoting his Secretary of State for External Affairs to suggest that perhaps there will be a longer time period.

I have raised two conditions which we believe should be among the conditions necessary before that resumption is achieved. One is that there be an investigation into and report on the torture and violation of human rights relating to the American hostages; and the second is that Iran demonstrate that it is prepared to abide by the normal diplomatic customs in relation to diplomats abroad. I would like a simple answer to the question whether or not those two conditions will have to be honoured by Iran before full and normal diplomatic relations are established by Canada with Iran.

Mr. Trudeau: Madam Speaker, the answer to the second question has been given by the Secretary of State for External Affairs in this House when he dealt with this matter the other day, the same day as I dealt with this matter. He said—and I remind the Leader of the Opposition that if he is interested in this question, he should review what was said by the minister responsible—that we will not send diplomats to Iran until we are certain that the Iranian authorities are prepared to respect diplomatic immunities and the provisions of international law as laid down in the Vienna convention. The answer has already been given, and it is part of government policy.

As to the first part of the question, I am not quite sure who will carry out this investigation, what the suggestion by the Leader of the Opposition is or what is the international convention which he has in mind. It seems to me that this is a matter for the United States first and foremost. I repeat, we will be consulting with the United States as to what means they envisage in order to ascertain the facts of the matter.

Mr. Clark: Madam Speaker, the mystery is just exactly what principles will guide the government in this matter. I hope that the Prime Minister will consult with his Secretary of State for External Affairs when he returns and make a clear, concise, unambiguous statement as to what will guide them. Would the Prime Minister consider placing on the agenda of the upcoming economic summit in June, which will be hosted by Canada, the subject of terrorism perpetrated by governments against diplomatic personnel, so that such action would automatically trigger the kinds of economic sanctions discussed one year ago at the United Nations?

Mr. Trudeau: Madam Speaker, I answered that question just a couple of days ago in reply to the hon. member for

Sherbrooke. I remind the hon. member, as did the hon. member for Sherbrooke in his question, that it was Canada which achieved movement in the area of international terrorism at the Bonn Summit. This subject was raised again by Canada at the summit last year in Venice. As I said, I am prepared to raise the subject again this year. Hopefully, Canada will be successful in having positive steps taken, as we had steps taken after the Bonn Summit.

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ENERGY

WELLHEAD TAX ON OIL—EXPORT TAX ON NATURAL GAS—REQUESTED WITHDRAWAL

Mr. Jack Shields (Athabasca): Madam Speaker, my question is for the Minister of Finance. The Minister of Energy, Mines and Resources said yesterday in Alberta that he is prepared to negotiate at any time with Alberta on an energy agreement. The Minister of Finance today has indicated that he is prepared to change certain clauses of the agreement. Is the Minister of Finance prepared to withdraw the 8 per cent wellhead tax on the production of oil, and is he also prepared to withdraw the export tax on natural gas, as proposed by the producing provinces?

• (1450)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am sure that when the Minister of Energy, Mines and Resources was talking about negotiations he used that word with some care. Negotiations imply a willingness on the part of all participants to make adjustments. It is in that spirit that we are prepared to negotiate, on the understanding that those with whom we negotiate are also prepared to make accommodations and changes. That is the only spirit in which we would approach negotiations that would have any hope of success.

Mr. Shields: Madam Speaker, I would like to question the Minister of Finance once again. Will he clarify very simply whether he is prepared at least to negotiate the 8 per cent wellhead tax on petroleum and the export tax on gas?

Mr. MacEachen: Madam Speaker, we are prepared to discuss with the producing provinces—

Mr. Shields: Are you or are you not? Yes or no?

Mr. MacEachen: —all items which might lead to the conclusion of an agreement that would be fair to all parties. But to suggest at this stage that the Government of Canada should indicate unilaterally what items it is prepared to withdraw—

Mr. Epp: Never.

Mr. MacEachen: —would be a rather foolish operational method which I would not expect any hon. member to suggest.

AIRPORTS

OWNERSHIP AND CONTROL OF NORTHERN AIRPORTS

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, my question is for the Minister of Transport. On January 19, the minister stated that he would not transfer responsibility for northern airports to territorial governments if safety was impaired by the process. Will the minister further reassure the House by telling us that he will not transfer responsibility until such time as it can be demonstrated that air services in the north will be improved by the process?

Hon. Jean-Luc Pepin (Minister of Transport): That is the idea, Madam Speaker. If I remember correctly, this policy has been in existence for three or four years. One transfer took place under this policy in the past. It is now being reassessed and future decisions will have to justify that all economic and safety aspects are met. I think the general proposition is that there are a number of instances where a local government can do a better job, with a small airport particularly, than the national government.

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DISARMAMENT

AGENDA ITEMS FOR MEETING WITH UNITED STATES PRESIDENT

Mr. Chas. L. Caccia (Davenport): Madam Speaker, my question is for the Prime Minister. In preparation for the meeting with President Reagan, would the Prime Minister take the initiative and seek to have included on the agenda for discussion the policy of gradual suffocation of armaments as proposed by Canada at the United Nations in May, 1978. In addition, would the Prime Minister seek the support of the United States government for holding a disarmament conference in Europe, as proposed by the French and Polish delegations at the Conference on Security and Co-operation which is scheduled to resume in Madrid on January 27?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as to the first part of the question, for which I thank the hon. member and which is one very central to the Canadian government's concern, I would certainly hope that the United States would accept putting the question of east-west relations on the agenda in any forthcoming meeting I would have with President Reagan. It is essential that we discuss this together because it will obviously be an important part of the discussions we will eventually have at the summit in July.

In that regard, I can answer affirmatively to the hon. member's question that not only will we be discussing, for my part, the policy of suffocation but the other two elements of the speech on disarmament I made to the United Nations in 1979, that is to say, the resumption of the Strategic Arms Limitation talks and the comprehensive test ban.

As to the second suggestion made by the hon. member regarding the French proposal, I would say at this stage, not having examined it in detail, that we are in favour of confi-

dence-building measures, which I know the French proposal suggests. In that sense I can answer that part of the question affirmatively also.

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EXTERNAL AID

CONCEPT OF TRIPARTITE AID

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, my question is for the Prime Minister. Does the Prime Minister endorse the concept of tripartite aid as outlined in the Brandt report, and does he see a special role for Canada in this aid format?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker. The concept of tripartite aid was explored by our government long before the Brandt report was thought about. I recall having discussed it at Commonwealth conferences in the early 1970s. I discussed it again recently during my visit to Saudi Arabia and other countries. I proposed support for the energy affiliate of the World Bank, a suggestion which came from Mr. McNamara. It was a subject which I had discussed with Mr. McNamara before leaving Saudi Arabia. I did urge that proposal not only on the Saudis but on the Germans and on the French. It is a form of tripartite assistance where capital would be joined with technology from developed countries, both of which in this case would serve to seek greater energy self-reliance in the less developed countries.

Mr. Wenman: Madam Speaker, my supplementary question if for the Prime Minister. That parliamentary task force on North-South relations stated that Canada seems to have been able to achieve only limited impact in enlisting oil-rich countries in joint efforts. Because of the government's failure in this area, would the Prime Minister consider initiating, prior to the North-South discussions in Canada this year, a series of trilateral demonstration projects whereby Canada would provide technological expertise and equipment in conjunction, perhaps, with Arab financing for assistance to a country particularly in the poverty belt of Africa, such as Somalia? Would the Prime Minster consider several demonstration projects to get to the specifics of this particular aid form which he supports?

Mr. Trudeau: Madam Speaker, I proposed more than a demonstration project; I made a concrete proposal and Canadian government support for it. The hon. member, and I think his words should be noted carefully, indicated that the Canadian government had failed because it had not convinced the oil-rich countries to let us use their capital with our technology in Third World countries. That can be described as a failure of our government, Madam Speaker, but it can also be looked at as a natural disinclination by oil-rich countries in a surplus position to let somebody else use their capital.

It seems to me the demonstration projects suggested by the hon. member all have this difficulty. These are the difficulties which we have run into in the past. It takes an extraordinary amount of good will and generosity to give your capital to someone else so that it can be used in a third country. I do not fault the Saudis, among others, for being reluctant to embark upon that. That is why we have pursued the cause of the energy affiliate, because it would permit the oil-rich countries to have a greater say in such an affiliate through their votes. That is also why, as a fall-back position, this government in its energy policy has set aside some $225 million or $250 million to be spent over the next five years to help bilaterally, with our funds and our technology, the LDCs in finding energy self-sufficiency.

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ENVIRONMENTAL AFFAIRS

ALICE ARM, B.C.—DUMPING OF TAILINGS BY AMAX

Mr. Jim Fulton (Skeena): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. In view of the fact that the Minister of Indian Affairs has now designated $150,000 to the Nishga Indians to fight the Amax marine dumping, would the minister please tell us where he is at in the process of rescinding the special dumping permit issued to Amax?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I appreciate the hon. member indicating acknowledgement of the funds going to the Nishga to enable them to conduct research.

As far as the demand for an inquiry, which the hon. member has made several times both to my colleague, the Minister of Fisheries and Oceans, and myself, might I say that a panel of experts has been set up to look into the matter, notice of which has been communicated to the Nishga tribal chief, Mr. Gosnell.

• (1500)

If he finds that unsatisfactory as to a communicated vote to my colleague and myself, we will be prepared to consider some alterations for that type of panel to increase its participation and we would welcome its views. As the hon. member knows, that is the substance of the discussion the minister of fisheries, the hon. member and myself had yesterday.

Mr. Fulton: Madam Speaker, my supplementary is for the Minister of Fisheries and Oceans. I understand he is preparing to rescind the special order in council dumping permit to Amax. Can he bring the House up to date as to where we are at in that process?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I have not had before me a recommendation to this effect. Basically, the Nishga have told us they are not opposed to the project going ahead. They would like to be assured the project is conducted in a safe way. That is also our aim and our interest. We are trying to find a way to get a scientific review of the project, not a legal one because it is not

a legal problem. It is a question of scientific judgment and that is what we are working on.

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EMPLOYMENT

CUTBACK OF SUMMER JOBS FOR STUDENTS

Hon. David Crombie (Rosedale): Madam Speaker, my question is for the Minister of Employment and Immigration. This morning the minister announced the Summer Student Employment Program for 1981. As he knows, for people aged 15 to 21 this is a very important matter. Will he advise the House why he felt it necessary to cut back on the number of summer jobs for students from 70,000 to 49,000?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, if the hon. member will look at the statement, he will see that we say the number is 49,000. However, there are several streams to that program, including the cadet program and the student for hire program. There are several streams within the confines of that program.

The other allocation was to put further money back into the community employment programs to provide for ongoing work in the chronically high unemployment areas. Also under the new program we announced this morning is the program for the employment of the disadvantaged. A large number of those will be young people who have been chronically unemployed in those areas. It goes back to our basic philosophy, which is to try to target our resources at those who have the greatest need. We feel that those with the greatest need are the young people in the marketplace who have the most difficulty finding a job, and they should be given the greatest source of assistance from this government.

Mr. Crombie: Is the minister saying out of all of that that there will be 21,000 fewer jobs for students this summer?

Mr. Axworthy: No, Madam Speaker.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Nepean-Carleton): Madam Speaker, I wish to ask the government House leader some specific questions with respect to the business of the House. Last week the Chair struck down the first part of the tax bill, indicating the government will have to fund some borrowing authority, if it intends to do so, in another bill. Can the House leader tell us his plans with respect to that and where the bill would stand in the order of priorities if he did indeed bring it forward?

Also, we have some indication that there is an intention to introduce an excise tax bill. I wonder if the House leader might comment on that. The customs tariff bill is presently on the order paper, which the government wishes to call. Is he prepared to say something with respect to that?

In answer to a question by the Leader of the Opposition, he indicated there were processes in place for some institutional reform. We know the freedom of information bill is on the order paper. I understand from his parliamentary secretary that some parliamentary reform proposals are being prepared. Will he confirm that is the case and indicate what priority he attaches to each of these matters to which I have alluded?

Mr. Pinard: Madam Speaker, in so far as the borrowing authority is concerned, we will be in a better position to give some indication to the hon. member in the near future. The same answer applies to the excise tax bill.

With regard to the customs tariff bill, there is an agreement among us. Following consultation, we agreed to dispose of second reading stage of this bill tomorrow afternoon. There will be one speaker per party. The bill will then be sent to a standing committee of this House rather than Committee of the Whole. That is the understanding among House leaders, and that will be done tomorrow.

Following that, we will resume debate on second reading stage of the income tax bill now under discussion. I hope that bill will go to Committee of the Whole at the beginning of next week. There is a good indication that that is a serious possibility. I think it would be very useful to allow members to deal with the specific provisions of that bill. It would be much more useful than sticking with second reading stage to which so many days have already been devoted.

[*Translation*]

Madam Speaker, essentially this is the business for next week, and we hope that we shall also have consideration in Committee of the Whole of the bill to amend the Income Tax Act. As everyone knows, today is an opposition day. Finally, as concerns the last request of the Conservative House leader in relation to the question of parliamentary reform, I believe that my reply to his leader was complete. Once again I will say that this matter is very important for all members of this House. It is true that we are now working on some parliamentary reform proposals and I hope to be able to brief all the hon. members on the subject reasonably soon, but my colleague will understand that we have a relatively full agenda for the coming weeks and months as we have to consider very urgent matters dealing with the economy, energy and the Constitution. Therefore it is not very likely that our proposals can be fully approved and made public for discussion purposes before Easter. However, I hope that between Easter and the summer break, we shall be able to make these positions public so that they may be analysed and considered by the House as a whole.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, the House leader did not comment on the freedom of information bill which was the one matter I mentioned. That can be discussed among ourselves, or perhaps he may wish to comment on it now.

There is one other item I want to put to him as a matter of practice. When his predecessor, the Minister of Finance, was Leader of the Government, it was the practice for us to submit to him a suggested list of allotted days to cover a period of time. That would act as a guide to the government in choosing allotted days. Of course the government was not bound by those days because they were allotted one at a time. I wonder whether that practice would be agreeable to the government House leader, given the fact that we have a fair number of them and a rather large legislative program to accommodate.

Mr. Pinard: Yes, Madam Speaker, with pleasure. I followed that practice last spring. It was not done last fall because all the allotted days were grouped together for the period of supply. I intend to suggest a list. It will not bind the government, but may be useful to House leaders. With regard to today's allotted day, I did consult with my colleagues. It is at their request that I allotted today rather than last Tuesday, which would have been more practical for the government. Therefore, my answer is yes, I will be pleased to provide him with a list.

In so far as the freedom of information bill is concerned, as the hon. member well knows, this House is faced with a very heavy schedule for the next weeks and months. Many times I have asked if there was agreement to deal with second reading stage of that bill in one day. If that were the case I would be pleased to try to find one day which would be suitable to all parties.

The Conservative House leader indicated that he has a long list of speakers and that possibly two days minimum would be required. With so many budget bills and tax bills which have deadlines, it is practically impossible at this time to set aside two days. In addition, we have the constitution to deal with and all the energy measures, as the hon. member knows.

If the opposition wants that bill to be very thoroughly studied by the standing committee, I will be pleased to discuss setting aside a period of time not exceeding one day in the very near future. I hope the Tories will agree to not more than one day's debate, taking into consideration the very heavy burden facing us and which we must deal with in order to assume our responsibilities.

Mr. Baker (Nepean-Carleton): It is unfortunate that this discussion concerning freedom of information has only been in respect of the number of days. Would it be within the purview of the government, leading to further discussion, to have a long day allotted to the freedom of information bill? Would that be within the thinking of the government and, if that is the case, would it be within the thinking of the government that we might have a long day allotted next week to this matter?

● (1510)

[*Translation*]

Mr. Pinard: Madam Speaker, I shall be happy to take this positive suggestion into consideration. It now seems that the Progressive Conservative Party is prepared to agree to one long day of debate. The Secretary of State has also subjected me to a lot of pressure. I shall be happy to take the suggestion into consideration and, if need be, to discuss it with the House leader in the near future at a meeting of the House Leaders.

[*English*]

Mr. Knowles: Madam Speaker, in respect of the bill regarding access to information, we are quite prepared to enter into discussion on a shortened debate so it could be given second reading and referred to the appropriate standing committee.

In respect of the customs tariff bill, I am happy to confirm the agreement we revived, the one we had in December, to limit ourselves to a one speaker per party debate on second reading tomorrow so that bill can then be referred to the Standing Committee on Finance, Trade and Economic Affairs.

I noted also the request of the minister that we get into Committee of the Whole on the income tax bill, C-54, as soon as possible. We are disposed to do that, it being understood, of course, that on clause 1 of the bill it will still be possible for members to make general speeches, the one difference being that they would be 20 minutes each instead of 40 minutes.

I hope the minister will pay some attention to the very friendly answers I have been getting from the Acting Minister of Veterans Affairs, and that if that minister tells the government House leader he has a piece of legislation ready I hope he will fit it in, without question.

May I also ask the government House leader about Bill C-42, the Post Office legislation turning the Post Office into a Crown corporation. We were put under great pressure about that last October and November. The bill is back on the Order Paper. Can it not be called fairly soon?

I have one other question. The other night when the Parliamentary Secretary to the Minister of National Health and Welfare was answering a late show question by the hon. member for Edmonton South, part of the question being, "Could we not have a full debate on North-South relations and other matters with reference to external affairs", the parliamentary secretary suggested we might get together and each of the opposition parties might contribute one of their opposition days and the government might contribute a day so we could have a full debate in this area, particularly in the area of North-South, and perhaps even more. I wonder if the government House leader would be willing to enter into some discussions about the possibility of having such a full-dress debate on these important matters?

Mr. Pinard: Madam Speaker, I have three answers to three questions. First concerning veterans, I will be glad to talk with the acting minister and I hope to be in a position to give a satisfactory answer in the reasonable future.

Second, concerning the Post Office, I have started discussions with the Postmaster General and I think we will be in a position to know if amendments will be required at the report stage. As soon as this is clarified I hope we will find some time to dispose of the report and third reading stages of that very

urgent bill within a very short period of time in the very near future.

Third, in respect of North-South, this is a subject that is very important to the Prime Minister, to this party and to this Parliament. I welcome the suggestion made by the hon. member. It deserves to be considered very seriously and I intend to raise that matter at a future meeting of House leaders so that if the opposition is willing to give some of its allotted days then it might be easier for the government to try also to give a bit of its time, which is very precious and needed for all the programs about which I talked earlier. We are willing to take that into very serious consideration in the very near future.

Mr. Knowles: Madam Speaker, a week ago today I asked the government House leader if he would discuss with the Prime Minister the possibility of his making a statement on North-South arising from his trip. Of course the government House leader had to leave it to the Prime Minister. Is there any chance of that being implemented, having a statement on motions by the Prime Minister on his recent trip and on North-South generally?

An hon. Member: That used to be the practice.

Mr. Pinard: Madam Speaker, I hear the comment that that used to be the practice. Let us take into consideration the fact that we are dealing now with a Parliament which follows two elections within a year and which has a very special and heavy burden that former Parliaments did not face. These are very special circumstances. In any case, the Prime Minister answered questions on the subject during the question period. I do not want to use an allotted day to ask the Prime Minister to make that statement, thereby depriving the opposition of their precious time. I think the suggestion made previously by the hon. member is much more sound. That suggestion deserves serious consideration and I would prefer to consider the possibility of using allotted days, and perhaps some government time, to deal with this issue. In the meanwhile, the Prime Minister is here every day and I am sure he is delighted to answer questions on that very important subject.

Mr. Baker (Nepean-Carleton): Madam Speaker, I have just one thing to add that I neglected to say when I was last on my feet, and that is to indicate my agreement in respect of the proposals regarding the customs tariff bill. Our speaker will be the hon. member for Edmonton West.

Madam Speaker: Is the hon. member for Don Valley West rising on a point of order?

Mr. Bosley: Madam Speaker, I rise—

Madam Speaker: I am sorry, but I want to know if the hon. member is rising on a point of order.

Mr. Bosley: Yes, I rise on a point of order.

Madam Speaker: On government business?

Mr. Bosley: It is about House business.

Madam Speaker: Very well.

Mr. Bosley: Last week, on Wednesday, the Minister of Labour and the Secretary of State for Communications agreed that they would appoint a special mediator in regard to the Montreal French CBC strike. My understanding is that the mediator or special envoy has now reported. This matter is very important to us in the House, Madam Speaker, and I only ask whether we are going to get—

Madam Speaker: Order, please. This is not a point of order addressed to what we call government business. If the hon. member has a point of order to raise, I will recognize him later. Just so the hon. member realizes, I am trying to hear hon. members in the order in which they have asked for the floor. We have others who have asked for the floor on certain questions which have to be dealt with before that which the hon. member is talking about, and I will recognize him with pleasure later.

[*Translation*]

I have received notice of a question of privilege from the hon. Minister of National Health and Welfare whom I now recognize.

* * *

PRIVILEGE

MISS BÉGIN—STATEMENT MADE BY MR. CLARK

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I rise on a question of privilege which, through you, affects the privileges of all hon. members in the House and which I relate to the Right Hon. Leader of the Opposition (Mr. Clark) and to an incident yesterday. Anyone in the House who reads yesterday's *Hansard* will notice, I think, a very serious breach of privilege on which I want to comment today.

[*English*]

Page 6410 of *Hansard* of the debates yesterday indicates to us that in the middle of an exchange between members during the question period, after you had called some members to order the Right Hon. Leader of the Opposition at one point said clearly, and we all heard him and, of course, it is recorded in *Hansard*:

> So much for an impartial Speaker.

Some hon. Members: Shame, shame!

Miss Bégin: This was broadcast across the country from coast to coast, and it has been reprinted in some newspapers in French and in English.

● (1520)

It seems to me that this has brought an amplification across the country of an attack against the authority and impartiality

which make the Chair the institution without which this Parliament cannot function.

[*Translation*]

For instance, if I may be permitted to note that Beauchesne thus defines your characteristics:

[*English*]

The chief characteristics attached to the office of Speaker in the House of Commons are authority and impartiality . . . Reflections upon the character or actions of the Speaker may be punished as breaches of privilege. His—

Her; this is an old book.

—actions cannot be criticized incidentally in debate or upon any form of proceeding except by way of a substantive motion.

[*Translation*]

I could go on at length in this vein but I will refrain because it seems to me that the matter is much more serious than a legal question. For several weeks, I would even say for several months, hon. members have certainly noticed that in some corners of the House every opportunity lends itself to making disparaging insinuations against the very office of Speaker of the House. Like many of my colleagues I am not fully conversant with our procedure. I think that most of us do not have legal training, which indeed strikes a healthy balance in the representation of Canadians. Still we cannot operate properly if, through you, Madam Speaker, there is lack of respect for the rules of the House. The Right Hon. Leader of the Opposition did let slip unfortunate comments in the past. I do not know why. We all have our ups and downs, some weeks or months are more difficult to live through. But we cannot tolerate that the fundamental institutions of the House be held up to ridicule to the extent they were yesterday. As proof, witness the importance given to our debates by the TV media which show on every screen throughout the country the acts of a person whose personality and duties we fully respect.

I might add that it is rather ironic to listen to the intervention of the Leader of the Opposition who seems anxious either to destroy you, Madam Speaker, or destroy the role you are playing among us, or perhaps to create an atmosphere of disorder in the proceedings of the House. I cannot say what motivates him. But it is ironic indeed that such a direct and flagrant attack against the office of the Speaker of the House is made by the Leader of the Opposition during an exchange of questions, allegedly in support of a better status for Canadian women, allegedly in support of Canadian women who have significant achievements to their credit, at the very moment when members on both sides of the House were speaking for others instead of letting women themselves air their views. And then the Leader of the Opposition could not do any better than launching an attack against the first female Speaker of the House of Commons of Canada in a way such as I have never witnessed before in the eight years I have been here, which happens to be the length of her mandate as well.

Since the beginning of the week we have had many questions about the Advisory Council on the Status of Women—and we will be hearing more about it today since that is the subject chosen by the Progressive Conservative opposition—and I have noted how very easy it is, and unfortunately very sanctimonious on the part of certain people, to appear as champions of the cause of women, in words but not in deeds, supposedly to promote equality and simple justice for women.

I find it particularly deplorable that the Leader of the Opposition did not enrol for more courses in sociology and social psychology. Had he taken a course on institutions, he would have learned that institutions have life, personality, those very institutions of which he always poses as guardian. He has been preaching to us about that ever since he got elected, always posturing as the specialist of great issues. He would have learned that if people who work within an institution lack respect for it, it does not exist. To my mind that is the most serious consequence of the insidious attack which the right hon. gentleman probably let slip during question period yesterday.

The only thing left for me to do, Madam Speaker, is to demonstrate as best I can that such an attack against you was indeed a breach of privilege. For example, Sir T. Erskine May sets it out very clearly, I think, in his nineteenth edition, page 152, and I quote:

[*English*]

As examples of speeches and writings which have been held to constitute breaches of privilege or contempts may be mentioned:

First of all:

Reflections on the character of the Speaker and accusations of partiality in the discharge of his—

Or her.

—duty.

[*Translation*]

And then he gives a whole series of references to cases over the years where this type of attack was the first example given of a breach of privilege of each member of the House.

Having established as best I can, I think, the inadvertence and the unfairness of the comments which the Leader of the Opposition probably let slip, I suggest to you, Madam Speaker, that in all likelihood there was a breach of privilege. I am aware that the Leader of the Opposition is well known for his respect for formalities, we have often heard him speak on that subject.

[*English*]

I therefore ask him to withdraw this unfortunate remark. If he does not, and Your Honour finds a prima facie breach of privilege, I propose to move:

That the remarks of the Leader of the Opposition in regard to the impartiality of the Speaker be referred to the Standing Committee on Privileges and Elections.

Some hon. Members: Hear, hear!

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise on the question of privilege. I will be brief, and I will obey the rules of the House.

First, I must express my surprise that the Minister of National Health and Welfare (Miss Bégin), who has risen on this day when the government is desperate to demonstrate its respect for women, did not give me notice of a question of privilege relating to me, and my surprise that she did not rise at the first opportunity available to her, which was yesterday—if she was sincerely interested in this question—instead of simply using this matter as a means to shorten a debate on an allotted day.

Some hon. Members: Order!

Mr. Clark: That deals with the minister.

Respect for the Chair is crucial to the conduct of this House, and I would not want to see that respect eroded by any member of this institution. My interjection yesterday was inappropriate for an officer of this House, and I consequently withdraw that interjection.

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for Restigouche (Mr. Harquail).

Mr. Harquail: Madam Speaker—

An hon. Member: No. That is the end of it.

Mr. Paproski: Order.

Madam Speaker: Order. I am sorry. Indeed, since the right hon. member has withdrawn the words, which I am sure went beyond his thoughts, the question is now closed.

* * *

● (1530)

POINT OF ORDER

MR. BOSLEY—CANADIAN BROADCASTING CORPORATION—RADIO-CANADA JOURNALISTS DISPUTE

Mr. John Bosley (Don Valley West): Madam Speaker, I rise on a point of order which has nothing to do with House business. My point of order is this. Last Wednesday, as reported in *Hansard*, the government agreed to appoint a special mediator to look into a most unhappy strike that has been going on in the CBC in Montreal. I understand the mediator was appointed and so I was expecting a statement on motions today. Since I gather he has reported to the minister and our interest in this matter is critical because, unhappily, there is a growing sense in Quebec that the government is not interested in settling the strike because it prefers the news blackout on constitutional matters, my point of order is to find out from the minister whether he proposes to speak on this on motions, because I think a member of the House has asked him to do it during question period. I think the minister has an obligation to report on motions on the mediator's response to him. I assumed that it would be done as soon as the report had been made to the minister, which I think is now.

Madam Speaker: Did somebody wish to respond to that?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, obviously the hon. member has no point of order. He was unable to get the floor during the question period to ask a question, which would have been the proper way for him to bring this matter forward if he had an inquiry to make. Certainly there is no point of order.

The mediator who is seized with the responsibility of investigating the present situation with regard to the strike to which the hon. member has referred is vested with that responsibility. Any report he has made has been of an interim nature. He has spoken of meetings with the parties pending a meeting of the membership of the union over the weekend. Indeed, as I said at the time of his appointment, he was appointed to carry on exploratory mediation to see if the parties are in a mood to make the concessions necessary on both sides for an agreement to take place. That may be a very difficult course to steer, and I do not believe the mediation is helped by having a daily report in the House on the result of his meetings. That is not the way that mediation works.

I want to stress that the role of the Department of Labour is that of an arbiter, a helper between management and the trade unions involved. There is no proper way by which we can force parties to change their positions or to agree, under a free, collective bargaining system. Our role is to provide help at the appropriate moment, and we are attempting to do that through the appointment of one of the most able mediators existing in any jurisdiction in Canada. That is all I can say on the matter at present, except to repeat that obviously there is no point of order.

Madam Speaker: I think I have to tell the hon. member that his point might have been raised more properly during the question period. I know that the hon. member was trying to get the floor, and I must tell him that he was next on the list but the clock did not permit me to recognize him. When hon. members wish to pursue a question of this nature, there is a proper time at which to do it.

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

EXCISE TAX ACT

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, pursuant to Standing Order 60, I am now tabling a notice of ways and means motion

to amend the Excise Tax Act (1) and a notice of ways and means motion to amend the Excise Tax Act (2).

Pursuant to Standing Order 60, I would ask you to designate the required order of the day for consideration of the two notices which I have tabled today, and for notices Nos. 13 and 14 on October 28, 1980.

* * *

MISCELLANEOUS STATUTE LAW AMENDMENT ACT, 1981

MEASURE TO CORRECT ANOMALIES IN CERTAIN ACTS

Hon. Yvon Pinard (for the Minister of Justice) moved for leave to introduce Bill C-56, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other acts subsequent to 1970.

He said: Madam Speaker, I am told that there have been consultations among the House leaders and that there is unanimous consent to deal with the three stages of this bill without debate right now, because it is a non-controversial bill.

Mr. Baker (Nepean-Carleton): Yes, Madam Speaker, today is one day in which Parliament will live to deal with the three stages of the bill on anomalies.

Mr. Knowles: We agree, but it will be an awfully short lifespan.

Motion agreed to, bill read the first and the second times, considered in committee, reported, read the third time and passed.

* * *

● (1540)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,692, 1,699, 1,801, 1,897 and 1,969.

[*Text*]

CRASHES BETWEEN TRAINS AND OTHER VEHICLES, PEMBROKE, ONT.

Question No. 1,692—**Mr. Patterson:**

1. During the time in which records have been kept, how many fatalities have occurred as the result of crashes between trains and other vehicles at the so-called Five Mile Crossing, east of Pembroke, Ontario, where the CPR tracks cross highway 17?

2. Since 1950, on what dates did crashes occur and how many persons were killed in each case?

3. Has consideration been given to installing pre-warning lights at the crossing?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows: 1. Six (since 1931).

2. December 11, 1977, 1 killed, 1 injured; February 11, 1979, 1 injured; October 24, 1980, 2 killed.

3. Crossing is presently equipped with a warning signal, standard flashing lights and bell, and advanced warning signs. Pre-warning lights are not a standard form of installation. Pre-warning or advanced warning signs are the responsibility of the road authority.

QUESTIONNAIRE TO ENGINEERING AND SCIENTIFIC SERVICES GROUPS

Question No. 1,699—**Mr. Herbert:**

Did Statistics Canada send a questionnaire to engineering and scientific services groups in 1979 and, if so (a) to which groups (b) how many persons (i) were questioned (ii) responded?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports: in 1979, Statistics Canada did send a questionnaire to businesses providing scientific and engineering services.

(a) Questionnaires were sent to consulting engineering firms and to businesses providing other engineering and scientific services.

(b) (i) In the consulting engineering group, 3,778 firms were sent questionnaires and in the other engineering and scientific services group, 3,025 questionnaires were sent out.

(ii) Of the 3,778 consulting engineering firms, 2,834 replies were received; 2,559 responded of the 3,025 other engineering and scientific services group.

RENOVATION OF SWEENEY HOUSE, JONES FALLS

Question No. 1,801—**Mr. Cossitt:**

Is Parks Canada renovating a building, formerly a residence near Jones Falls, in the constituency of Leeds-Grenville and, if so (a) for what reasons (b) what will it be used for (c) at what cost?

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): Yes.

(a) The Sweeney house was designated of national historic significance along with ten other defensible lockmaster houses along the Rideau Canal. Only two of these houses, one of which is the Sweeney house, remain in their original format, that is, one storey without major alterations. The defensible nature and construction make them unique in North America and possibly the world. In addition little interpretation of the "average" family home of pre-Confederation Upper Canada had been done. These factors led to a recommendation from the Historic Sites and Monuments Board of Canada that Parks Canada restore the property. The recommendation was made in the Jones Falls unit plan and

accepted and approved as part of the management plan for Jones Falls.

(b) Uses—(1) Open to public (if staff permits), seven days a week during July and August and five days a week from May 24 to Thanksgiving. Parks Canada will provide an introduction to the house and demonstrate pioneer crafts as staff permits.

(2) The building will be open to school and special groups (by appointment) from April 15 to May 24 and again from Thanksgiving to approximately November 15.

(c) Cost—	Phase I (exterior)	$32,767.00
	Phase II (interior)	27,689.50
	Furnishings and costumes to November 27, 1980	10,463.00

PRIME MINISTER'S OFFICE STAFF

Question No. 1,897—**Mr. Stevens:**

On (a) October 31, 1979 (b) October 31, 1980, how many persons located in, or reporting to the Prime Minister's office received their salary from (i) the Prime Minister's office (ii) the Privy Council office (iii) other departments?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): (a) (i) 91, (ii) nil, (iii) nil.

(b) (i) 64, (ii) nil, (iii) nil.

QUESTIONS ON THE ORDER PAPER

Question No. 1,969—**Mr. Cossitt:**

Are there instructions in the Privy Council office that questions on the Order Paper concerning the government and its relations with the Liberal Party, such as appointments of Liberals to various posts, etc., be delayed in their answering and, if so (a) is it government policy not to answer such questions for lengthy periods of time (b) is the government in a position to state when questions of this nature will be answered?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): See reply to question No. 5,364 answered May 10, 1976.

[*English*]

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

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S. O. 58—ALLEGED INTERFERENCE WITH ADVISORY COUNCIL ON THE STATUS OF WOMEN

Mr. Walter McLean (Waterloo) moved:

That this House condemns the blatant interference by the minister responsible for the status of women in the plans of the Advisory Council on the Status of Women to hold a constitutional conference, demands the resignation of the minister, and urges that the mandate of the Advisory Council be changed to enable it to report directly to Parliament, as recommended by the Royal Commission on the Status of Women in 1970.

He said: Madam Speaker, in introducing and speaking to the motion today we as members of the opposition do so because of our concern about the credibility of the Advisory Council on the Status of Women, the important role it has played in the past, and the important work yet to be done.

In addressing the resolution before the House today and in introducing this matter for discussion, we do so in order that Canadians will be more aware of the important issues which affect the life of our nation, particularly 52 per cent of our nation.

For a moment I should like to make reference to the formation of the Advisory Council on the Status of Women. It arose out of the report of the Royal Commission on the Status of Women in December, 1970. The commission recommended a council which would be directly responsible to the Parliament of Canada to advise on matters pertaining to women and to propose legislation and policies to improve their status. In May, 1973, the council was officially established. In acting on the recommendation of the royal commission for change in legislation, the council was to introduce measures to improve the status of women. These were not to be presented to Parliament but to the government through the minister responsible for the status of women.

History records that at the first meeting in July, 1973, the council clarified its terms of reference. It outlined that it was to advise and consult on matters pertaining to women and to report annually; to undertake research and suggest research topics which could be carried out by governments, private businesses, universities and voluntary organizations as they relate to the status of women in Canada; to establish programs to correct attitudes and prejudices adversely affecting the status of women; to impose legislation, policies and practices to improve the status of women; to systematically consult with women's bureaus of similar provincial organizations and with voluntary associations particularly concerned with the problems of Canadian women; and to maintain a liaison with the United Nations Commission on the Status of Women and other national and international organizations as may be relevant.

In following its mandate since 1973, the record will show that beginning with distinguished Canadians committed to the cause of Canadian feminism, the council played an important

role in the life of Canada and in the raising of the consciousness of Canadians about the plight of women in many cases.

In the past the council gained the credibility and confidence of women and women's groups through advice given to the government on many issues including the following: adult occupational training; the appointment of women to boards, commissions, courts and the Senate; equal pay for work of equal value in the labour force; unemployment insurance criteria; maternity benefits; child care and the proposal for a national day care act; changes to the Criminal Code, including rape and prostitution legislation; employment programs and career upgrading for women; changes to the Income Tax Act, particularly as they affect dependent spouses; pension plans and the eligibility of housewives; benefits to female survivors; native women's rights; economic hardships facing older women and single parent families; and last but not least, the widely-acclaimed paper directing attention to the implications of the constitutional proposal. I mention these to show the significance of the council's work, that it is not in one corner or somehow a group merely directing its comments to an interest group, but widely affects the Canadian population.

When the council was first established, members were recognized for their expertise and their previous involvement in the concerns which I have just outlined. They brought stature to the advisory council; they gave it a reputation because of their own reputations. One might think of Sophie Stedman, the 1980 persons award winner, who had years of experience with business and professional women. One might think of Grace Hartman, the present vice-president of CUPE or the past president of the National Action Committee, who is recognized by feminists. There are many others who could be mentioned, but if we look at what has happened to the council from its beginning, we find that too many of its present appointees had little previous connection with women's groups, or at least they are not recognized contributors. They have had little previous experience and expertise with the issue facing today's women.

They attain their stature and expertise from their appointments to the council as a result of the politicizing of the Advisory Council on the Status of Women. It is politicized by the appointment of friends of the minister and campaign workers. This has meant that there was an easy possibility of interference by the minister which, after a long and subtle progression, has led to the resignation of the chairman, Doris Anderson.

A second result is that women's groups and other voluntary agencies across the country do not feel they were represented as they used to be. In the last few days, since the resignation of Mrs. Anderson, there have been comments from those who contribute to the awareness of women's issues across the country. Lynn MacDonald, President of the National Action Committee on the Status of Women, a voluntary group representing 150 women's organizations across Canada, said the postponement of the proposed conference showed "a lamentable loss of credibility" for the council. She added:

> The time for regional conferences proposed as a consolation prize to the women of Canada has long past. From the beginning the government failed to consult us, failed to consider us, and for a long time refused to hear us in discussion of constitutional change.

Miss MacDonald concluded that her group would:

> —re-think its position on the government-appointed advisory council . . . whether such councils appointed by politicians from among their political friends can reasonably be expected to speak for women is open to question.

● (1550)

Miss MacDonald's concerns were echoed by Linda Ryan-Nye, co-chairman of Women for Political Action, and Mary Cornery, co-ordinator of the Canadian Congress on Learning Opportunities for Women, and Laura Sabia, first and former chairman of the Ontario Status of Women Council.

What should the council be? First and foremost it should be an effective voice for women and women's groups. It must be, and must be seen to be, an independent and impartial advisory body. It must be viewed as a credible force in order to maintain the necessary liaisons and information ties with women's groups across the country. It must be seen as a body which can speak freely, even sometimes to the embarrassment of the government.

I would like to remind the House of the events which have led up to the discrediting of the council and to the questioning of its integrity. If we go back for a moment and think about the matter of constitutional input and discussion, we find that in September of 1980 the advisory council planned a national conference on the constitution for September 5. This was cancelled on September 2 due to the translators' strike. It was rumoured by several women's groups that political pressure caused the postponement.

I would like to move on to October, 1980. The National Action Committee's national conference on the constitution, to be held in Winnipeg, was cancelled when a request for $22,000 from the Secretary of State (Mr. Fox) was refused. This was money which would normally have been made available for groups such as this. The minister was asked to intervene on the committee's behalf, with no result. In comparison, other groups were receiving funding from other government sources in order to make their presentations before the constitution committee. We find that $1.2 million is allocated to the native peoples in order to allow them to travel and prepare their representations.

Later in October the National Action Committee held a small consultation conference for members in the Toronto area only. The minister was the guest speaker at this conference. He is quoted in the press as having "misjudged his audience, pompously talked down to them, patronized them, insulted them and then had the colossal effrontery to tell them to blindly accept the proposed charter of rights in the Constitution as a 'great leap of faith'."

Moving on to December, the advisory council rescheduled its September conference for February 13 and 14, 1981. It hired an organizer for the conference and speakers were lined up. Notices were sent out across the country. The minister agreed to host a reception and a luncheon. Then, in January,

after suggestions from the minister's office, the advisory council executive invited the minister to a meeting. He suggested regional conferences might be better than a national conference, which would bring 600 women to Ottawa just at the time the House is debating the constitutional amendments.

The executive voted 5 to 1 to cancel the conference until a later date, as the date in February might embarrass the government. A few days ago, on January 20, the entire council convened and voted to cancel. The president of the council, Doris Anderson, resigned.

We have before us, Mr. Speaker, a motion calling for the removal of the minister from his responsibilities and the restoring of the integrity to the council. Before us is a case where intentions and actions do not match. There is before us evidence of the failure of the minister to represent the concerns of the women of Canada, from a variety of sources. It is ironic that such a motion should be before the House when, in the throne speech delivered to this House, there were more references to women than there had been at any time before. These references suggested an increased commitment to women's programming and the issues in Canada which affect women.

Here in the House yesterday, during question period, the Prime Minister (Mr. Trudeau) gave the minister credit for a number of achievements in an effort somehow to support him in his ministry. Women's groups have commented to me their views on several of the points the Prime Minister read to the House from a memorandum handed to him. I would like to reflect on several of those points.

First, we were encouraged by the Prime Minister to believe that the minister's leadership was significant and that he had introduced measures to ensure affirmative action in the public service. The minister had established affirmative action in three departments. He set up a system of accountability within these departments. He has trained affirmative action counsellors. He is doing further statistical studies, too, for example, comparing the success rate of the public service with the private sector in terms of upward mobility of women employed.

But, here is the other side of the coin. He has stated that it will take about four years to implement this program. Yet, south of the border in the United States, evidence shows that their compulsory affirmative action program with the private sector took merely two years before structural systematic changes were evident with regard to upward mobility. Why does the minister say it will take four years when only three departments are involved, compared with the entire private sector in the United States?

The second of the Prime Minister's affirmations with respect to the minister is that he reduced the minimum insurable hours for unemployment insurance from 20 to 15 hours per week. This is a move which merely returned unemployment insurance to the status quo. Under the last Trudeau government, the former minister of employment and immigration raised the minimum insurable hours from 15 to 20 hours. Since that time there have been many outcries from women's groups claiming that this is unfair to part-time workers, 75 per cent of whom are female.

The third of the testimonials recited yesterday stated that the minister sponsored a $1 million ad campaign on women's employment. I have a copy of a December 22 letter to the minister from the National Action Committee objecting to these ads. The letter pointed out that the assumptions in the ads were, first, that women's work is trivial and, second, that women are a reserve army of labour and, third, that most employers are unaware of or have forgotten about women workers. The minister has not yet responded to this letter. We have also been told that the minister received strong complaints from the Canadian Labour Congress regarding these ads, through his affirmative action program in CEIC.

I would like to mention another item from the litany of the Prime Minister yesterday in praise of the minister responsible for the status of women. It is that the minister started a review of unemployment insurance to remove discrimination, among other things. The fact is that the minister did not start this review, but he continued the review which was in progress under his predecessor.

● (1600)

The minister did give the mandate to a task force, which will not be reporting until the spring of this year. So changes will not come into effect in the year 1981-82. The recommendations will be reviewed by Parliament. Women's groups suggested to me that, as a result, changes will not be ready for the fall deadline for inclusion in the 1982-83 fiscal year. Possibly the changes will be here in time for election year.

As I have consulted women's groups and talked with others about their disaffection with the minister responsible for the status of women, I have heard it rumoured that the minister has never yet visited his office at Status of Women Canada, which is symbolic of where his priorities lie. His predecessor met three or four women's groups per week in the Status of Women office.

Women's groups have expressed dissatisfaction with the minister's unwillingness to meet with him. When he does meet with such groups, one source says that he assumes the role of an instructor on women's issues, often correcting them.

A second small but telling comment is the apparent lack of support by the minister for striking government translators who were requesting improved maternity benefits. One women's group tells me that when the minister was asked to speak on their behalf to the President of the Treasury Board (Mr. Johnston) he refused. The minister was unable to produce from External Affairs a female diplomat or any woman knowledgeable in women's issues to attend in an advisory capacity the UN Mid-decade Conference for Women in Copenhagen this year. The minister did not attend the constitutional presentations of the advisory council, of the National Action Committee or other women's groups which have gone before the constitutional committee.

In recent weeks there has been much alarm over the introduction of a multimillion dollar program by the Minister of

Communications in support of office automation. Letters have been sent to the Minister of Employment and Immigration (Mr. Axworthy) soliciting his support for the implications of this action on women in the work force, most of whom are in clerical positions and who see an end of their employment. There was an acknowledgment today that a letter was received, one month and one week since its writing.

I mention these facts in support of the motion today which calls for a change, and to suggest that there are many things to indicate that there is not the caring or commitment there is in the words and speeches made by the minister from time to time since assuming this responsibility. The resignation of the president of the Advisory Council on the Status of Women, Doris Anderson, and the resignation in these last days of several members of the board, members of the staff, and the questioning across the country of the allegations that the minister has applied undue political pressure to the council, instead of encouraging women to voice their views on the constitution, regardless of what may be the cost in terms of immediate political deadlines, suggest that the current crisis will undermine the confidence that women's groups have had in the past in the council, and that the issues which the council seeks to serve will be undermined.

Women's groups across Canada have lost confidence in the minister who is supposed to have their best interests at heart. There is also a need, as our motion suggests, to depoliticize the council and restore it to its former position of expertise and prestige in our communities. One of the considerations which might be given to the representative nature of that council in advising government and Parliament, is that in the future nominations for the positions on the council be solicited from women from coast to coast, that these nominations be reviewed by an all-party committee which would then make recommendations to the minister, allowing some latitude for the geographical decisions and other decisions which would be part of the final decision. This would help to restore confidence in the council as an independent, impartial body with considerable stature and effectiveness.

Such a move would return the council to its original direction and mandate, as suggested by the royal commission, that the council report directly to Parliament. We are suggesting that this council is not an advisory group to a minister on a specific subject, whether it be sports, business or some related interest group, but, rather, a council which cuts across the life of Parliament and the life of the government.

Let us be reminded that there are deep women's issues involved in many of the departments of government which require a strong and committed advocate on behalf of the implementation of women's concerns, whether they be in the areas of employment, labour, regional economic expansion, justice, the Solicitor General's department, national health and welfare, veterans affairs, fitness and amateur sport, communications, consumer affairs, industry, trade and commerce, the Secretary of State's department, and immigration. They cut across matters of Indian affairs, international development, finance, national revenue, the Treasury Board, national defence and external affairs. These are but a few of the interfaces in terms of the life of Canada where the concerns of women and their rights ought to be heard.

In light of the rumours, the allegations and the unrest, we urge that a change be made in terms of the spokesperson in the life of government who will represent these concerns. We also call upon the government to return to the recommendations of its own royal commission and see that, as is the case with the Human Rights Commission report and the Auditor General's report, the report of the Advisory Council on the Status of Women comes directly to this House. Therefore, I have moved, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

> That this House condemns the blatant interference by the minister responsible for the status of women in the plans of the Advisory Council on the Status of Women to hold a constitutional conference, demands the resignation of the minister, and urges that the mandate of the advisory council be changed to enable it to report directly to Parliament, as recommended by the Royal Commission on the Status of Women in 1970.

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, we in this corner of the House support fully the motion introduced this afternoon by the hon. member for Waterloo (Mr. McLean). Indeed, I have listened with care and interest to his remarks and can say, I am sure on behalf of all members of my party, that we agree entirely with everything he has said in his carefully prepared address. We have an addition which we would like to make to the motion, but I will come to that in the course of my remarks. It does not take away anything from the motion but, rather, adds something to it.

One of the points made just now by the hon. member for Waterloo was with regard to the incredible advertisement which the minister responsible for the status of women had put into every major Canadian daily newspaper. I do not have the headline with me at the moment, but I remember it as vividly as I have ever remembered anything. It congratulated women for having "helped out" in the Second World War. This is the advertisement, under the jurisdiction of the minister responsible for the status of women, that women were in fact a reserve labour force, that women were a secondary part of the labour force, and still are. You would not talk about them having "helped out" if you did not think that was what they were going to do once again.

● (1610)

I suggest, therefore, that not only should the minister resign as the minister responsible for the status of women, but he should also resign as the Minister of Employment and Immigration if his view about the role of women, who now constitute 40 per cent of the labour force and in a few years will constitute 50 per cent of the labour force, is that of a reserve force. If his view is that they are people who help out in the employment needs of this country, then he should not be the minister of employment any more than he should be minister responsible for the status of women. It takes, to quote the minister, "a great leap of faith", also pointed out by the

previous speaker, to see the minister continue in either of these capacities.

There is no question in the minds of all of us on this side of the House, and I should think in the minds of a great many on the other side, including the Prime Minister (Mr. Trudeau) from what he said yesterday, that Doris Anderson was a particularly strong, effective, challenging president of the Advisory Council on the Status of Women. I think we can all agree to that. Perhaps she was a bit too independent, too strong, and perhaps too challenging. But she brought a degree of confidence to the operations of that council—and I have been watching it, as many of us have for years—not seen since its early years under Katie Cooke.

When the minister says, as he did yesterday, that the council should be congratulated for the work it has done on the recommendations it made to the constitutional committee, he should realize that what has made the council so effective in those recommendations has been the leadership provided by the president of that council. Enormous staff work has been done by the administration which she built up, because she is a good administrator. This too is evidenced by the quality of the research she had prepared by absolutely first-class women constitutional lawyers preparing the recommendations for the constitutional committee. Therefore it is a tragedy that it is she who has resigned and not the minister.

I think there is no question in anyone's mind, despite everything the minister has said to deny it, that the minister did make it very clear indeed that he would prefer not to have the postponed constitutional conference held in mid-February. It may be the council members dropped too quickly, like dominoes, at least 17 of them did, and I admire the ten who did not. It may be that they were too influenced because they are close friends or former campaign workers of the minister. It may be that they acceded to his request, acceded to his wishes—let me put it as wishes—too quickly. But from all of the evidence we have now seen in the documentation which is available to everyone, the minister was determined that the conference should not be held, and he was able to bring 17 members of that council into line.

On television last night we heard him say that he thought he had the support of the women of Canada in what he was doing. I wonder whether the minister has had an opportunity to read any of the letters or telegrams, or hear about the telephone calls which have come to the Advisory Council on the Status of Women, some focusing on the importance of holding the conference as scheduled in February, many on the importance of the council's integrity and independence, and many covering both of those, as well as their support for the president of the council.

Does the minister know, when he says that he has the support of the women in Canada, who has been writing, phoning and sending telegrams? There have been well over a hundred who have done this and I would like to list some of them for the record. Groups as well as individuals have called in. Just a few are the Newfoundland Status of Women Council; the Canadian Federation of Business; the Canadian Congress on Learning Opportunities for Women, Women for Political Action—the National Action Committee has already been mentioned—the Women's Research Centre in Vancouver; le Réseau d'Action et d'Informations pour les Femmes du Québec; the Nova Scotia Association of Women and the Law; the Voice of Women; the Coalition of Women's Groups; the Social Issues Committee of the YWCA; the National Association of Women and the Law; the Ontario Status of Women Council; the P.E.I. Advisory Council on the Status of Women; the Organization of Working Women; the Elizabeth Fry Society of Kingston, and the National Board of Directors YMCA of Canada, and so on.

Mr. Nielsen: The YMCA and the YWCA?

Miss Jewett: Both the YMCA and the YWCA, yes.

These are just a few of the organizations that have written to support the holding of this conference, which the minister was determined to have cancelled and in which he has succeeded, that wrote to support the integrity of the council from that kind of political interference, and that wrote to support Doris Anderson as the strongest president of the council there has ever been.

This raises the question of whether a council, whose members have a political loyalty to the minister, can survive. I do not think the present council can because of what has happened. But I have every wish, as I am sure we all do, that there be an advisory council. We will perhaps have to change its name. We do not want to see the minister enfold it into his department, which I sometimes think is what he has in mind. I think what he would really like is to have everything relating to women, women's programs in the Secretary of State's department, the women's bureau in the Department of Labour, but above all, the advisory council itself, to be part of his department. He does not want them out there talking. He does not want them criticizing government policy. He does not want them giving suggestions to the government, even good suggestions, as on the constitutional proposals. Therefore, it is all the more urgent, if that is in his mind, for us all to find ways and means of strengthening the council. Surely one of the most important ways is to get away from patronage appointments.

It is really shocking that over the years the council has been, in most instances, filled with people who are there because they have worked hard for the party in power, or because they have been campaign organizers, or because they deserve some small reward. They may be excellent women, many of them are. But unfortunately their first loyalty, given the way they are appointed, or the criteria of their appointment, is to the party.

• (1620)

What we should have, and many of these women might qualify on other grounds, is a council structure which will ensure that the membership of the council is not appointed just because of their political affiliation, but because of their involvement, interest in and concern for women's issues. They

could come from the great broad strata of women in this society and not from the rather narrow social class they now come from. They should be working women, unionist and non-unionist, native women, immigrant women, and housewives. If possible, they should be elected and not appointed.

The minister had an opportunity in the year or so that he has been minister to get a more broad and representative council. He threw it away. For example, at least six recommendations came from the Canadian Labour Congress. Recommendations were made by excellent women such as Mary Eadie. Recommendations came from rights for Indian women, Mary Two-Axe Early. There were representations from Nova Scotia from women such as Alexa McDonough, an excellent woman in the field of social work.

An hon. Member: Now in politics.

Miss Jewett: Now in politics but was not then. Actually, there were a number of people. I could mention Lee Grills from my province.

Mr. Dupras: A Liberal.

Miss Jewett: Actually she is a Liberal.

Mr. Dupras: It is just that you surprised me.

Miss Jewett: She showed on the National Action Committee a greater interest, understanding and concern about women than one might expect with her political affiliation. These names were suggested. They are all active, energetic, intelligent, independent people, and they were all turned down. The cabinet did not accept any of those suggestions. In other words, the minister did have a chance. They put one woman on that council out of 29, one woman from the labour movement who, I understand, has now resigned because the minister refused to accept any of the recommendations from the Canadian Labour Congress.

The minister is not only guilty of downgrading and patronizing women, but of ignoring the women in this country who represent sectors of our society other than the very narrow band from which he made his recommendations to cabinet. Therefore it is important that we urge upon this House, specifically the government, to do those things requested in the motion, in other words, condemn the interference by the minister responsible for the status of women in the plans of the advisory council, persuading 17 of the 27 present to cancel the conference. Cancellation of the conference was basically to slow down the momentum which Anderson was bringing to the discussion, the elucidation of women's issues.

The request for the resignation of the minister goes without saying. We equally support the further recommendation in the motion that the council should report directly to Parliament. The structure of the council must be changed. It must cease to be a patronage body. With a patronage body you cannot always count on independent, spirited people performing the function of an independent council. We believe that is equally important in order to preserve the strength which the just resigned president gave to the council.

We would make one important addition to the opposition motion. I therefore move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That the motion be amended by adding, following "1970", the following words:

"and that the membership of the council be appointed or elected by and from the organizations in this country actively involved in women's issues."

The Acting Speaker (Mr. Blaker): I thank the hon. member for having provided the Chair with a copy of the amendment. The Chair finds the amendment to be in order.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, I rise with a degree of interest and anticipation to join in this debate. I very much welcome the opportunity to discuss the issue of the status of women, in this House. I found it somewhat disappointing, having spent almost two full days in this House just before Christmas defending the estimates of my department, that in some 16 hours of debate only 40 minutes were spent discussing women's issues. Therefore I am glad to see that the opposition members have now discovered the fact that women exist in this country and that they are now prepared to bring the issues forward. They obviously intended to bring their motion forward during this period of zeal and interest. Therefore it is important that we have an opportunity both to discuss the issues and to set the record straight.

The tone of the debate was probably set by the hon. member for Waterloo (Mr. McLean). When he concluded his remarks he said, "in light of these rumours and allegations". That very much summarizes the exact nature. The basis upon which the case is being made by members of the opposition is exactly that, rumour and allegation, and not much in the way of fact.

I thank the hon. member for Waterloo for clearly defining for us the source of his argument and the arguments his colleagues will be raising. Rumours and allegations are certainly no stranger to politics and no stranger to this House, and certainly no stranger to the issue which has emerged over the past four or five days.

I welcome this opportunity to set the record straight. Perhaps the hon. member for Waterloo, an honoured and respected member of this House, will be prepared to change his mind once we get away from the rumours, allegations, mythologies, innuendos and forms of character assassination which have coloured this debate, and get down to some of the basic facts as to what has taken place, the role of the Advisory Council on the Status of Women, and the objectives, goals and concerns of this government as far as women in this country are concerned.

● (1630)

I am sorry the hon. member for New Westminster-Coquitlam (Miss Jewett) is not able to spend some time to stay with us, because some of my remarks may be addressed to her.

An hon. Member: I am just having a smoke.

Mr. Axworthy: Fine. I would certainly invite the hon. member to go out and have some of her refreshment, but I would point out that there has just been a recent study I am sure the hon. member would be interested in, which indicates that smoking is not really very good for your health.

An hon. Member: Try not to be patronizing.

Mr. Axworthy: Let us deal first with some of the initial testimonials being offered to try to demonstrate that somehow there is this great, universal sort of overwhelming antipathy or sense of frustration about the work that we, as a government, and I, as a minister, have been trying to do.

I do not have all of it here but I do happen to have within my notes a letter from the Native Women's Association of Canada, because I will be addressing that group tomorrow evening. That is a group representing the entire range of women who have perhaps been the most deprived and the most discriminated against, and who have perhaps suffered and been the most serious victims of society's indifference. If I might, Mr. Speaker, I would like to read into the record what they have to say. I do not usually do this, but seeing that members opposite were so anxious to rush to the quotes from Laura Sabia, that well-known objective reporter of events, I thought perhaps they might be interested in hearing what the native women of Canada think. They said:

Dear Mr. Axworthy:

In recognition of your positive actions on behalf of native women, the Native Women's Association of Canada would like to invite you to speak to the Board of Directors in Winnipeg, Manitoba, January 23-25, 1981.

I would like to quote further, if I might:

The programs and activities you have initiated for the training and employment of Native women and your philosophy of consultation with the NWAC on this matter is of great significance to the NWAC. We would like to provide you with the opportunity to speak with native women from across Canada to elaborate on your plans and to hear from women working in the communities their concerns and ideas.

There is one example of a group which I think should be treated with great respect in this House. I do not pretend I have universal popularity with the Laura Sabias or the NACs of the world, but I do say there are a number of women's organizations I have also received communications from which do have some degree of support and some degree of good reaction for the initiatives we have tried to introduce.

I would now like to come, if I might, to the so-called record, because the hon. member for Waterloo was very anxious to read what he thought was a refutation of the kind of initiatives we have introduced, and tried to provide an ongoing commentary or criticism of them.

First I would like to explain to members of the House that part of the responsibilities of the minister responsible for the status of women is not just to take direct initiatives on his own but, in addition, to try to co-ordinate the activities of the entire government; to bring information, to make interventions, and to try to support the work of other ministers who are working in an equal way. So much of the work is not necessarily on the visible side because much of it takes place around the cabinet table, takes place in correspondence, and takes place in direct communication trying to bring to their attention concerns that are raised.

In that case I think the role to be played is one that is not necessarily identifiable by achievements or track record. Even saying that, I think it is possible for us to demonstrate that the commitment we made in the throne speech has gone a long way toward being carried out. I would contrast it very dramatically with the record of the previous government, which also had a similar nine months in office. If you look at their exact achievements for women and the number of initiatives that were introduced, it comes up to a big fat zero. They were very good on talk, very big on rhetoric, and they made a lot of fine speeches, but when you look at the record there was not one single important initiative taken on behalf of the women of this country during that nine months in office. In fact some of the things we have done were opposed by the Conservative Party.

At the very first meeting I had with Mrs. Anderson of the advisory council, she brought to my attention the major concern women had about the issue of minimum insurability and the fact that the statute removed some 200,000 women from eligibility for unemployment insurance.

I have here a statement made by my predecessor in this position, Ronald Atkey, when he was speaking to a meeting at St. Andrews-by-the-Sea last September in which he indicated that the Conservatives did not plan to change last year's Unemployment Insurance Act, a statement which infuriated women's groups. Mr. Atkey, my predecessor, said it was not in their interest to do that.

I did make the change. I did reduce the eligibility to bring large numbers of women under the coverage of the Unemployment Insurance Act, contrary to the advice and position taken by my predecessor in this office on behalf of the then Conservative government. I would suggest to the hon. member for Waterloo that when he takes a look at the record he should begin to look at the record of his own government, and make an interesting contrast and comparison of what they did not do with what we have done.

The hon. member spent some time trying to disparage our initiatives in the area of affirmative action. I could provide you with the commitment made by the Conservative Party in the May election campaign as to what they would do in the way of affirmative action. It was far less than the steps we have taken. They would set up additional things for the office of equal opportunity. Let me quote from the news release issued by the Conservative Party on what they would do. They said that the Progressive Conservative Party would provide more clout to translate rhetoric into an affirmative action program within the federal public service. They were going to provide more clout. That was their commitment to the women of Canada.

What we have done is introduce a well-designed program of affirmative action beginning with three departments, as I have said in this House many times, because that was the limit of our resources. That program will provide the ability to make changes in the Public Service Act and to make changes in legislation and regulation to bring about substantial reform in

the placement of women, handicapped groups and native groups in the public service. That "put down" of hon. members who say we have hired an affirmative action council is one thing, but do they want the program administered by people who are untrained? The hon. member also said that we are now doing a statistical study. Does he want us to make major changes in the public service without knowing what facts and information we are considering.

I would contrast that with the very callous attitude taken by the former President of the Treasury Board (Mr. Stevens) who started to slash the public service, that one area which provides perhaps the most important opportunity for women employment in this country. There was no consideration given to protecting the rights of women employees in the public service at that time. They got slashed and hacked like everybody else.

An hon. Member: That's rubbish.

Mr. Axworthy: Don't give me that stuff. Let us stand on the record.

I am saying we introduced the affirmative action program as a first stage in moving toward the private sector approach. Why did we do that? It was done because it was recommended by the advisory council that before we take initiatives in the private sector the federal government should provide affirmative action within its own public service. Again we responded to those recommendations and are following them through in a very careful and managerial way.

At the same time I have stated publicly many times that I intend to initiate a discussion before my colleagues in cabinet on the use of contract compliance in the private sector, because that is one of the most important means of reducing barriers and overcoming the limitations women face in the work force. I think hon. members opposite who are honest with themselves will admit I have said that in this House, have said it publicly and am committed to it. I have said to a number of women's forums across this country that I will fight for that issue because it is a critical component of any major strategy to bring about change for women and to bring about greater equality in the workplace.

Beyond that certain things were not mentioned. We introduced a program of affirmative action in our job-creation program. Again this was based upon recommendations made by the advisory council. They pointed out, and I think quite legitimately, that job-creation programs sponsored by the federal government did not include affirmative action principles. What did we do with the job-creation program which was cancelled by the Conservatives, with the result that there was no direct job creation? We introduced affirmative action principles which are now in place and working. I ask hon. members of this House to compare the records.

● (1640)

In addition, we introduced a major initiative with respect to the training of women for non-traditional work. The hon. member for New Westminster-Coquitlam produced some critical surveys of the ad campaign we introduced to encourage employers and women to begin to move into non-traditional areas. She is welcome to her opinions, but they are not universally shared. We have received a number of congratulatory letters, which I will bring to this House. I will distribute their actual wording, because they do not talk about women moving into the work force on a temporary basis.

We are committed to providing the opportunity for women to move into non-traditional areas, and to back up that commitment we have introduced a training program which will provide 75 per cent of the cost of training women in those areas. That program has been taken up.

I draw the attention of hon. members to an article written in the Ottawa *Citizen* just after the Christmas break, telling of two young women in this city who had been going from temporary job to temporary job but who have now signed up for that program. I think one is a machinist, and the other is in some other form of skilled training. They said that this is the first chance they have had to get permanent new occupations. I am not saying that is enough, but I am committed to those goals.

I ask hon. members to remember what did not take place in the nine months of the previous administration. There were no training programs for non-traditional work. There was no affirmative action program. In exactly the same amount of time we have spent in office the previous administration produced none of those types of initiatives. If we are able to get our act together in nine months, why could hon. members opposite not get theirs together? Perhaps they could not because they were too busy making speeches about what they were going to do and not busy enough actually doing it.

I think it is important to deal with the issue of constitutional change because that is the focal point around which much of the controversy of the last four or five days has centred. Let us start with a different history than perhaps hon. members opposite are prepared to bring into this House.

From where did the original idea for a constitutional conference for women come? Did it come from Mrs. Anderson or the advisory council? No. I was the one who raised the issue with the advisory council.

Mr. Nielsen: On whose suggestion?

Mr. Axworthy: On my own. I raised the issue and asked Mrs. Anderson in a meeting whether the advisory council would be prepared to take on that responsibility. Why? I felt it was important and I felt that a charter of rights would be one of the most important steps forward for women in this country in decades. If hon. members want to ask what is important in terms of the role of women in Canada, we can point very clearly to our commitment to introduce non-discriminatory clauses and to provide guaranteed entrenched rights. Such entrenchments and guarantees have often been criticized by hon. members opposite. They say we should not be providing these and we should wait for the provinces to do it. That is the theory. The hon. member for Provencher (Mr. Epp) got up and said, "No, no, we are for a charter of rights," but he

forgot to mention that they are for a charter of rights only if the provinces agree.

However, at the September conference the provinces very clearly said they do not agree with a charter of rights. Without one where would women be left? They would be left without a guarantee of rights in the constitution. We are committed to this issue. We took a step far beyond anything hon. members opposite were prepared to take, and we are prepared to take it now. If hon. members opposite are committed and really believe in the equality of women, let them stand up and say they will support this government in its move to provide a charter of rights in the Constitution of Canada. I do not hear them saying that. What they are really saying is that there should be provincial agreement.

Mr. Lyon of my province said we do not need a charter of rights and Manitoba would veto any attempt to include one under the formula discussed. What is the result? The result is a great big zero in terms of the position taken by the Conservative Party of Canada as far as women are concerned.

The hon. member for New Westminster-Coquitlam said that I made statements critical of the stand taken by the advisory council with respect to the Constitution. That is quite wrong. I wholeheartedly endorsed that stand, and in fact wrote to some 40 or 50 women's groups across Canada inviting them to make representations to the committee. I wrote a letter on October 28 of last year indicating that a committee was established, and inviting those groups to appear. Furthermore, I was prepared to meet with a number of women's groups—which I did during the fall of last year—from one end of Canada to the other and to talk with them about the constitution. I made certain comments about the stand being taken on a legal basis that in some ways it did not go far enough and that some of the legal questions should have been examined.

Is there something wrong when a minister of the Crown treats an advisory council with great respect, as I did, to the point where I was prepared to get into a discussion with its members? I did not treat them in a perfunctory way. I treated them with such respect that I was prepared to talk with them and give them my ideas. If that is somehow an abrogation of ministerial responsibility, then there is a very strange understanding among hon. members opposite as to what a minister should do. Surely a minister should be prepared to engage in dialogue and discussion.

I will conclude my discussion of this by asking how the recommendations which were brought before the committee were accepted by this government. Do hon. members think that they translate by magic? A number of ministers were around the table, including myself and others, who supported and represented that point of view. Changes in the constitution were made and amendments put down by the Minister of Justice (Mr. Chrétien), incorporating the recommendations of the advisory council and of other women's groups. If hon. members are looking for a clear demonstration of commitment, willingness to listen and responsiveness, what clearer evidence can be provided than the fact that we did take those recommendations seriously, and did bring them forward as government recommendations to the joint committee on the Constitution?

I suggest that hon. members opposite are guilty of selective editorializing in relation to the evidence. I suppose that is a polite way of saying they really are not shaking the whole deck down.

I am very much committed with respect to this issue. When it came to the issue between the executive committee and the council, I stated all along the simple principle that it was up to the council to decide. It was not for me to decide whether a conference should be held. It was up to members of that committee to decide. If they had decided to cancel it in the first place, that was their decision to make.

The only time I became involved in their discussions was when they telephoned my office asking if I would meet with them to discuss the matter. Contrary to allegations which have been made, never at any time did I deal directly with members of the committee or members of the council. They approached me. I met with them on a Friday morning. They asked for my opinion. I gave it to them. That was the last contact on that discussion. They made their own decision. It was a controversial decision.

One of the members, the president, disagreed with the decision and took her dispute to the public charging that there was some kind of political manipulation. What is manipulation? I suppose there are enough good politicians in this chamber to know that if a politician really wants to manipulate, he must get on the telephone, twist arms, and try to persuade. I did none of those things.

Mr. Nielsen: How did you do it?

Mr. Axworthy: I did not do it at all; that is the point. Allegations have been made which have never been founded.

I will go back to the hon. member for Waterloo who seemed to say that his case is founded on rumour and allegation.

Mr. McLean: I did not say that. I said it is supported.

Mr. Axworthy: I apologize. He said it was supported by rumour and allegation.

Mr. McLean: The facts are there, and there are others.

Mr. Axworthy: There is a slight nuance there; I accept that.

Miss Jewett: You got the mole to do it.

Mr. Axworthy: The fact is that that was a dispute between the president of the council and the executive committee. The next forum for that to be discussed in was the entire council. I recall how, with great zeal, before the council met the hon. member for New Westminster-Coquitlam said, "I am confident that tomorrow all things will be resolved by that council."

Miss Jewett: I was.

• (1650)

Mr. Axworthy: There were none of the castigations, none of the insults or abuse that we have heard since then, except when the decision went against what she thought it should be. Then they became subject and victims of her wrath because they were saying at that time, "We do not have to worry, we will be vindicated." The fact of the matter is that they spent four and a half hours in secret session—secret, I guess, to all of us except to members who received some documents, which I have yet to see.

An hon. Member: All of us have them.

Mr. Axworthy: I am sure that the hon. member has better pipelines to the council than I have. Perhaps we should be asking who really is tampering with the council, because I have not seen those minutes which hon. members opposite have and, if there is political interference, then I suggest that perhaps members opposite should be asking themselves about their own role in all this business.

The hon. member for New Westminster-Coquitlam has been very quick to make personal attacks upon members of that council, to engage in a pretty intensive form of character assassination on certain of those members. That is really reprehensible, and considering the kind of reputation which the hon. member used to have in terms of being prepared to present facts and issues in a fair way, I think that the kinds of personal attacks in which she has engaged do not befit the honour and dignity of a member of this House. She is really using the privileges of members of the House to make personal attacks which, if she had made them outside this House, might have subjected her to some very serious liabilities.

An hon. Member: Sorry I get under your skin.

Mr. Axworthy: But that, Mr. Speaker, is her style, that is the way she wants to conduct her business, that is the way in which she represents herself, and that is fine.

But the fact of the matter is that the council met and decided to support the position taken by the executive committee. And again, members here have said that it was not a fair decision. They are saying in effect, "We do not believe in democracy unless it happens to go our way. We only believe in the democratic process when our side wins." I know that this has been the feeling since last February and March among members opposite, because one can still see it on the faces of some of them. They still cannot believe that democracy spoke the way it did. But the fact of the matter is that that is the way a democracy works, and people make those choices. You can make all the allegations and innuendos you want, but they were the ones who made the choice. The real regret that I have, Mr. Speaker—

An hon. Member: Is that your leadership chances are shot.

Mr. Axworthy: —is that in the kinds of charges that have been made during this debate on this whole issue by hon. members opposite they have been far more responsible for discrediting the council, questioning its credibility and besmirching its ability to operate than anything that anybody on this side of the House has done or has contemplated doing. That is because they have used the council as their battering ram. They have tried, for their own political reasons, to use the work of the advisory council to achieve whatever political objective they have. I happen to think that the reason is that they know we are succeeding in making real reforms and changes for women and they do not like what they see. That is what really frightens them, that is what bothers them the most. They know we are making real progress in these areas and that we are going to make further progress because we have a number of other initiatives in mind. That is what gets to them really deep down, and that is what they are afraid of.

In terms of the charges that were made, I have stated in this House several times, and will continue to state, that those are the facts. I believe that it would be in the best interests of the advisory council if the issue were dealt with on the facts, not on the basis of rumour and allegations, as the hon. member for Waterloo stated, because that is the best way in which we can pay respect to that council and preserve its independence and autonomy.

I would agree that probably it is worth while to look at the structure of the council and at its role. Before hon. members say, "You are changing your tune", let me say that that is not true because, some six weeks ago, I spoke at the steering meeting of the Copenhagen conference and indicated that one of the initiatives is to take a look at the structure of the council. I had some concerns as well, and one of those concerns was raised with me by women across Canada, namely, that the council has become far too centralized in Ottawa and was not reaching out in terms of its regional grasp in providing a distribution of information and ideas.

Let us clear up some of the facts about the council. Members say that it should report to Parliament. It does report to Parliament. The reports issued by that council are public reports on the day they are issued. They do not go through me. I, as the minister responsible, exercise absolutely no judgment or control, and in fact I am not even consulted about them in most cases. All that happens is that I get my complimentary copy at the same time as hon. members opposite do. Those reports, which have provided the basis for some very harsh criticism of government activities over time, have been used by members opposite as a way of raising questions in the House. They are a very legitimate function of the council which should be protected and enhanced.

But there is also a certain value to the council having a relationship with a minister of the government so that there can be some contact and advice going back and forth, so that Mrs. Anderson, as she did at her first meeting, can sit down with me and say, "I am concerned about the problem of unemployment insurance, we would like you to make changes", and we are able to make changes. There is a certain tangible benefit in having this kind of connection.

In discussion with other people and in my own mind I have raised the question of whether perhaps there should be a separate ministry, but we had the experience in Ottawa with the ministry of state for urban affairs, and other groups, and we found that one thing they lacked was a line department or the ability to deliver goods and services. They were simply co-ordinating agencies which did not have the large resources and personnel which could bring about changes. One of the advantages of my particular portfolio which merges employment and immigration and the status of women, is that we are able to provide the kinds of initiatives we find in Affirmative Action, unemployment insurance, new employment programs or new training programs, because it means that some minister does not have to come to me to cajole or plead. As the minister, I can respond to those initiatives and make the changes right away.

I want to make it very clear, Mr. Speaker, that I am quite prepared to meet with women's groups. In fact this afternoon I wrote a letter, which I would be prepared to read here, to the presidents of six major women's organizations. It reads as follows:

I would like to have your views on the best means of ensuring an effective advisory council on the status of women. Women's groups were the catalyst for the council and it is your views that I value as I review the recognized structural problems of the council.

To that end, I would appreciate meeting with you on February 16, 1981 at 5.00 p.m., so that together we can ensure that vital independent research on women's social, economic and legal position is available to Canadian women.

We will consult with them to see what kind of recommendations might be made to bring about those kinds of changes, and I will listen to them as I have listened to them in the past in making changes. Hon. members opposite have a legitimate point when they raise the question as to whether the council with its present structure is the best means of ensuring that information, ideas, commentaries and criticisms are being expressed. I share this concern and am prepared to act on it, as I have already done in this letter which I have sent today. However, let us not throw out the baby with the bath water, let us not run the council into the ground, and let us not so degrade it and downgrade it that there is nothing left to preserve or enhance.

Finally, Mr. Speaker, let me say that I accept the partisan nature in which such matters are brought before the House by opposition members, but let me make one final comment, and that is that the kind of bluster, and sometimes blasphemy, we have heard, the kind of rumour and allegation that have been expressed, will not in any way deter me from what I consider to be my mandate, one in which I personally believe, which is to help this government provide greater equality for women in Canada. That is an objective for which I will continue to work, regardless of what members opposite have to say.

Some hon. Members: Hear, hear!

Adjournment Motion

BUSINESS OF THE HOUSE

Mr. Collenette: Mr. Speaker, there have been discussions among the parties concerning private members' business and the listing of various bills on the Order Paper, and it has been agreed that Bill C-303 in the name of the hon. member for Vaudreuil, will reappear tomorrow on the Order Paper printed as Bill C-256, and that Bill C-256, which is now on the order paper, will appear as Bill C-303, and tomorrow at four o'clock we will be debating the new bill, C-256.

The Acting Speaker (Mr. Blaker): The House has heard the proposal of the parliamentary secretary with respect to Bill C-256 and Bill C-303 for debate tomorrow afternoon. Is there unanimous agreement to that proposal?

Some hon. Members: Agreed.

• (1700)

Mr. Nielsen: Mr. Speaker, I believe you would have to add that the changes on the Order Paper mentioned by the parliamentary secretary will be made; I think that must be a House order.

Mr. Knowles: Whatever way it must be done, we agree.

The Acting Speaker (Mr. Blaker): Accordingly, it is agreed and so ordered.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please, It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Brandon-Souris (Mr. Dinsdale)—Criminal Code—Amendments respecting euthanasia—Government position; the hon. member for Winnipeg-Assiniboine (Mr. McKenzie)—Garrison diversion—Request Prime Minister discuss project with President of United States; the hon. member for Winnipeg-St. James (Mr. Keeper)—Municipal Affairs—Request for reconsideration of cutback of Community Services Contribution Program.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ALLEGED INTERFERENCE WITH ADVISORY COUNCIL ON THE STATUS OF WOMEN

The House resumed consideration of the motion of Mr. McLean.

That this House condemns the blatant interference by the minister responsible for the status of women in the plans of the Advisory Council on the Status of Women to hold a constitutional conference, demands the resignation of the minister, and urges that the mandate of the advisory council be changed to enable it to report directly to Parliament, as recommended by the Royal Commission on the Status of Women in 1970.

And of the amendment—(Miss Jewett) (p. 6464).

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, first I say to the hon. member for New Westminster-Coquitlam (Miss Jewett) on behalf of my party that indeed we accept the amendment to our motion which she put forward. In fact we are glad to see it incorporated in the motion.

Then I should like to turn my attention to the minister who finished his remarks by saying that he did not want to run the advisory council into the ground. May I say to him that he certainly made a good beginning at doing so. He certainly has caused a great deal of concern in the country among men and women as to what his actions have perpetrated in the last number of days.

The minister tried to defuse the issue by referring to a questionable list of achievements. I would say they fell more into the category of rumour and allegation than anything I have heard here this afternoon. Perhaps the achievement for which he will be longest remembered by women across the country is the fact that he pressured the advisory council into a position where the chairman of the council was forced to resign. That is the achievement for which he will be most noted; that is the achievement which has caused anger up and down the country. Certainly I for one am angry, and I do not think I am the only woman in the country who is angry about it. If the minister has not felt or heard that anger, then he is more insensitive than I thought.

Seldom have so many women been united in their condemnation of a minister of the Crown and in their support for a highly-respected public servant. Seldom, if ever, has a so-called independent advisory body been dealt such a devastating blow to its credibility. We see events pile on events. Today we have seen the resignation of three more members of the Advisory Council on the Status of Women—

An hon. Member: Name them.

Miss MacDonald: They are members of the research staff, members involved with the advisory council. The reason was that they can no longer stomach the minister's interference with their activities or the government intimidation which is also part of the whole fiasco of recent days.

Today, yesterday, and all this week, we have seen hundreds and thousands of letters, telegrams and telephone calls pouring into Ottawa from women and some men all across the country offering their support for Doris Anderson, and condemning the minister. Members have referred to these, and in case the minister has any question I will give him an example of some already received from hundreds of women, and from organizations representing hundreds of thousands of women who have been appalled and angered by what has taken place. He will be pleased to know that there is even one from the vice-president of the Willowdale Federal Liberal Association.

Miss Jewett: Good.

Miss MacDonald: They will be coming in the thousands. I warn the minister that the response from women has only begun. The minister attempted to put up a defence. Since this issue broke all he has been doing is seeking to defend himself, because he has no other role but to try to defend himself from something in which he has committed a very grievous error. The minister knows that he has interfered with the Advisory Council on the Status of Women. He knows he had jeopardized the very *raison d'être* of the council or its very mandate for existence, that of proffering independent advice on issues related to women.

The proof of this can be seen clearly in the chronology of events which led up to the final cancellation of the advisory council conference on the Constitution. It was scheduled for last September and postponed because of the translators' strike; then rescheduled for February 12 and 13. On December 12 the minister agreed to host the reception and luncheon at that conference. He was well aware of the conference dates at that time, and he did not seem to think then that the conference needed to be cancelled or would be embarrassing. Even if there was any doubt in the minister's mind, certainly there was no doubt in the minds of council members, not even on the part of the executive committee.

According to the documented chronology, it was full speed ahead and all systems go, until, of course, the minister decided to lower the boom. The council members were "advised" to revise the already well-advanced plans for its constitutional conference. But this advice did not come from the minister or his office until January 5 after almost a month of preparation had elapsed. What is more, the advice was not sought; it was given in that special way that ministers have of giving advice. It originated in the minister's office. It was not requested by the chairman or the council. It was tossed out like a spanner in the works from the powers on high.

On January 5, the chronology indicates the following:

Doris Anderson is away. Hellie Wilson speaks with the minister's office and reports that the minister wants regional conferences instead of a national conference. Hellie Wilson stops the press releases and letters from going out as scheduled.

There was no meeting, no vote, not even the courtesy of a telephone call to the chairman; only quick and total obedience expected by members of the council—follow along. Perhaps obedience is a sad word to use, but that is what transpired.

On January 6 Doris Anderson returned and found out what the minister suggested. The chronology indicates:

Doris Anderson phones Nancy Connolly, the minister's assistant, and explains that cancelling for a second time would be extremely damaging to the credibility of the council. Nancy Connolly says the minister seems determined. Doris Anderson asks to meet him.

In fact, it was decided that the whole executive committee would meet with the minister. They asked to meet with him not because they wanted his advice which they could subserviently follow—do not put them in such a patronizing position—at least that was not the expectation at the outset. Rather, they wanted an explanation as to why the minister should have unexpectedly interjected his determined and different course of action into an already planned conference. After all, at least some of them were mature, could make up their own minds and were used to operating in an independent council up until then. It was only natural that they should ask for a meeting with the minister. The documented chronology bears that out.

On January 9 the chronology indicates:

The executive all agree to listen to the minister present his position. They will point out the problems for the council if the conference is postponed again. Then after the meeting they will decide what action to take.

● (1710)

So, they met with the minister on January 9. And what was the result? I think the minutes of that executive meeting speak for themselves, as do the results. I wish to read from the minutes of that meeting on January 9. I read from the unedited, unrevised transcript of the proceedings of the executive committee of the Advisory Council on the Status of Women. I quoted from it in part yesterday, where the minister strongly suggested to the advisory council members that the conference on women and the Constitution be cancelled because the timing was bad, because the conference was being held at the same time that the charter of rights would be tabled in the House.

Second, he said, it would be an embarrassment to the government. That was at this meeting. And the members decided after these suggestions, this determined effort by the minister, that they would poll the members of the executive committee to find out how they reacted to his suggestion that the conference be postponed. I will read the statements of each of the members. Win Gardner, a member of the executive committee, said:

My reasons for voting for cancelling the conference on women and the Constitution has nothing to do with the fact that the minister is a dear and close personal friend of mine. I am voting for cancelling the conference because we looked like fools the last time and I am not ready to look like one again and put our minister in an embarrassing situation toward his government.

Joanne Linzey stated:

I agree with Win and vote for cancelling the conference.

Florence Ievers stated:

I say that it's about time that we start playing games the same way the government plays games. We should start being nice to them. So if this conference is going to be an embarrassment to them, let's play it their way and cancel it. I vote for cancelling the conference.

Hellie Wilson stated:

I don't wish to embarrass our minister so I vote for cancelling the conference.

Lucie Pépin, at some length, stated:

I thought we are doing what we are told. I think it is about time that we learn how to do things. This is my personal way of thinking. We have a minister. We are supposed to advise him. We try to do things our way. The way we are doing things was not very effective. We have to take into consideration we have made mistakes and we have to make compromise and start to listen.

Further on in her statement she said:

I am voting against having our meeting in February. We must keep our mouths shut, no press releases until we definitely know something.

Those statements are from the minutes of the meeting. They are exact quotes from the people who spoke at the executive committee meeting after they had met with the minister and listened to what he had to say.

Mr. Axworthy: I rise on a point of order, Mr. Speaker. The hon. member is asserting that this is a record from which she is reading these alleged comments. It is not as she states, since these statements have been challenged by a legal affidavit which claims false statements and misrepresentations have been introduced into those minutes. I think it would be proper for the hon. member to recognize that her so-called statement of record is not a statement of record but one which is substantially challenged by five of the six members who were at that meeting. They have filed an affidavit to that effect.

Mr. Nielsen: Why did you not produce it when you spoke?

Miss MacDonald: Mr. Speaker, I know that anyone can produce an affidavit. I have not seen it. I could take out an affidavit saying that I jumped off the top of the Peace Tower this morning, but it would not be true. I am not sure just what to attribute to that affidavit.

It is quite true that, if the minister was so interested in the affidavit, and so interested in trying to discredit the document from which I spoke, why did he not address himself to it and produce any affidavit, if he could do so? I know that the minister gave advice. The people who gave in to that advice, who kowtowed to the minister, have now probably taken out an affidavit. They kowtowed once and they will probably do it again. That is what I have been trying to point out—people will give in to pressure.

What is truly disturbing about these events is how easily some of these people were manipulated. They reneged on their commitment to the women of Canada to hold a constitutional conference. That is what happened. Fortunately, there was one who would not renege, one who put principle ahead of political partisanship. That person is Doris Anderson. She assumed her role, her responsibilities, and adhered to principle in the face of pressure. That is what the minister has not addressed.

As I said yesterday, what is at stake here is not individuals, whether it be the president, the minister or the members of the council, but the future of the council itself. At stake is the existence of the council, its right to exist as an independent body, free from political manipulation. The problems we are trying to address in this debate are more far-reaching than this

one series of events, devastating as they are. We are not witnessing an isolated incident of ministerial manipulation but, rather, a situation which is endemic to this government's attitude toward the status of women, that is to say, to speak down to it, patronize it, and to take little heed of it. That has been symptomatic of the government throughout. Ministers have tried to put the whole council and, in fact, issues of interest to women, in a subservient role.

I imagine this is the beginning of some kind of plan which the government has which, I think, has probably got a more sinister purpose in the long run. I have no doubt that the minister's goal throughout all of this is to demolish the Advisory Council on the Status of Women completely. His goal is to do away with its independence, first of all, and to challenge its president and force her resignation, and then to let the council drift in limbo until such time as he suddenly emerges with a new role for it, that role to be a kind of mini-department which would, perhaps, be glossed up to say it has its own minister. Then it would come completely under the domination of political partisanship. That is probably what the minister has in mind. That means that any kind of independent body, such as exists today, would certainly disappear.

How different is that from the original intention of the Royal Commission on the Status of Women, to have a powerful body speaking and operating independently within public view. I would like to remind the minister of what the Royal Commission on the Status of Women recommended back in 1970. They said:

> We recommend that a Federal Status of Women Council, directly responsible to Parliament, be established to advise on matters pertaining to women and report annually to Parliament on the progress being made in improving the status of women in Canada.

We certainly did not see any sign of that yesterday when the Prime Minister (Mr. Trudeau) responded here in the House, comparing the Advisory Council on the Status of Women to advisory councils on trade, health and welfare, immigration, and sports. The Prime Minister, the minister's leader, sees no difference between the way in which government deals with the problems of women in society and the rights of women—their human rights—and the problems caused by trade regulations on manufactured commodities.

In fact the Prime Minister puts the rights of 52 per cent of the population of this country on the same level as building a sports arena. That is what he did here yesterday when he compared advisory councils to trade and sports councils. He put the Advisory Council on the Status of Women in a very secondary and second-class position. But that, of course, is to be expected from a Prime Minister who never once, in the 12 years he has been in office serving in this House, rose in his place to speak on the rights of women, in any debate on this issue.

When the advisory council was first set up the spokesman for my party, who is now the Human Rights Commissioner, warned that these things might happen. He said that, indeed, the government was ignoring what the Royal Commission on the Status of Women had recommended, by appointing instead a committee to advise through a minister. Mr. Fairweather said the government of the day:

> —ignored that good advice and took a different route appointing what is, in reality, a committee that is to report to the minister. The results will enable us to judge who is right.

● (1720)

That is what Mr. Fairweather said back in 1973. Judgment day has come and we are only too painfully aware of how right the royal commission was.

Mr. Fairweather made another statement seven years ago which is now being borne out:

> I hope the ACSW members never let up on their recommendations to the government and that they push this minister until he wonders why he ever made the appointments.

Every minister up until now has been able to survive the push of the Advisory Council on the Status of Women except this minister. He has not been able to take that push, to respond to it or learn from it. Instead, he dealt with it in his own inadequate fashion, which is by changing his position and using that position of power in influencing the council and directing it against the challenger, against the president of the Advisory Council on the Status of Women. I have no doubt that he expected her to cave in. What must have surprised the minister was that the president of the council stuck to her principles and resigned.

But where does that leave us? I realize that I have only a few minutes left, and I would like to finish by saying that with the advisory council now in a shambles, with its credibility severely eroded, with women across the country condemning the blatant manipulations of the council by the minister, we must try to undo the damage which has been done. It will be difficult to find a successor of the calibre of Doris Anderson. But the government will stand a better chance of recruiting such an appointee if that person can be assured from the outset that the council will be truly independent, that it will not be manipulated, that it will in future be able to report directly to Parliament. Only then will the council's credibility be restored, but the minister's credibility will remain in limbo for much longer.

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, I rise with mixed feelings this afternoon, feelings of sorrow and anger. I feel that the two hon. members who have raised this issue so eloquently and in such a damaging way to the women of this country have also damaged me to some degree. I have always been an independent thinker. I have worked very closely with a number of women who have served on this particular advisory council and have had a number of conversations with them. I feel that there has been a great deal of damage done to all of those who serve on this committee and, indeed, to all the women in the country.

It is unfortunate that the opposition only become interested in issues affecting Canadian women when they perceive that they may be able to score a few cheap political shots.

Miss Jewett: That is about as cheap as you can get.

Mrs. Erola: These shots are at the expense of Canadian women. We talk about principles. There are always the accusations in the business world and in the world at large that women tend to take their marbles home when nobody wants to play any more. I contend that that is part of the issue which is at stake here.

I feel that the innuendo and gossip which have been injected into this entire debate have been, again, at the expense of a number of very credible women. Let us look at some of the women who make up the Canadian Advisory Council on the Status of Women. Who are they and where do they come from? It is interesting to note that there are four teachers, a speech therapist, a linguist, a professor of sociology, a broadcaster, three communications personnel, an accountant, a city councillor, six nurses, a lawyer, a lay minister, community workers, and women with backgrounds in labour and in government. Are these women who are quickly and easily manipulated? Are these the kind of women, women who represent the women of this country, who would be subjected to manipulation and who would not think independently? I suggest that these are women of great achievement in this country and who act very independently.

Yes, there will be resignations. I expect that there will be at least ten resignations.

Miss Jewett: Are you asking for them?

Mrs. Erola: Certainly no one is asking for resignations, but certainly they are not unexpected. I do not think, as the hon. member for Kingston and the Islands (Miss MacDonald) has suggested, that there are thousands of women in this country who uphold the allegations which the hon. member has made. I think that there are a great many women in this country who are asking, "What are the facts?"

Mr. Nielsen: They are in the minutes.

Mrs. Erola: The minutes are in doubt because, as the hon. minister has just mentioned, an affidavit has been filed. I personally resent the way in which this whole case has been presented in this House. I feel that the damage has been devastating and that it will be a long time before the true status of the council is regained.

Mr. Nielsen: Let us have the affidavit.

Mrs. Erola: I think the affidavit can be presented. There are some things which must be said in this House on the role of an advisory council. As a minister I, too, have an advisory council and I too feel that I must meet with these people regularly and that exchanges must be as frank and as open as possible. Never at any time has it entered my mind or the minds of any of the members of that council that I would at any time attempt to manipulate their thinking or their positions. I feel that these councils must be available to us? If we wish to listen or to react positively to the people of this country, then we must be in a position to talk with them regularly and openly.

I would like to add that it was not the minister who requested the meeting. It was the council which requested the meeting in December and he complied with the wishes of the council. It was obvious that at that council meeting there was some frank and open discussion which is now being interpreted as manipulation. I feel that there are many, many instances in which I have met with members of my advisory council and our views have differed, and differed very greatly, but at the same time we have all walked away from that council table saying, "That is the way you see it and this is the way I see it".

I suggest that the minister faced exactly the same situation in the December council meeting. He walked away feeling that the views of all had been expressed frankly and openly, and that they were free to take their decisions based on that discussion. It is obvious that these people made some decisions. It is obvious that they, in fact, followed through and that it was a very democratic process. I feel very strongly that these women should be left free to run their organization with as little intervention as possible from this House.

I suggest to members opposite that the intervention which has taken place in this House has put the role of the council in doubt. I feel that these people must be able to contact and report to a minister very quickly and very easily. I feel that the advisory council which comes to my office regularly reacts very quickly and responsibly and tells me when we are doing something wrong. I can tell you that these women have been very quick to point out to this minister, as I and some of my colleagues in the House have, when something has gone awry.

This government, and particularly this minister who has been very sensitive to the needs of the women of this country, have made such progress. But I suggest that it is this progress which has brought on the attack from members opposite. I am very upset by what has happened, and there are women across this country who agree with my position. The general feeling in my conversations with women who are mostly in the business world and in the political world has been that the damage has been devastating, that we are acting "as women usually do", with petty bickering and arguing, which serves us no good. I suggest that we cease and desist immediately and that we get on with the business of seeing that positive and affirmative programs are put in place, programs which we are free to criticize and, if they are good, which we are free to support. It is time the women of this country began to work together. I thought, and I felt deeply, that we were doing just that. I thought that we were making progress with some of the female members opposite, that we had common causes. We must work together to ensure that we reach the goals that we share, but I suggest that has not happened. This very incident which has been brought to this House is going to do a great deal of damage in the long run to many women who have fought hard to bring their cause to the fore and who have done some positive things.

● (1730)

The Advisory Council on the Status of Women was invaluable to this government with its advice before the proposed

constitutional resolution of October 6 and during the consequent committee hearings. I can tell you that as a woman one of the proudest moments I had in the past few years was to hear the presentation these women made before the constitutional committee. It was very well done. In fact, it was brilliantly done. There were people across the country who agreed that it was one of the finest presentations made to the committee. It was a very proud moment for me, and I think it was a very proud moment for most women of this country. Furthermore, the government listened. I listened very carefully and made the changes which the council of women felt were necessary.

An hon. Member: What about another meeting?

Mrs. Erola: There was no embarrassment about another meeting. I do not buy that line of "embarrassment" at all. Was it a positive meeting? Was it a meeting that was going to be useful in terms of timing since the proposal would be coming back to this House on the sixth? It was a question of timing. It was not a question of embarrassment. We are very proud of the amendments we accepted, amendments about which the women of this country feel very strongly. I do feel—

An hon. Member: You should feel strongly.

Mrs. Erola: —and should feel strongly about them, I agree. I find it difficult to accept the fact that the council of women was not free to act. The advisory council went into action immediately and made some very profound and good changes to that Constitution. They acted very independently at that time.

When we talk about consultation I might say that during this last couple of months I have had a number of occasions to call upon these women. I asked: Is this the way we feel about it? Tell me what you feel about it. A number of people have been to my office. I feel this relationship is jeopardized to some degree because I feel, as a minister, that I must have freedom to talk to these people and to feel the temper of the women in this country. As ministers we often do not have the opportunity to reach out, to test the waters, so to speak. We must have these advisory councils ready to tell us when we are moving in the right direction and when we are not moving in the right direction. I, for one, very much resent the allegations that have been put forth in this House. I do feel that the cause of women has not been served well by the actions of members opposite.

I suggest to hon. members that they examine what they have done—

Mr. Nielsen: What about your seatmate?

Miss MacDonald: The minister should examine what he has done.

Mrs. Erola: —and that hon. members examine what they think they should be doing in a very positive way.

We are looking to the women of this country for sound advice. We want them to come to these councils to say exactly what they want to say and up until this time I feel they have been able to do it. All of that is now thrown into question and into doubt. I think it has been a very convenient vehicle for some people to mount what I consider to be unethical campaigns.

Some hon. Members: Hear, hear!

Mr. Nielsen: Speak to the minister.

Mrs. Erola: The time has come for the women of this country to speak up and say there is something wrong when a number of women, a very few, can manipulate the situation to their advantage and in so doing, cause a great deal of damage along the way.

It is time that we had a second look at where the women of this country are going. We should support the Advisory Council on the Status of Women as fully as we can.

Miss MacDonald: And make them independent.

Mrs. Erola: They are independent. They are an independent group answering to a minister.

Miss Jewett: Answering to him?

Mrs. Erola: I will correct that.

Some hon. Members: Oh, oh!

Mrs. Erola: I should say talking to a minister.

With regard to the charges of interference on the part of the minister, I am personally satisfied that there was no interference. Indeed, if I may quote directly from the press release of the Canadian Advisory Council on the Status of Women for January 13, 1981, the council stated, with respect to the issue at hand, the following:

> Sensing that the time of the planned February conference was no longer opportune, and feeling strongly that the conference ought to be rescheduled, the executive committee of the Advisory Council sought a meeting with Mr. Axworthy to discuss the matter with him. Mr. Axworthy agreed that the issues might get a better airing at a later date but stated that the decision was the council's to make and added "we can live with it either way".

That is a direct quote confirmed by the minister. The press release continues:

> "It was clear, after speaking with the minister", said Win Gardner, Senior vice-president, "that the issues we wanted to discuss at the conference, such as jurisdiction of divorce and social services, would not be on the government's plate at that time and that therefore attention would be greatly diverted from these important issues".

The release added:

> "At no time was cancellation of the conference even considered", said Win Gardner. "The matter of rescheduling is to be brought before the full council meeting next week, and the executive committee will of course abide by its decision".

We now are all aware that the council decided to postpone the conference by a democratic vote of 17 to 10. At no time was there interference from the minister. I am positive that is the way it happened, despite the gossips who said otherwise,

who phoned and who phoned back what we have heard in this House.

It might be interesting to look at some of the accomplishments and some of the things that are happening in this country. Win Gardner said something rather important in her statement. She suggested we look at our divorce laws, at child care, at maternity leave, at the real problems facing women of this country. Lord knows we need day care centres. We have not addressed half of the problems that need addressing if we intend to look at the role and at the status of these women. We have dealt with the problem of the charter and we have dealt with it very positively. The Advisory Council on the Status of Women did that very effectively. Now let us go on to deal with some of the very real problems which I feel the women of Canada are demanding. This sort of petty bickering leads us nowhere. We must get on with the job and dispense with the silly issues which are being raised here by members opposite.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I am very pleased to take part in the debate on the motion of my colleague, the hon. member for Waterloo (Mr. McLean), which reads as follows:

That this House condemns the blatant interference by the minister responsible for the status of women in the plans of the Advisory Council on the Status of Women to hold a constitutional conference, demands the resignation of the minister, and urges that the mandate of the advisory council be changed to enable it to report directly to Parliament, as recommended by the Royal Commission on the Status of Women in 1970.

Mr. Speaker, allow me to quote a few words heard at the world Conference on the UN Mid-decade Conference for Women which took place in Copenhagen on July 15, 1980:

We have to act right now with determination with a view to maintaining our efforts to achieve our objective, namely that 1981 will end the oppression of women at the economic and social level.

Mr. Speaker, those were the words spoken by the employment minister in July 1980 at that conference in Copenhagen.

● (1740)

[*English*]

Things have changed a lot since the minister uttered those words in Copenhagen. Anyone watching television in Canada today might have seen an interview with two writers, Joanne Kates and Eleanor Wright-Perline over the CTV network. The interviewer asked:

What kind of track record does Lloyd Axworthy have anyway? I mean, Doris Anderson is saying that he is the one that ought to resign. What do you think?

Joanne Kates replied:

He has got a miserable track record with respect to women. As minister responsible for the status of women, he hasn't facilitated or done anything that improves our rights in any way.

Eleanor Wright-Perline admitted that the minister had a lot of good intentions, that a lot of sympathy had been declared over and over again with a lot of "charming smiles". We have seen them from over here. She also stated that he had given explanations, saying things like "you will understand my position" and "these things take time". She went on to say:

—there is no point in having the ear of the government unless you also have the government's active support. Look at the record, look to see how few of the recommendations of advisory councils have been implemented by the governments which appointed them.

Miss Kates went on to say:

—the federal government has stubbornly refused to give funding to those women's groups so that they can do things like get to Ottawa and make presentations to the government.

Those could hardly be seen as positive actions on the part of the minister who made such a profound statement at the world conference in Copenhagen just six months ago. That does not surprise anyone, certainly not those on this side.

The Liberal government in 1977 brought in a bill to make major changes to the unemployment insurance program in this country. It had far-reaching effects on all Canadians, particularly women. The Advisory Council on the Status of Women appeared before the Standing Committee on Labour, Manpower and Immigration and told that committee that the government had not consulted the council before drafting and presenting the legislation. What is an advisory council for if it is not permitted to advise?

On the constitution, the government brought in the resolution which still has not been reported back to this House. The plight of women and other women's issues were ignored in the proposals put forward by the government. When the Advisory Council on the Status of Women was finally invited to appear before the constitutional committee, it stated it had not been asked, until the second round of meetings, to have any input into the constitutional proposals.

The members of the advisory council were not the only ones to be ignored; there were other groups such as the handicapped. In fact, many groups appeared before that committee and complained that they had been ignored. What can we expect from a government with a leader who only yesterday responded to female members on this side of the House in one way and to male members in another?

At page 6409 of yesterday's *Hansard*, when answering the hon. member for Kingston and the Islands (Miss MacDonald), the Prime Minister (Mr. Trudeau) said, "I think the hon. lady opposite—". In replying to the hon. member for New Westminster-Coquitlam (Miss Jewett), the Prime Minister said, "—as regards the preamble which the hon. lady put to her question—".

Mrs. Mitchell: He is a sexist.

Mr. Clarke: The hon. member says he is a sexist. At page 6413, replying to the hon. member for Selkirk-Interlake (Mr. Sargeant), the Prime Minister said, "—the hon. member refers to a news report of yesterday". Therefore, we have two classes of members acknowledged by the Prime Minister, the head of the government. We have hon. ladies and hon. members. I do not know why the Prime Minister cannot refer to all of us as hon. members.

Miss MacDonald: Hear, hear!

Status of Women

Mr. Clarke: The Prime Minister apparently did not learn anything from his one-time member for Vancouver-Kingsway, whom he referred to as "the hon. lady". She took particular issue with the Prime Minister, saying she had been elected as a member of Parliament without regard to sex; that she was not here as a lady at all but as a Member of Parliament. I am not sure she won her argument, but she did take issue with him. That was at least five years ago and the Prime Minister has not learned anything.

Miss MacDonald: Not on the issue of women. He just doesn't learn.

Mr. Clarke: I also want to refer to the words of the Minister of Employment and Immigration (Mr. Axworthy) when speaking to the press today. He is quoted as saying that the only thing he regretted was that there was a "major issue made about a matter I felt should have been resolved by the council without all this publicity".

The obvious question that comes to mind is why is the minister afraid of the publicity if he does not have anything to hide? Was he worried because the council did not just take his suggestion, meekly fold its tents and go away rather than make a fuss as Doris Anderson did? Was the minister worried that his interference with the council would come out? He may have been thinking that if the constitutional committee had reported when it was scheduled to do so, on December 9, the advisory council would not yet have scheduled its meeting and he would not have had the problem. Perhaps that is what he was trying to hide. One cannot be sure with this minister and this government.

[*Translation*]

Mr. Speaker, let us reflect for a moment on the creation of the Advisory Council on the Status of Women. In 1973, the then minister of labour, Mr. Munro, made a statement on motions in the House. That seems strange, Mr. Speaker, because nowadays statements on motions are always heard outside and not inside the House. Let us reflect for a moment. The minister said, and I quote:

> The purpose of the council will be twofold: to bring before the government and the public matters of interest and concern to women, and to advise the government on actions that it deems necessary to improve the position of women in society. These terms of reference are purposely very broad in order that the council will have freedom to take whatever action it considers necessary. The council will also have authority to publish its reports, recommendations and statements. In this way the council will be in a position to keep before the public, as well as the government, the whole question of the status of women.

In reply Mr. Gordon Fairweather, then member for Fundy Royal in New Brunswick and spokesman for our party on that subject, said, again I quote:

> The royal commission, after all, recommended in 1970 that the advisory council on the status of women should be established and report to Parliament. The government, unfortunately, ignored that good advice and took a different route by appointing what is, in reality, a committee that is to report to the minister. The results will enable us to judge who is right. Despite what the minister says, in my opinion the terms of reference he enunciated today are much too restrictive.

Now, Mr. Speaker, let us look back upon the incident which occurred in the House yesterday. The Right Hon. Leader of the Opposition (Mr. Clark) asked the right hon. Prime Minister whether there is a policy which prevents the council from reporting to Parliament as do the Auditor General, the Economic Council of Canada and the Commissioner of Official Languages. Mr. Speaker, he could have added a few more organizations, for instance the Library of Parliament, the electoral boundaries commissions for the decennial report, the internal economy commission, contested elections, the Economic Council of Canada, the Queen Elizabeth II Research Fund and the annual report of the Council on Official Languages. All those reports are tabled in the House, Mr. Speaker.

But what did the Prime Minister say? He replied, and I quote:

> There are many different councils which advise the minister directly, such as advisory councils in trade, health and welfare, immigration and sports. They advise the minister so he can keep their advice in mind when introducing legislation.

I emphasize this:

> —so he can keep their advice in mind when introducing legislation.

As I said, in 1977 the advisory council stated before the Standing Committee on Labour, Manpower and Immigration that the government had not consulted them about the unemployment insurance bill, a very important measure for women.

● (1750)

[*English*]

In the few minutes remaining perhaps I could add some positive notes to the debate. The government opposite often complains that we complain too much and do not give them the real answers. We showed them what the real answers were on many subjects.

The Prime Minister was being particularly, if not unparliamentary then certainly impolite in talking about the "might have been" policies of this side.

Le me run over a few of the things that were done by this side in the short time we were in government. Let me start out with a reference to what the Minister of Employment and Immigration said. He said we had done nothing in our time in government. The records show that 24,000 women were placed in jobs in the time we were in government, compared with the 10,000 this minister has put into jobs in a similar period.

During the first six months of the government of the Right Hon. Leader of the Opposition the profile on the status of women was greatly enhanced because of the very strong personal commitment of the then prime minister, the minister responsible for the status of women and several other ministers, most notably the minister of employment and immigration.

Increased resources were allocated to the Advisory Council on the Status of Women. In fact, the budget was increased by 89 per cent over the budget provided by the Liberal govern-

ment in the previous fiscal period. That budget went from $740,000 to $1,400,000, and $401,000 was added for the "statut de la femme Canada" that organization in the bureaucracy. It is interesting to note that while the government opposite gave $740,000 to the advisory council, the government of Quebec gave its women's council, le Conseil de la Femme, $1.8 million, well over twice the amount.

The legislative reality of our government's six months in power is Bill C-6, which extended the spouse's allowance beyond the death of the elder spouse; the proposed sexual offences legislation was going through cabinet committee and was ready for drafting; some of the Outreach funding which had been cut off by the former government was restored and that program was under review when our government fell; amendments to the Income tax Act to recognize women's contributions in unincorporated businesses and farms had been proposed and only because of our defeat, was stopped; an employment strategy was ready for cabinet, and the list goes on and on. I see that time will not permit me to go on with them but I have four pages of accomplishments here.

Perhaps I could just finish with one sentence. In addition to the motion which suggests that the minister should resign, with which I agree, perhaps I could conclude by recommending, among other changes, that the advisory council be given new terms of reference which would enable it to report directly to Parliament on its own initiative, that is, from time to time whenever it felt necessary, and also that new members of the council be vetted by the council itself and that present council members be given the right to veto appointments of members. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Thank you very much, Mr. Speaker. Unfortunately time is limited. I am distressed today that I have to stand up in the House under these particular circumstances. I am outraged as a Member of Parliament and as a Canadian woman at what is happening today, at the way the women of Canada are being manipulated for crass political purposes and not for the benefit of the women of Canada. This is so that the opposition parties can take cheap political cracks at the minister responsible. This in no way helps the women of Canada. I want to put on record as a woman of Canada that in no way do Canadian women approve of being used for cheap political purposes.

The whole point of the argument is that women do not allow themselves to be demeaned by what is happening in the House today. Those women of Canada who preach democracy will live by democracy. The implication of the debate in the House today is that those women who preach democracy cannot bear to abide by its rules and cannot exercise their freedom of speech. By the way, freedom of speech is given to a minister of the Crown just as it is to any other Canadian. He must be given the freedom to voice his views. With democracy, as the hon. member for Kingston and the Islands (Miss MacDonald) should remember, comes the responsibility to accept the will of the majority. In this case a vote was taken and a majority of that council decided to postpone the meeting. What happened? A few people took up their buckets and spades, refused to play the game and ran home. I admire Doris Anderson. I would have admired her a heck of a lot more if she had stood by her guns and had seen the fight through. What she did was provide another excuse for a very facetious and stupid debate in this House today.

The Acting Speaker (Mr. Blaker): I regret to interrupt the hon. member but, it being six o'clock, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the debate was interrupted at six o'clock the Parliamentary Secretary to the Minister of National Defence and hon. member for York South-Weston (Mrs. Appolloni) was in full flight.

Mr. Kempling: Mr. Speaker, I rise on a point of order. Did the hon. member who was speaking call it six o'clock?

Mr. Cousineau: No.

The Acting Speaker (Mr. Blaker): I called it six o'clock. It was in fact about thirty seconds after six. Accordingly, I interrupted the hon. member pursuant to the Standing Orders. Someone later asked me whether that might indicate that the hon. member had been deprived of her ability to continue at eight o'clock, and I know of no reason why she should be.

Mrs. Appolloni: Mr. Speaker, I hope the foregoing interruption does not mean that the Tory members, who have brought forward this motion in order to protect the rights of women, are really trying to stop this woman from speaking.

When we stopped for our dinner break I was talking about quitters and about my anger with respect to quitters. I was talking also about my sadness at the fact that these same quitters did not have the sense to realize that, far from making them heroic defenders of women's rights, their actions reduced them to mere pawns in this political process and this game of embarrass-thy-neighbour, particularly if the neighbour happens to be a minister of the Crown. That is in fact what happened. The whole purpose of today's debate is not to promote the status of women in Canada; it is to try to embarrass the minister responsible for the status of women. Why should we embarrass him? He was elected by the people of Canada. His party was elected by the people of Canada to govern the country. My Prime Minister (Mr. Trudeau), in whose judgment I have perfect faith, appointed that man to look after the status of women. What has he done since that time?

Has he made self-righteous, patronizing speeches? Has he patted women on the back and used them as pawns in this House of Commons? No, he has not; he has worked for them.

Some hon. Members: Hear, hear!

Mrs. Appolloni: Far be it from me to enter into the empty rhetoric which has assailed my ears today. I want to prove how this minister has worked for the status of women.

This is a time when we are cutting back. The Tories are the first to tell us about the desperate financial state we are in and about our dreadful deficit. Hon. members opposite should not deny this. They tell us. What does the minister responsible for the status of women do at this time of financial restraint? He increases from $700,000 to $1.2 million the amount spent on women's programs to promote the status of women. That is an increase of 70 per cent in, I repeat, a time of cutbacks. The minister supports the Canadian national association of sexual assault centres and its annual conference to discuss sexual assault legislation. The list is long. I could go on, but I want to stop on that point.

Mr. Nielsen: Please do.

Mrs. Appolloni: This minister has not only shown interest in the status of women in Canada but, by his own initiative and forcefulness, he has also pinpointed one of the main problems of women, and if you guys are sincerely interested in what the women of Canada are facing, perhaps you could do me the courtesy of listening.

Mr. Knowles: Order.

Mrs. Appolloni: The hon. member for Vancouver Quadra (Mr. Clarke) said that women are offended because people call them ladies.

Mr. Taylor: Mr. Speaker, I rise on a point of order. We are not a bunch of guys. We are hon. members too.

Mrs. Appolloni: The hon. member's remarks lead me to my next point. The hon. member for Vancouver Quadra was incensed at the insensitivity of the minister responsible for the status of women and at what he had done to women. What has he done for women? He "allowed" the Prime Minister of Canada to call the hon. member for Kingston and the Islands "the hon. lady". Is she incensed? Frankly, I would be thrilled if the Prime Minister of Canada called me a lady because, despite my anger at this moment, that is one thing I want to be. I want to be a lady.

Some hon. Members: Hear, hear!

Miss MacDonald: Bully for you.

Mrs. Appolloni: However, that is not the point. My Prime Minister, who recognizes qualities we sometimes wonder about—

Some hon. Members: Oh, oh!

Mrs. Appolloni: He recognizes qualities, and he is accused of being a sexist because he calls a female member a lady. After a tiny bit of research I found that on the same day, recorded on the same page of *Hansard* quoted from by the hon. member for Vancouver Quadra, the same Prime Minister of Canada called the Leader of the New Democratic Party (Mr. Broadbent) "the hon. gentleman".

● (2010)

Oh my, the Leader of the NDP is called a gentleman. I do not hear the NDP standing up screaming "sexist". I do not hear anybody screaming "sexist". My Prime Minister—and I call him mine because, by Jove, I also elected him and I am proud of him—

Some hon. Members: Oh, oh!

An hon. Member: You can have him.

Mrs. Appolloni: My Prime Minister, with his discerning qualities, called the hon. member for Oshawa a gentleman. Frankly, I might not agree with the leader of the NDP, but I have to agree that he is a gentleman.

Some hon. Members: Hear, hear!

Mrs. Appolloni: Do I hear objections? The point I am sincerely trying to make is that women in Canada and women all over the world do have problems—of course we do, and men have problems too—but we are not asking to be treated so specially that when people disagree with us, we pick up our buckets and spades and run away because we do not want to play the game any longer.

We want to be listened to, we want to have our views considered, but if we lose the argument, by Jove, we do not go running off, or we should not go running off, and giving up everything. That is not what this life is about. As members of Parliament in particular, we know darn well we are going to lose arguments. We lose arguments daily with the opposition, and even sometimes with our own party. So what do we do? Do we resign? In this case, the vote was 10 to 7. So what happened to them? The ten who were defeated resigned. If it were a case of losing votes and resigning, then I think the Tories should have resigned long ago because they have lost votes, and they will continue to lose votes long into the future. Are they going to resign every time there is a vote?

In essence, that is what we are talking about. We are talking about freedom of expression, and that freedom of expression has to extend to a cabinet minister. I hear the hon. member for Kingston and the Islands saying something that I cannot catch, but I think I have the drift of it. She too was a cabinet minister. I am sure that she too in her job—which she did very responsibly, I think—had to listen to advisory councils of various kinds. Is it because she was afraid to reject their counsel that she and her leader made such asinine mistakes as when they tried to shift the embassy to Jerusalem? Is that the kind of government we have, a government which has to accept all the advice it gets from advisory councils? What are

we making of advisory councils? What are we doing by this debate today? What we are doing is fettering them. They will no longer want to speak to a minister in case what they tell him comes to the floor of the House, which is exactly what happens. On the other hand, we are fettering the minister who could be terrified of speaking to any advisory council, again in case it comes to the floor of the House. Will all this increase the status of the advisory council? Nonsense. The debate today has turned that advisory council, which could have been, and has been in the past, a very fine instrument, into a pitiful bunch of disappointed women. That is what has been achieved by the debate today. This debate has not helped by one iota the women of Canada, and at that I am incensed, I am angered and I am tremendously saddened. The women of Canada do need help, perhaps not the ones who complain because they are not a Mrs; they are probably a Miss, but they do not want to be known as such so they call themselves Ms. I will defend their right to call themselves whatever they like, even if they object to being called ladies. But, Mr. Speaker, they do not have the right to speak for the millions of other Canadian women who feel, as I do, that there are genuine problems which can be addressed and catered for by this particular minister who, as well as being in charge of the status of women is in charge of employment and immigration.

I will tell you about some of the problems I am talking about. I am talking in particular about the problems of the unwed mother.

An hon. Member: Oh, now we get it.

Mrs. Appolloni: Now you are getting it! The opposition whip will now get it. He will get an earful because I know what I am talking about, and this is not empty rhetoric. At least half the Advisory Council on the Status of Women will have a very simple and quick solution to the problem of these women, which is to get them abortions. I have been through that. I do not think they should have abortions. I think they have the right to have their children. But I do think it is society's responsibility to help a woman not only to bring a new Canadian citizen into the world but to make sure that he or she is treated equally to any other baby, wanted or unwanted, in Canada.

And now I come to the minister in charge of the status of women who is also in charge of employment and immigration. Because of the kinds of things that women like me speak to him about, the kinds of problems he works on are such things as training programs for these women. I wonder if any members in the opposition who have entered into the debate today have gone to places like the ones I have gone to in Toronto?

An hon. Member: They would not let me in.

Mrs. Appolloni: Mr. Speaker, the temptation is great, but I shall refrain from personal comments. As I was saying, these training schools in Toronto are funded by the minister's department. In them they teach the girls skills which, in ordinary circumstances, would be marketable skills. But the minute they leave that course after graduating, the minute they have learned that skill which is necessary for them and for their children so that they can earn their daily bread, what happens? They have problems with child care. There are no day care centres, and they have problems if, God forbid, the child becomes sick. Who pays for the medicine then? Ordinarily, the Department of National Health and Welfare would, but because these women have been on the training course, they are on welfare. They should be able to earn their own money. What do they earn? They earn the bare minimum. I defy any member of the House to tell me how a woman can raise a child today on the minimum wage. I say this, leaving partisan politics aside. I say that it cannot be done. So what happens? They are cut off from welfare because they have been on our training program. But there is a hiatus between the time they are on the training program and the time they start earning just enough to keep themselves and their children. They have lost welfare payments and they are encouraged to go back to work, not for a few weeks but forever.

These are the kinds of programs we have to address, the problems about which the minister has already spoken. There is the problem of sexual assault. What does sexual assault mean, apart from the rhetoric? I will tell you what it means. It means the violation of a woman's body, the most horrendous crime on our books. It means putting out your hand to that woman and helping her to retrieve her own self-respect and get rid of her tremendous fear of anyone who is male, be it her husband, her brother or her father, whom she has known for years. As sensitive as many male members may be to this subject, I honestly do not believe they understand the real meaning of this kind of crime. But I believe our minister understands this. By himself he will not be able to eradicate these horrors with which women are faced today in increasing numbers, nor will this cabinet nor future governments be able to do so because there will first have to be a tremendous change in the attitude of society. These changes will not come so long as the Canadian public just sits back and watches the debates, which they can do now because of television. What is the Canadian public worried about today? It is worried about the future of fuel supplies and about the cost of fuel. The Canadian public is worried about the children and whether they will find jobs in the future. The Canadian public wonders whether there will be a united Canada in ten years' time. On the international scene we know that entire populations are dying, not because of what a minister said to some female who resigned, but for lack of food. The Canadian public also knows that people in other countries of the world are imprisoned for exactly what the minister did; they expressed their views and they were imprisoned. The minister expressed his view and he is in a pillory today in the House of Commons.

• (2020)

Some hon. Members: Hear, hear!

Mrs. Appolloni: I hear the defenders of women's rights applauding the act that he is in a pillory. What are they doing for women's rights? They put up speakers to say that the

Prime Minister is chauvinistic because he calls a female a lady; I believe the lady should be thankful she was called such.

Some hon. Members: Hear, hear!

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I listened with considerable interest to the comments of the hon. member for York South-Weston (Mrs. Appolloni). I have often listened to her observations with great respect, but this evening I listened quietly in an attempt to understand the drift of her message. I know the member is a true and faithful supporter of the Prime Minister (Mr. Trudeau) and the party he represents. One can always tell when the government is in a difficult position—the decibel level rises very substantially in defence of an indefensible position.

Miss Bégin: That is sexism.

Mr. Hnatyshyn: A lot of people in televisionland will not appreciate that I have the great fortune of sitting directly across from the Minister of National Health and Welfare (Miss Bégin). This is one of the great joys of my life; I am able to watch her in action. I observed her rise in the House today on a specious question of privilege. I appreciate the fact that she very often says things without thinking before she speaks, so I accept the last interjection on the same basis.

Miss Bégin: Mr. Speaker, I rise on a point of order.

Mr. Hnatyshyn: I think I have struck a sensitive chord.

Miss Bégin: I should like to point out that what the hon. member just said is an attack on the privileges of all women of the House. In the last months sexism has arisen more in the conversations in this place than when I first became a member of the House.

When I spoke this afternoon some male members opposite made vulgar references to the fact that some people have problems in certain months. Tonight the member started his speech by referring to the woman who spoke a few moments before him and by talking about decibel levels. Nature did not make all vocal chords exactly the same—

Some hon. Members: Order, order!

Miss Bégin: —and I think that type of innuendo is sexist.

Mr. Hnatyshyn: Mr. Speaker, will I be allowed an opportunity to speak on that point of order?

The Acting Speaker (Mr. Blaker): I will recognize the hon. member for Saskatoon West (Mr. Hnatyshyn) on the point of order raised by the hon. minister, but I do not think it is reasonable to suggest, with the state of the argument at this point, that the Chair can find a case of privilege in the remarks raised. I say this because it is important for the Chair to distinguish between debate which may not be acceptable to some members in some parts of the House at some times, and the actual matter of privilege. I think the hon. minister may or may not—and I make no judgment on it at all—have a point of debate, but I do not see that I can find a question of privilege. Before a final ruling in that regard, I will listen to the hon. member for Saskatoon West.

Mr. Hnatyshyn: Mr. Speaker, I think I understand the drift of what Your Honour will finally adjudicate on this matter. I fully subscribe to the point of view that there is absolutely no point of order. In case there is any doubt that my remarks were directed toward the hon. member for York South-Weston—and I think the blues will underline this—let me point out that I did not discriminate with respect to any member on the government benches. They all speak in high decibels because their position is very weak. I say that without regard to sex, origin or location. I did not in any way suggest that it was the hon. member for York South-Weston, for whom I have the greatest respect. All members of the House are equal regardless of their sex, which is a point the hon. minister does not understand. She does a disservice to her position when she suggests that such is not the case.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: I know the Minister of National Health and Welfare will be somewhat concerned when I direct my remarks to a male member of the House of Commons. Hopefully she will not rise every two minutes on points of order suggesting that I am attacking the males in the House.

I should like to talk about the minister concerned, because I think he is the basis of this entire motion. We as opposition members have the right to question and look at the actions of ministers of the Crown.

During the course of this debate we will be looking at the actions of the Minister of Employment and Immigration (Mr. Axworthy) who is responsible for reporting to the House on behalf of the Advisory Council on the Status of Women. Since the minister's appointment to his portfolio, he has reminded me of a character in Al Capp's L'il Abner. This minister is the Joe Btfsplk of the current cabinet. Wherever he goes, whatever he does, there seems to be a storm cloud crashing around his head and lightning striking everything that comes within proximity of him. The minister has the propensity to get himself and the government into absolutely unnecessary difficulty. I make my remarks today as an opposition member because I want to be constructive and help the minister. He is one of the few elected ministers from western Canada so I have a very deep interest in his welfare. I know the minister fully appreciates that we have an interest in things indigenous to western Canada. Liberal cabinet ministers and dinosaurs are rare objects of antiquity which must be protected. In particular members from western Canada must attempt to advise and help the minister in the pursuit of his responsibilities. The minister has become a spokesman on virtually every western Canadian topic which has crossed a cabinet desk.

I was interested in an editorial in the *Winnipeg Free Press*, a newspaper which has had a long tradition of supporting the Liberal Party of Canada. The editorial made reference to the minister's propensity for getting into difficulty. I bring this up

not for the purpose of embarrassing the minister—the Lord knows he does enough to embarrass himself—but I should like to read the conclusion of this particular editorial:

> In many ways, Manitobans are fortunate that their sole representative in the federal cabinet is an active and ambitious man. There is reason for concern, however, that if Mr. Axworthy keeps puffing himself up at his present rate, one day he will simply burst.

This is the minister's home town paper, a paper of long-standing Liberal persuasion. I am concerned about the minister, so I am trying to explain the error of his ways and to put him on the right track. Hopefully, after this debate he will stand in his place and do the right thing. I will tell him what he should do. What we have today is a situation where the minister is attempting somehow to answer this very precise and specific accusation. I think it is fair to say that it is, in a sense, an accusation that he has manipulated the Advisory Council on the Status of Women contrary to the best interests of that body and of women in Canada today. As the minister responsible for that council he has taken an unprecedented step by this manipulation.

In his defence he does not deal with the particular topic. No, he has decided he will take another tack. He will rise in his place and recite for this House his many accomplishments in this government with respect to women's rights and women's issues in Canada.

• (2030)

When the question period started yesterday, or possibly the day before yesterday, the minister must have been thinking that maybe there would be a few questions asked of himself and the Prime Minister with respect to this issue. So, before question period, down the steps trundled the Minister of Employment and Immigration, the minister responsible to the Prime Minister for the Advisory Council on the Status of Women. He handed the Prime Minister an envelope which contained a list. The list, if we can believe, Mr. Speaker, was the list the Prime Minister tried to read into the record yesterday of all the great accomplishments of this minister. It was a self-serving document which was presented to the Prime Minister to defend the minister. The Prime Minister read it. Of course, it broke the place up. The place went into chaos. There was thigh-slapping and laughing and the Prime Minister was not able to finish reading it. I am sure if he wants to present us with copies we are prepared to have a look at it. But that is not what is at issue here.

I do not doubt the sincerity and the ambition of the minister. He wants to get ahead in Liberal circles. He wants to do a job which will lead to him being perceived as a Liberal leadership candidate. We want to ensure that he moves on and succeeds, since we think there is political advantage in it for us.

I want to say to the minister that the issue here is purely and simply: What has he done to the Advisory Council on the Status of Women? What has he done to the position of women across Canada through the action he has taken? I think these actions were taken foolishly and without serious consideration being given to the implications of women's interests in our country. The speakers on the government side have stood in their places and complained because we are now in this debate. Somehow we in the opposition are to be held responsible for this whole mess. What an amazing proposition that is, Mr. Speaker.

I was not aware of the fact that the president of the advisory council was a paid-up member of the Liberal Party. I was not aware that she had been a candidate for the Liberal Party in the federal election. It certainly could not be said that the president was a person who was a political partisan in opposition to the government. This woman has said in public pronouncements that there was political interference with the operation of the advisory council. This is according to the record we now have, the minutes of the meeting of the advisory council.

They can flim-flam all they want about this issue. The advisory council was intended to be independent. The royal commission recommended that it report directly to Parliament, as opposed to a minister, but in its wisdom the government decided it should report to a minister. The underlying principle was that it would be independent.

The minister has broken the trust that he had with the women of Canada by interfering with a decision to hold a conference on the constitution of our country. The minister tries to answer the criticism by saying, "Well, of course, it really is a matter of timing, since now it would not serve any useful purpose for the advisory council to have a national conference on the constitution. Really, these issues are not on the plate of the government now. The issues have all been decided and the constitutional committee will now deal with these matters."

The fact of the matter is that while the advisory council made an admirable submission to the constitutional committee this conference would have been an opportunity for the council to have the benefit of a wide-ranging point of view from a number of women and women's organizations. And what is wrong with that? What is wrong with giving that kind of opportunity to the council, even though, as a result of the arbitrary time limit imposed by the government, it was obliged to make its submission before having had the chance to hear from the women of Canada?

The chronology will indicate that the planning went ahead as early as June of last year, with the minister's concurrence. The minister was to host a reception in September of 1980 when he would speak to the conference. Elaborate plans were made to hold this convention but it apparently had to be called off because of the translators' strike. Ostensibly, that is the reason why the meeting did not go ahead in September. That premise has been challenged by many women who were involved. They said there was an understanding with the translators that the conference would not be picketed. But be that as it may, it was decided to postpone the conference until February of this year. That was all done in the knowledge of the minister at the time.

Arrangements went ahead to hold the conference and Sheila Zimmerman was hired to organize it. Lucie Pépin undertook

to phone the Quebec speakers. The members of the advisory council were all set to hold this conference. The minister says he was then consulted about what his view was with respect to the conference. Mr. Speaker, I challenge the minister's version of the circumstances which took place. I now have information that prior to the time the minister says he was first apprised of these circumstances, namely, on January 5, 1981, a memorandum was sent to Doris Anderson from Hellie Wilson. It said, "Talked to Nancy Connolly—". Before I read the memo I must explain who Nancy Connolly is. She is the minister's assistant who speaks on his behalf. The memo reads:

Talked to Nancy Connolly yesterday. Minister wants regional conferences instead of national conference. Phoned Win.

I will deal with Win in a moment.

She thinks executive should discuss.

This memorandum indicates the minister's office initiated the discussion with respect to this matter prior to any discussion or any request for a discussion with the minister. If I am mistaken—and I do not believe I am—then the minister should bring forward facts to show I am wrong. He says he has an affidavit as to what happened at the meeting of the executive. He says there are these phantom documents which are somewhere in the possession of some unnamed lawyer. His defence relies on that premise.

Yesterday, in question period, I suggested to the minister that the honourable thing to do would be to stand in his place and suggest the whole matter be referred to the Standing Committee on Privileges and Elections. Then the affidavit could be produced. Evidence under oath could be given, as was done the last time that committee met. At that time we were able to get to the bottom of the issues, something which we will not be able to do here.

The fact of the matter is the minister has nothing but weak defences. He attempts to suggest that somehow these are affidavits which he is not prepared to disclose to this House. He is not prepared to table them. He is not prepared to give evidence under oath. There is only one conclusion that can be drawn when it comes to the question of who is telling the truth. That is that Doris Anderson's version is the correct one. The minister's version is incorrect.

This matter is causing serious concern to many women's organizations in Canada. The question of the credibility of the advisory council is of great concern to members on this side of the House. We want to see the minister produce the affidavit he talks about. We want him to bring it into the House.

● (2040)

Does the minister have the courage to table the affidavit in the House, or will this phantom affidavit be kept in his possession and in secret, undisclosed to anyone? When will the minister gain the courage to table this document in the House and to come before a committee of this House so that witnesses may be called and so that we may get to the bottom of what has exactly transpired. A very crucial issue is involved.

I have been informed that the secretary who took the minutes of this meeting of the executive which is the source of the dispute has been prohibited from speaking to anyone with respect to the taking of those minutes. She has been rendered incommunicado by the council members who remain. The council is disintegrating. Women's issues are suffering because of the serious damage done to the credibility of the council by the actions of this minister.

Miss MacDonald: It is intimidation.

Mr. Hnatyshyn: My colleague is quite right when she says that it is intimidation. The whole affair amounts to a scandalous interference into the affairs of an advisory council which represents women's interests in Canada. Why does the government not take the very reasonable suggestion put forward by our party, which is the basis of the recommendations of the royal commission chaired by Senator Florence Bird, who was appointed by the Prime Minister, try to restore some credibility to this group and have the council report directly to Parliament?

Why does the government not take the suggestions of the hon. member for Waterloo (Mr. McLean) and have a wide consultation with women's groups across this country to ensure that it cannot be said that an appointment is political or that appointments are made on the basis of political persuasion. Of what is the government and the minister afraid? Why do we have this situation where the minister, the Joe Btfsplk of this cabinet, is responsible for women's affairs in the course of cabinet deliberations? Mr. Speaker, I appreciate the fact that you did not take out of my time the spurious and specious points of order raised by the Minister of National Health and Welfare.

In conclusion, I would like to help the minister do a good job. Unfortunately, we face a majority Liberal government which has been known in the past for its arrogance and for moving ahead without sensitivity. If the minister persists with his present attitude, with attacking the president, as he did on the CBC program at six o'clock this evening, and with his single-minded determination to wheel control over this advisory council, then he has only seen the beginning of a fight. We in the opposition will stand for the interests of women in Canada and we will fight hard for their interests.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I would like to thank you for flattering me when you called me Madam MacInnis this afternoon. It would be very appropriate tonight if Grace MacInnis, a champion of women and disadvantaged people, were here tonight. I know that she would speak eloquently on the subject and probably raise the quality of the debate somewhat. I would like to commend Doris Anderson, the past president of the Canadian Advisory Council on the Status of Women, and the staff and members of the council for their work. All of us should recognize that this group has made a considerable contribution, particularly in the areas of research and constitutional reform.

However, as many hon. members have already said, the reality is that the advisory council is a politically appointed council. It is primarily responsible to the government and the minister responsible for the status of women. Therefore, it is very difficult, no matter how well meaning its intentions, for the council to remain independent of the government. It is also difficult for this council to become anything more than a research, fact-finding group or to become involved in issues in a more active and militant way, which is what is needed if the situation for women is to change in Canada.

We know that most of the members of this group were appointed by the government through the minister and are Liberal Party members. This does not mean that they have not worked hard. The members of the council are largely a well-educated group of women who come from middle-class backgrounds. Undoubtedly they have worked hard and have produced valuable reports. In no way will I criticize the members of that council tonight.

However, I will criticize the structure and nature of this organization, which is quite impotent to act on behalf of the women of Canada and to press actively and militantly for much needed government reform. For example, there are certain groups which are noticeably absent from the council. The council is not representative of native women, although in fairness, it has spoken out on native issues. It is not representative of immigrant women who are doubly discriminated against in society today. The council is not representative of housewives, or women on low incomes, including single parents struggling on welfare. Representatives of the minority groups should be on a national advisory council and actively involved in trying to change their situation. My colleague indicated that women trade unionists are not actively represented on the council, with the exception of one Liberal appointee. Yet, a main goal of the council, and a major concern of the minister, is improvement in the situation of women in the work force.

Thousands of lonely, isolated older women, who represent the poorest group in our society, also are not represented on the council. This group has many concerns, and there is much need for assistance.

I shall not review the minister's interference in the affairs of the council because this allegation has been mentioned repeatedly and is well documented. The "haves" and the "have-nots" in society must join forces through a national women's organization, if women wish to bring about the changes which are needed. That is why our party has moved an amendment which would lead to the reorganization or restructuring of the Canadian Advisory Council on the Status of Women.

We believe that such a council should be composed of delegates appointed or elected from women's organizations and trade unions in order to represent the interests of women across Canada. This newly-organized group should be accountable to women rather than to the government. It would work with the government as an agent for change.

Any effective national women's organization should have an advocacy function as well as a research function. There will be times when militant action will be justified. For example, many of us were on the picket lines when the workers of Bell Canada struck last year. Most of those workers were grossly underpaid women. But where were the representatives of the advisory council? Perhaps they were there, but I rather doubt it.

I would mention the women in the steel industry in Hamilton. These women are pressing very hard to have jobs opened up to women. The minister has said that he favours women in non-traditional jobs, yet I do not believe that he or the advisory council was involved in supporting those women's movements. The advisory council has, as I have said, spoken out for Indian women's rights, and particularly in the case of Sandra Lovelace.

● (2050)

I am not aware that the council has taken militant action on behalf of immigrant women but I will come back to that in a minute.

It is important that the advisory council distribute information to women's groups across Canada and provide sound research, and this has been done. But there must also be a direct link with local women's groups. Action must be taken and documentation must be prepared regarding the problems which face women today. If Parliament believes that women's rights must be given higher priority, and I believe speeches made since I have been in the House indicate this is what all parties endorse, we must now act to make up for past discrimination.

If a new, more representative, council were to be formed, independent of government, I would certainly hope that Parliament and the government in power would continue to finance such a group. We must expect there will be criticism of the government if reform is the goal of a future women's organization. Doris Anderson and the advisory council have been critical in a constructive way until recently when, of course, they were deprived of this right.

I want to refer to some of the women's groups which I believe are outside the power circles in Canada. These need the help of an active and well-organized women's movement with a representative national council to speak on their behalf.

First, let us look at women in the labour force and trade unions. The Canadian advisory council last year published an excellent book called "Women and Unions". The progressive steps which have been made in recent years for more involvement of women in trade unions has been well documented. But research is not enough. If more women trade unionists were involved in an advisory council they would be pressing the government to encourage participation of women in the trade union movement and to recognize the efforts being made by bank workers, Bell workers, steel workers and the many other unions working primarily on behalf of women workers. It is not enough to say we want to see more non-traditional job opportunities for women. Women are starting at a different level than men. Their educational background is different. They must have decentralized apprenticeship programs to be able to get into non-traditional jobs.

A second and important group is homemakers, the women who work long hours, in the home, have few holidays, no benefits, and no pay. They are probably the hardest-working group in Canada. It does not matter from which economic group they come, "housewives" lack confidence and feel they are useless. If they are asked in a survey what they do, they say, "I don't work. I am just a housewife." This is a deplorable situation this kind of negative stereotyping which society imposes on women who work in the home. These people do a very important job of raising children and managing homes.

I hope we will bring in day care so that women who want to, can go out to work. We also need pension coverage and some form of pay for parents so that some may choose to remain at home and rear their children.

I would now like to refer the minister and hon. members of the House to an interesting task force on older women conducted by a women's rights committee. This was associated with the NDP in British Columbia and it travelled to the remote areas of the province. It involves local women in a non-partisan way. They were able to speak about their concerns and their desperate conditions. They organized ongoing women's groups in their own communities. This kind of task force should be a function of a national advisory council to reach out to older women from remote communities across Canada. Action must be taken to raise the incomes of older women who are the most poverty-stricken of any group in Canada. Decent housing, adequate pensions and accessible transportation systems must be provided for them.

I talked today with some of the representatives from the Indian Rights for Indian Women movement. They said they felt the Canadian Advisory Council on the Status of Women has been great on research but short on action. The council did not make native women's issues a priority. It was too removed from local groups and issues. In fairness to the council, it cannot be all things to all people. But obviously this indicates there must be more involvement of women in local communities. Native women in particular must be represented if a national women's organization is to be effective.

Next I will speak about immigrant women. Many hon. members probably know, but if they do not know, they should, that immigrant women face double discrimination. They face discrimination as women and discrimination as immigrants. The Immigration Act discriminates against women and should be changed. Settlement services are very limited and unsuited to women's needs. I would be glad to go into this at some time with the minister. Immigrant women who are imported as domestics have no protection and should be able to become landed immigrants after they have put in a certain amount of time in Canada.

Finally I want to mention an important women's issue which has not been dealt with fairly in this House of Commons and which requires action from a national women's organization. We must work for repeal of section 251 of the Criminal Code to allow women who decide to have an abortion to do so legally and safely. I am not saying that we advocate abortion, but women must have a choice. Therefore, abortion must be taken out of the Criminal Code. This is a highly-charged emotional issue. It has been debated twice in this House through private members' bills since I have been a member. However, I am very disappointed that members from other parties, particularly from the Liberal party, who brought in legislation supposedly in support of women, did not speak in favour of even retaining the present provisions for women to have therapeutic abortions. The members who spoke advocating a cutback and a restriction of the present policy, were all men. Reform of abortion law is an issue on which many Canadian women feel strongly. A movement for repeal should have a national voice through a democratically elected and representative national women's council. I could go on, Mr. Speaker, but I will leave it at that for now.

We in the NDP believe that there is an important role for a reformed Canadian Advisory Council on the Status of Women or a representative women's organization at the national level which perhaps should be given a new name. We believe it should not be a government appointed body. It should be a group which is truly representative of Canadian women in all walks of life. Therefore we have recommended in our amendment that the membership of a renewed council should be appointed or elected by and from organizations in this country, organizations which are actively involved in women's issues.

Some hon. Members: Hear, hear!

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I take part in this debate with a feeling of sadness that something as important as 51 per cent of our population has been poorly represented by their elected officials in government, which is what prompted the presentation of this motion by the hon. member for Waterloo (Mr. McLean).

I have listened to this debate today. I have heard different sections of society mentioned. I have heard about women in the labour force, and the underprivileged, who are denied their rights, as we all know. But I would like to address my remarks to a segment of our population that has not been defended to this point in time. I refer to the women in rural Canada, not just the farm wives but the farmers; women who run independent farms, women who farm with their husbands or their sons and, in some instances, with the assistance of their daughters. The National Council on Rural Development did a study on rural women. They discovered that the average farm wife works 29 hours a week in the field, in the barns, doing bookkeeping or carrying out some other function in a very productive part of our country, that of food production. We have a growing number of farm men who are holding full-time or part-time jobs off the farm. When they leave the farm, the balance of the burden of producing food falls to their wives or daughters.

● (2100)

There are still very many farm women who wish to be independent and be recognized as full partners in a farming operation. In 1978, the then spokesman for our party, the Hon. David MacDonald, brought to the attention of this House a

letter, which his colleague from Medicine Hat had received from one of his constituents, which I wish to read:

> I work on the farm full-time (this often means 12 or more hours per day) during calving, seeding, summer fallowing and harvesting as well as doing all the bookkeeping and helping whenever necessary during other times. You will find that this is also the case with most of the women in this area, as it is no doubt in every farming community throughout Canada—
>
> My husband has threatened to divorce me, and then hire me as a farm worker and so claim wages for me as an expense for income tax purposes. I am only joking, but I do think that the fact that this could be a solution, points out the foolishness of the present tax law. Just as silly is the fact that I could do the same work I do on our farm for a neighbour and get paid for it and my husband could hire a neighbour's wife to do the work I am doing here, pay her and deduct her wages as an expense.
>
> It also hurts to know that women who work at their own job can file their own income tax. I have a teacher's certificate, but when I got married I decided to give up teaching to raise a family and help out on the farm. I feel this has been a good decision as far as the family is concerned and has meant a rewarding way of life to me—

The Hon. David MacDonald had this to say:

> In the face of that reasonable proposition, could not the minister urge his colleague the Minister of Finance to include a provision of the kind suggested in a budgetary announcement? If this debate today does nothing else, I hope it will wake up the minister and the government who seem to be immobilized at the present time in the face of a pressing national issue.

I wish to speak on something which everyone in my part of the country knows and of which most rural communities are aware. Included in the Crosbie budget was a provision for spouses to be paid in unincorporated businesses. The majority of farms in Canada are unincorporated. That was not a new proposal. I have heard members of the government, including the minister responsible for the status of women, say in this House that it would present a great tax relief if women, both farm women and women in small businesses, could be paid as full partners.

Even though this was brought in as part of our budget, we are still waiting for the legislation. We have not yet seen it. As we are approaching income tax time, I daily receive correspondence from my constituents asking what they should do. They point out that they have been paying their wives on the farm a salary since February 18 and so far, they do not know what is going to be done.

I wish to refer to something else that is very important in the farm community, the use of credit. As we know, credit is very important and not just to the man on the farm. It is very important to the woman who is a full partner, or one who is trying to enter the farming enterprise on her own.

The Farm Credit Corporation, a federal organization, despite all the statements made by the Minister of Agriculture (Mr. Whelan) when he met with rural women in Ottawa to the effect that he would rectify this wrong, still discriminates against farm women. In fact, when most farm women apply to the Farm Credit Corporation, they do not even get to fill out the application form. The first question is, "What credit rating do you have?" With the present banking system, which is under federal jurisdiction, in most cases women are denied a credit rating of their own.

Women should be able to apply for a farm credit partnership loan. The policy of the Farm Credit Corporation entitles individuals to apply for a loan up to a maximum of $200,000 and partnerships up to a maximum of $400,000. This federal organization, which is under the control of this government that is supposedly so proud of what it has done for the women of Canada, says that if a husband and wife are full partners, it will only lend up to $200,000, not $400,000 as would be the case if the two partners were men.

The Minister of Agriculture had some very encouraging words about how farm women in Canada can assist in taking their rightful place in this country. The minister, whom some of us recognize as tired, becomes very condescending. This is what he said to the rural women of Canada:

> Farm women can help by opening up new lines of communication with urban consumers. Tell them that Canadian food products are of higher quality and nutritional value than almost anything we can import. Tell them why it is better to make cabbage salads in the winter than to waste their money on imported lettuce which is almost all water.

That is as condescending as what the Prime Minister (Mr. Trudeau) said to the poor people of Canada, "reallocate your spending priorities". The farm women have much more to offer than merely telling the women of Canada to make cabbage salads rather than lettuce salads. The province of Ontario has credit guidelines which reflect equal credit opportunity. The federal government does not have guidelines to ensure that women are not discriminated against when they seek credit to continue in an operation, not just farming, but other enterprises as well.

We heard a representative of this government tell the farm women of Canada that if they want to make their presence felt, they must learn to lobby for the things they want. The reason this debate was brought forward is because the women of Canada were starting to lobby for what they wanted. At that time the minister said, "Don't lobby now because it may be inconvenient, it may embarrass our government and we are having another conference at that time." Is that any way of assisting the women of Canada to stand up and take their place alongside their male counterparts?

In conclusion, Mr. Speaker, we on this side have stood and spoken for the rights of women. We have had spokesmen, spokeswomen, or spokespersons. We in this party do not have a problem. We can say spokesmen, spokeswomen or spokespersons. No member of my party has criticized me for saying that. There is no such problem on this side. I would, however, like to say that we have worked hard and diligently. We will continue to work hard as members of the opposition to ensure that women can take their rightful place among the workers of Canada. We find it very difficult to do this with the present minister. I heard a government member say that the minister is in a pillory. I doubt that very much because I do not think he could get his head through the hole.

Some hon. Members: Hear, hear!

Mr. David Smith (Don Valley East): Mr. Speaker, I am not an expert on the Advisory Council on the Status of Women, but I think I understand something about fair play. I have known the minister for many years. Quite frankly, this motion

strikes me as something of a smear tactic to destroy his reputation and credibility. That is what prompts me to speak. What is the motion we have? The motion accuses the minister of and condemns him for his blatant interference as the minister responsible for the status of women, in the plans of the advisory council to hold a constitutional conference, and demands the resignation of the minister. It refers to "blatant interference". I have been reading the speeches given earlier today and I have listened to all the speeches tonight and I have not seen or heard any evidence of interference. We have heard a great litany about his alleged sins in the discharge of his responsibilities as minister. I am not surprised that the opposition is not impressed with his record. When have members of the opposition ever been impressed with the record of any minister on this side of the House on anything? If that were the criteria for resignation, then why stop at the hon. member for Winnipeg-Fort Garry (Mr. Axworthy)? Why not ask them all to resign?

● (2110)

An hon. Member: Good idea.

Mr. Smith: What makes members opposite happy about anything they do? It seems to me the only grounds on which they are demanding his resignation is that he blatantly interfered.

Let us have a look at what he did. What is this heinous crime he is alleged to have perpetrated? What was his statement here today? He said that the only time he became involved in their discussions was when they telephoned his office asking if he would meet with them to discuss the matter. He said that contrary to allegations that have been made, never at any time did he deal directly with members of the committee or of the council. He said they approached him and he met with them on a Friday morning. They asked him for his opinion and he gave it to them and he said that was the last contact on that discussion. Is anyone seriously suggesting that a minister of the Tory cabinet did not give his opinion on something when he was asked? I suggest not at all.

An hon. Member: What is the point?

Mr. Smith: The point being that I see no evidence here whatsoever that he blatantly interfered with anything, yet that is the only ground stated in the motion which calls upon him to resign.

The hon. member for Saskatoon West (Mr. Hnatyshyn) says that somebody in his office called somebody or wrote a memo to somebody or somebody said this about that. That is a big deal, but is that interference? Let us get serious.

I would like to say something about Doris Anderson. I have known Doris Anderson for some years. I have a high regard for her and I like her. I supported her when she ran as a candidate in a byelection in 1978. She made a decision to resign. I regret that decision. I think it was a wrong decision and I think it was an unfortunate one. I have nothing else to say about it. She made a decision and that is it. I happen to think the opposition has done her a disservice by fanning the flames of this incident into a great *cause célèbre* which they have somehow painted as a blood feud between the minister and virtue.

What has really prompted this motion? I happen to think this is another chapter in a clear pattern by the official opposition in particular to destroy the credibility of this minister. When the hon. member for Saskatoon West suggested that this matter be referred to the Standing Committee on Privileges and Elections I could hardly believe it. I am a member of that committee as is that hon. member. I sat through its hearings when we dealt with a previous matter relating to the minister.

Was the minister treated fairly by the opposition at that time? I suggest he was not. There were two issues and I think I have to make reference to them. There were two issues that came up. The first was, he was said to have made a decision concerning the entry into Canada by a person his department approved, which affected the fortunes of a small business in which he had a small interest. Very early in the evidence before the committee it was clear to anybody that the decision was made by officials in his department and he knew nothing about it. That was clear to anybody.

The second issue before the committee was an allegation that by virtue of the fact that the minister had a small interest in what you might call a family business, he was party to a contract entered into to provide employment for a handicapped person. It was quite clear very early in the evidence that he knew nothing about this decision and that he benefited in no way. Did that end the matter? No, that issue dragged on for weeks and weeks and weeks during which there were rumours, innuendos and fishing expeditions by the official opposition. It stretched the credulity of any impartial person to know that this was going on. If any group in that regard could be called impartial I would suggest it was the press, and members of the press who attended whom I spoke to said it was the biggest yawn in years and they simply stopped coming. It was a nothing story. There was simply nothing there; it was a hollow charge, a bum rap and nothing came out of it. That apparently is the route they want to go again. They want to go on another fishing expedition. They want to destroy the reputation and the credibility of the one minister this government has elected from the west.

I have known the minister well for 15 years. We worked together as ministerial assistants back in the 1960 s. He is an honest, decent and sincere man. Some of you are aware of the fact that I am chairman of the Special Committee on the Disabled and the Handicapped. On several occasions during our hearings we met with the minister, and I can say quite sincerely that he spoke with some passion, fervour and most persuasively about his commitment on issues affecting women. That was the conclusion I believe members of all parties who served on our committee came to.

This brings me to the next point. This motion refers to changing the mandate of the advisory council enabling it to report directly to Parliament. This issue has somehow now

been elevated to a great question of principle. Our committee looked at that idea with an open mind. It seems there are two arguments you can make. I do not think they have anything to do with great questions of principle. You can say they should report directly to Parliament, and that is fine, or through a minister. A strong argument can be made for reporting through a minister because it may well function better in that at least you know there is one person in the cabinet who is on the hot seat, on the hook, is responsible, and people look to him to perform his duties. If he does not perform the duties he is assigned, he knows he will be on the hot seat in Parliament.

If the council reports to Parliament in general, no one person is really on the hot seat or on the hook in the same way. Therefore, I think a very strong case can be made that it is preferable to have a minister responsible.

What is wrong with responsible government? We all extol the virtues of that, but suddenly there is something wrong with having a minister responsible for his duties in Parliament. This principle does not bother me at all. I welcome it. In fact, I suggest this is one with which we all agree.

If we look at what is going on we will find five points that I would like to cover. They indicate what this debate is all about and how it strikes me.

First of all, there is no blatant interference. I would suggest there is no interference at all. A request was made for an opinion. The council received the opinion and it then made a decision. As to how much its members were influenced by that opinion, I do not know. They may have been influenced by it greatly or not at all. They asked for it and they received it. That is not interference.

The second point is that hon. members say they do not like his record. What record do they like on this side of the House?

An hon. Member: None of them.

Mr. Smith: It is pretty clear to me that this is another chapter in the attempt to smear this minister. The opposition is clearly trying to destroy the credibility of the present council, and it seems to me they feel that unless the council reflects their views somehow it has gone astray, the members are lost souls, sheep without a shepherd and should be restructured and brought into line.

The clearest point to me of this whole debate is that those who are guilty of blatant interference are those who want to interfere with the decision freely made by that council, and that is the opposition. They want to interfere. It is not members on this side of the House who want to interfere. They made a decision, it is their decision, and we respect that decision. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

● (2120)

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, we have just been treated by the hon. member for Don Valley East (Mr. Smith) to almost as big a pile of that smelly stuff we spread on the fields out west as we got from the minister earlier. The hon. member says he read the speeches and listened to the debate this evening but sees no evidence of interference. He obviously did not read the speeches very carefully. He did not listen to the debate very carefully, so I will put the evidence on the record again. Perhaps the hon. member will appreciate hearing the words I will read in a moment. I understand that he has some legal training. Perhaps he can appreciate facts, and perhaps he will make the logical and rational decision everyone else in the country is making, namely, that there was blatant and overt interference. I have in my hand a chronology of the events preceding the aborted constitutional conference. It starts earlier than January 5, but January 5 is where I will start this sad story of interference. In the interests of saving time I will pick it up on January 5 from a document I have in front of me which reads as follows:

Doris Anderson is away. Hellie Wilson speaks with the minister's office and reports that the minister wants regional conferences instead of a national conference. Hellie Wilson stops the press releases and letters from going out as scheduled. Two press releases—one to CTV and one to *The Globe and Mail*—have to be recalled by courier.

The following is a chronology of events for January 6:

Doris Anderson returns to the office and reads Hellie Wilson's memo about the minister's wishes. Doris Anderson phones Win Gardner—

I will talk about Win Gardner later.

—who agrees that the minister probably doesn't realize how damaging a postponement or cancellation would be to the Council. She says no former minister interfered with the Council this way.

Win Gardner is a Liberal appointee. She is a devoted and active Liberal and, as we will see in a few minutes from her own testimony, a close friend of the minister. She says, and I quote:

Doris Anderson phones Lucie Pépin but she is on holidays. Doris Anderson phones Nancy Connolly, the minister's assistant and explains that cancelling for a second time would be extremely damaging to the credibility of the Council. Nancy Connolly says the minister seems determined. Doris Anderson asks to meet with him.

Sheila Zimmerman—

The Minister of National Health and Welfare (Miss Bégin) knows Sheila Zimmerman.

—completes a progress report on the conference at Doris Anderson's request.

The following is the chronology of events of January 7:

Doris Anderson is home ill. She talks several times to Win Gardner and Nancy Connolly. Nancy reports that the minister is determined that the conference must be changed and regional conferences held instead. Win talks to Nancy and Hellie. Win asks that the whole executive meet with the minister. Doris and Hellie agree. The meeting is set for Friday, January 9, at 1 p.m. in the minister's office.

The following is the chronology of events for January 8:

Executive members get together for drinks and later have dinner at Nancy Connolly's. Doris Anderson learns for the first time that Lucie Pepin had not told Quebec participants that the February 13-14 date was firm.

Then we get into the meeting of January 9, of which the minutes are much more detailed. In fact, they were taken verbatim in shorthand, and I have a copy here. The minutes talk about the discussion. The hon. member for Don Valley East said there was no evidence of interference. According to the chronology of events I have here, Win Gardner said no

former minister had interfered that way. What does Win Gardner say on January 9 after she has talked to the minister? Win Gardner's statement is as follows:

> My reasons for voting for cancelling the Conference on Women and the Constitution has nothing to do with the fact that the minister is a dear and close personal friend of mine. I am voting for cancelling the conference because we looked like fools the last time and I am not ready to look like one again and put our minister in an embarrassing situation toward his government.

That is a quote from Win Gardner. The hon. member says he was here, paid attention and is not aware of any interference. The hon. member obviously must have about three and a half inches of skull if he does not recognize that for what it is, proof of blatant interference.

Mr. Smith: Opinion.

Mr. Andre: It is not opinion; it is fact. The minister says he has not seen this, but he knows it is not true because somewhere hidden away in the bowels of some lawyer's office is an affidavit. Well, where is this affidavit? Let us see this affidavit. Pleading for his old friend, the hon. member for Don Valley East related the tale of the minister's appearance before the Standing Committee on Privileges and Elections in relation to some questionable dealings in Winnipeg. Perhaps the hon. member remembers that at that point in time the minister volunteered. He was confident of his innocence of any suggestion of wrongdoing and anxious to prove that there was no evidence of wrongdoing.

He himself moved in this House that that matter be referred to committee so that he could prove his innocence. We challenge him to do that now. If the minister is confident that he did not interfere—I do not believe him, and nobody else in the country believes him—let us refer the matter right now to the Standing Committee on Privileges and Elections, just as the minister did on the previous occasion to which the hon. member referred, and let us examine it. Let us bring this affidavit before the committee and find the truth. Let us examine the information and find the truth. If the hon. member is so confident about the minister's side of the story, what is there to fear? It could all be cleared up in a day. Why not have this cleared up?

The hon. member for Don Valley East says that all we have in mind is to destroy the reputation of the minister. The minister is walking from one cow plop to another. He is destroying himself with one inanity after another. It was not us who went through these machinations with regard to the National Advisory Council on the Status of Women which the minister supervises. No one on this side of the House tricked him into trying to postpone this conference in his devious way. He did it all by himself.

Was it Fotheringham who said, "The guy is going downhill faster than Steve Podborski"? He is disappearing. This man came here a few months ago with a tremendous reputation as a world-beater from the west who would revive the Liberal Party in western Canada. He was to be the hero and champion of women in Canada. He was to look after their interests. All we see is a puff of snow down at the bottom of the hill as he disappears down the hill and into deserved oblivion.

Some hon. Members: Hear, hear!

Mr. Andre: The minister stood here tonight, and even if one had not been to the same meeting Laura Sabia had been to in Toronto at which the minister talked in his pompous, patronizing manner, one could see from his manner here tonight that Laura Sabia perceived his character exactly. The minister is pompous and patronizing in his view and pompous and patronizing toward this House and toward everyone. I think it would not be parliamentary to put on the record some of the comments I heard in Calgary after his appearance there. Is this pompous minister going to save the Liberal Party in western Canada? The fact is that the minister was caught red-handed abusing his position and failing miserably in the tremendous responsibility he has as minister responsible for the status of women.

Mr. Smith: Is this the best you can do for an opposition day? It is unbelievable.

Mr. Andre: Proof of misuse, interference and abuse of his position is available. It is here in the minutes of the meeting of January 9, and hon. members know it, as do the women of this country.

● (2130)

The minutes of that meeting of the executive council of January 9 are really something. One after another these appointees, these loyal Grits, these loyal Liberals, have said, "The party comes first. Our responsibility to the advisory council and to the women of Canada comes second. We must not embarrass the government, we must not embarrass the minister, we must put them first and foremost, and only then will we look after our responsibilities to the women of this country who count on that." The minister knows darn well he was caught red-handed. So when he stood up in the House this afternoon, what did he do, besides demonstrating his patronizing pomposity? He made some erroneous comparisons between his performance since the election 11 months ago and the performance of our party during our short tenure in office. He said that the Progressive Conservative Party is all talk but no action. He said that while we were in office, no action was taken on behalf of the women of this country, but that in the short few months he has been in office, he has put in all kinds of programs to help the women of Canada, and that he has the proof for that.

Some hon. Members: Hear, hear!

Mr. Andre: Let us look at the record of what happened during the PC tenure in office and during the equivalent time, the first nine months, when this Liberal government was in office with the Minister of Employment and Immigration (Mr. Axworthy) who is also in charge of the status of women. He has both jobs as well as being in charge of the status of women. When the Progressive Conservative government was in

office, we created 301,000 jobs—these are Statistics Canada figures—of which 218,000 jobs were for women, or 72.5 per cent of the jobs created were for women.

In comparison, this minister who says that he does not talk about these things, he just delivers, he just produced action on behalf of women as the minister responsible for employment and immigration and for the status of women, says that during his first nine months in office the government created 165,000 jobs, a little more than 50 per cent, of which 91,000 were for women, only 65 per cent of the jobs as compared to 72.5 per cent when we were in office. In other words, during his nine months in office he produced 42 per cent fewer jobs for women than did the previous government, and yet he had the gall this afternoon to speak about outperforming the Hon. Ron Atkey. If you do not believe it, ask him. We asked Statistics Canada and we find that, as a matter of fact, if he wants to catch up to the Hon. Ron Atkey, he needs to do two and a half times better.

Some hon. Members: Hear, hear!

Mr. Andre: But when your case is weak, you rely on whatever you have. You grab and you make erroneous statements, in the hope that those in the opposition will not be able to catch up with you, will not have the facts and figures, so you can make these absurd statements.

He was followed, on behalf of the Liberal side, by his seatmate, the Minister of State for Mines (Mrs. Erola), who said—this shows her interest in the Advisory Council on the Status of Women and it shows her interest in the important work that that council could and should do—that she was not concerned with the fact that there had been two or three resignations, that she wanted ten resignations, she wanted the resignation of every single person who had the character to vote in support of Doris Anderson, to vote for the continuation of this conference which had been widely advertised, which had been postponed once and which was so important to the women of this country and to the groups which sponsored it. Ten women voted with Doris Anderson and the Minister of State for Mines said she wanted the resignation of them all. She thought it was absolutely intolerable to have even one single person on that council who does not put loyalty to the Liberals first. But there were actually ten people who said that their first responsibility is to the council and to the women of Canada. The minister said she wanted their resignations. That is because the government wants a really tame council; then they will be in good shape. They want a tame council who will know that what is good for the Liberal Party is good for the women of Canada. Yes, sir.

But there are a few women in Canada who do not agree with that. It might surprise members opposite to realize that. These women have been writing. Here are a few letters which they wrote. My colleague, the hon. member for Kingston and the Islands (Miss MacDonald) mentioned that the letter, which just happens to be on the top of the list, is from the president of the Willowdale Association. Perhaps the hon. member for Don Valley East should have a talk with this individual who clearly disagrees with virtually everything he had to say. Perhaps he could get her resignation also. Clearly this woman does not put the Liberal Party first. She thinks the Advisory Council on the Status of Women has important work to do and she supports Doris Anderson. I think you should demand her resignation because one rotten apple will spoil the barrel and you cannot tolerate these people who do not put the Liberal party first.

An hon. Member: What is her name?

Mr. Andre: It is H. D. Wells. Mark that down and get her resignation.

She is not the only one. Here is a telegram from Lynn MacDonald, president of the National Action Committee on the Status of Women. She writes:

—deeply concerned over possible cancellation of women's conference on the constitution. Representing over 150,000 national and regional women's organizations, we feel it essential to disseminate information prepared for the council and to receive opinion on all areas of concern to women who will be affected by constitutional change. Many of these have yet to be considered. We urge that the conference be held as planned in order that women benefit from the positive initiatives already taken by your council.

There are 150,000 organizations. That is terrible. Imagine that. They do not think that the minister responsible has the last word. How disloyal these people are not to accept that the Liberal Party knows best. For goodness' sake, you would think they would know. They should stay home and leave things in the hands of this brilliant minister because he has their interest at heart. Just believe him, talk to him, he will tell you. It is absurd.

That is not the only letter we have. There is a whole list. There is the Canadian Federation of Business and Professional Women's Clubs which writes that they support the request to reschedule the conference on women and the constitution on the dates of February 13 and 14, 1981. The National Association of Women and the Law writes that it:

—wishes to commend your recent efforts to ensure the Canadian women's constitutional conference in February becomes a reality. The association feels this conference is necessary and supports the position you have taken.

This is addressed to Doris Anderson.

Then there is this telegram which reads:

On behalf of the 30,000 members of the Federation of Women's Teachers' Association of Ontario I would like to congratulate you on your stand that the conference on women and the constitution should go forward. It is essential that these issues be discussed in a national public forum. That your executive fails to see the urgency of this matter is deplorable. We applaud your action and hope that your council will reverse the executive decision and show that it really is concerned to carry out its mandate.

They are saying that they are concerned to carry out their mandate and not just concerned for the political welfare of the minister and the party which appointed them. These are the people who write and say they are concerned about the fundamental issue. Surely sensible members over there will recognize that the work of this council is of vital importance. The royal commission of ten years ago established that beyond a doubt. Surely members recognize the wisdom of the recommendation contained therein, that the council must report to

Parliament and not to the minister so that it is free of political interference.

● (2140)

Mr. Deputy Speaker: I regret to interrupt the hon. member, but his allotted time has expired.

[*Translation*]

Mr. Dennis Dawson (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I am rather surprised tonight to see the speakers chosen by the opposition party because we always see the same faces, people who are called hit men, people who are needed when the opposition party has no idea what to say or what to do. They call in their strong-voiced frontbenchers who during the famous debate on the question of privilege involving the Minister of Employment and Immigration (Mr. Axworthy) had an opportunity to make speeches in the House for a few days and then sit in committee for nearly two weeks to rehash the same thing.

It was very obvious to members in the House and members in the committee that once again they were wasting the time of the House and of the committee because they are simply frustrated for having spent so little time in office, one in particular who did not make it into the cabinet, who feels quite bitter and now seeks in every way to get rid of his bitterness so he can relax a little.

Even more astonishing, Mr. Speaker, is the fact that every day in the first two weeks of this session we heard people clamouring for an emergency debate on the North-South dialogue, the constitution or the economy. But what is the topic for today, the first allotted day? A topic which we on the government benches recognize as being very important but which has never been one of the priorities of the opposition, if their attitude in recent years and recent months is any indication.

It will be recalled that the Minister of Employment and Immigration responsible for the status of women made himself available to members of the opposition for almost 20 hours during the study of his department's estimates. Out of those 20 hours, Mr. Speaker, we spent perhaps 20 minutes discussing the status of women because hon. members opposite felt that the subject was not that important. And now, here they are brewing a storm in a teacup, making a mountain out of a molehill because of a resignation, because the members of the Advisory Council on the Status of Women could not see eye to eye on one subject.

Of course, this decision may seem surprising, Mr. Speaker, but I believe that it is normal and to be expected on the part of the opposition. I would like to come back to the decision of the Canadian advisory council on the Status of Women to postpone the February meeting, and to refer to an article published last week in *Le Devoir*, which said that the Fédération des femmes du Québec had indicated to the minister and the members of the advisory council that the mid-February date was definitely unacceptable to Quebec women, and I quote:

> Once again, the Conseil du statut de la femme in Quebec did not receive any official invitation to take part in the conference to be held on February 13 and 14. The president, Mrs. Claire Bonenfant, was to present a paper on women and the Constitution at the fall conference.

As it was decided in the last minute to reschedule this conference which had unfortunately been cancelled in early September, no one had been informed and the Advisory Council had regrettably not yet taken the necessary steps to notify everyone that this meeting would be held. The Quebec participants therefore could not attend the conference, Mr. Speaker, and I believe that a debate on the Constitution without the participation of some rather important members of this federation representing Quebec, namely, the Conseil du statut de la femme du Québec, would not have been very successful. However, I believe that many participants had advised the Council—I have here a telegram from Mrs. Gabrielle Hotte, which was sent to the Fédération des femmes du Québec, and I quote:

> —sorry but cannot attend the conference on women and the Constitution on February 13 and 14, due to our inability to prepare adequately at such short notice and the previous commitments of several participants.

This telegram was sent to the minister on January 19, Mr. Speaker, to advise him that if the conference was held as expected in February, some extremely important participants would unfortunately be unable to attend. There is still an aspect that I do not like to mention, but to which a reference was made in a *Le Devoir* article which I feel I must read, if you allow me, Mr. Speaker. It says, and I quote:

> All this confusion about the conference points to a latent situation underlying the crisis in the council, namely the type of leadership given by Mrs. Anderson, a woman used to making her own decisions and who seems to find it very difficult to work with a team.
>
> It is not the first time that the president has met with opposition from the executive and council members.

Obviously, Mr. Speaker, when five of the six members of the executive voted against the president at the meeting, the hon. members opposite should have realized that the majority of council members supported those who wanted the conference postponed to achieve success and give the participants an opportunity to examine the amendments introduced by the government.

However, the president insisted she was the president, she was in charge, and she decided on her own to convene the conference against the wishes of most members of the executive. Later on, the invitation was withdrawn, and this week, the assembly of the Canadian Advisory Council on the Status of Women decided by a majority of 17 to 10 to postpone the conference. Unfortunately, as was reported in the *Le Devoir* article, Mrs. Anderson is a woman who is used to making decisions single-handedly and who seems to find it difficult to co-operate with a team. However, Mr. Speaker, it is quite clear that an organization such as the advisory council must

work as a team and if the president was really unable to abide by the will of most members, she had to resign, even though members of the opposition and some women as well as ourselves deeply regret it; however, such was the will of most members and she did not respect the wishes of the majority.

Under the circumstances, Mr. Speaker, I do not understand why hon. members opposite wanted to debate the issue for five hours. Because of the opposition's inability to grasp the core of the matter accusations were made against my minister and allegations of politicalization and partisanship were laid against the Council, but naturally they were totally unfounded. There were rumors, insinuations, but no one has yet put before the House facts that would justify or give weight to suspicions of undue interference on the part of any one in the whole matter.

In any event, Mr. Speaker, let me go on to other aspects of the subject, one of which was brought up earlier by the hon. member for Calgary Centre (Mr. Andre) with regard to job creation in 1980. Again, Mr. Speaker, allow me to quote figures that do not quite correspond with those of the hon. member for Calgary Centre who was bragging about the fact that his hon. government, in which he unfortunately was not a minister, had created almost 300,000 jobs, nearly 200,000 of which were for women.

Of course, Mr. Speaker, thanks to their outstanding competence, they managed to do many things in nine months but as the first piece of legislation was passed at the end of November, 1979, I doubt very much that their performance was so spectacular in 1979 that it did in fact help create jobs. Naturally, they may have felt the positive effects of the previous Liberal government and 1979 may have been a good year in terms of job creation. But I for one will talk about 1980.

[*English*]

Employment for adult women was higher by approximately 170,000 jobs in 1980, an impressive increase of 6 per cent, reflecting the strength in the service-producing sector, a sector relatively insensitive to cyclical weaknesses. It was above the annual average growth rate of 5.2 per cent for 1975 to 1979. Adult women accounted for 59 per cent of the over-all increase of 286,000 jobs in 1980. I think those figures speak for themselves as far as what this government and this minister has done in the first nine months of his mandate.

● (2150)

Reflecting the rapid growth of employment among adult women, the declining trend in their unemployment rate, established in 1979, continued in 1980. Their unemployment rate dropped from 7.7 per cent in 1978 to 7 per cent in 1979 and to 6.5 per cent in 1980. I think these figures are proof of the improvements taking place under this minister. Not only did members opposite ask for the minister's resignation as minister responsible for the status of women but the hon. member for New Westminster-Coquitlam (Miss Jewett) went so far as to suggest he should resign all his portfolios. I think these figures illustrate the fact that the minister who is responsible for employment and for the status of women gave his department the tools to be able to act positively on the needs of women in the employment market.

I will go a little further with respect to the performance of this government in the last ten months. Examples of this are the special measures in the employment development program, the employment tax credit, Outreach, non-traditional training under CMITP, advertising campaigns, affirmative action in the public service and the affirmative action in the private sector. Other examples are the eligibility for unemployment insurance benefits for fisherpersons, spouses and teachers and reduction in minimum weekly hours required for unemployment insurance. I will go deeper into each one of these measures, Mr. Speaker, if you will permit.

The first example I cited was the special measures in employment development program. In particular, Canada community development projects and the Canada Community Services Contribution Program include in their contracts a section where a hiring plan must be submitted which will take into consideration the employment problems of women, natives and the handicapped. Any project proposal which does not contain a hiring plan is treated as an incomplete application and is returned to the sponsor. In addition, part of the monitoring process is an examination of the success of the project in meeting its hiring plan. The Canada Community Services Contribution Program will be of particular assistance to women. It aims to help organizations provide needed community services such as day-care, community health care, crisis and information services, and home care services.

Based on 341 projects approved to date, approximately 75 per cent of the total expected, it is anticipated that 20 per cent of all projects deal with primary and secondary services geared to women. The most frequently recommended and approved activities under CCSP to date are:

—Battered women, rape crisis, distress centres;

—Daycare centres and related activities;

—Transition/halfway houses for women;

—Integration services to immigrant women;

—Women's centres, drop-in information centres.

This summer we will be seeing a job-creation program which was announced today by the minister. We will also have positive action programs. Once again, women, the handicapped and natives will be helped by the government's programs. This is another example where the fact of having a minister responsible for the status of women and employment and immigration has positive effects.

Another measure is the employment tax credit program, which was extended by this government. In addition, under the present employment tax credit program there has been a steady increase in female participation. Under this government women constitute 38.9 per cent of the participants. This

represents a real increase of 4.6 per cent over the fiscal year 1979-80.

If I may continue, Mr. Speaker, the Outreach program is another measure. It has proven to be a useful program over the years in assisting women to integrate themselves into the labour market. In July, 1980, the minister directed that the highest priority be given to Outreach projects serving women exclusively.

I had the honour for the last nine months to work as the parliamentary secretary to the minister, the hon. member for Winnipeg-Fort Garry. I know the time and effort which have been spent in our department to deal with these issues. Members opposite may bicker about it and can understand their frustration with respect to it. They were in power for nine months and were unable to achieve anything. They did not have the courage to come into Parliament for the first seven and a half months they were in government. I know that the actions taken by this government through this minister and his joint portfolios have been positive actions with positive results.

I would like to continue with the next measure, which is the non-traditional training under CMITP. Of major concern to educators, women's organizations and unions is the concentration of women in a relatively small number of occupations and industries. In 1979, over 60 per cent of all women worked in clerical, sales and service jobs. Yet the areas of high demand for workers are ones in which few women are employed.

We had to act on this matter, which is why we entered into the development of a manpower industrial training program. It was oriented toward giving special services to women who were training in non-traditional occupations. We paid 75 per cent, to a maximum of $178, to employers who hired women in these non-traditional occupations. In addition, up to 100 per cent of the training costs and complementary course costs, such as assertiveness training, will be paid. Some 200 occupational groups were identified as non-traditional, based on a 10 per cent participation rate in the occupation nationally.

One other aspect about which we hear criticism from the opposition is the area of the advertising campaign. I think that no matter how much we on the government side, and members opposite as well, feel obligated toward this issue and give it a lot of importance, we still have, as the government, the responsibility to ensure that the general public better understands this issue and better comprehends the fact that we, as the government, must act on it.

An area in which the commission has frequently received complaints is in advertising. Women's organizations, among others, say that women do not know about the services and programs which the commission offers. In light of this, a $1.1 million advertising campaign was developed for television and print. The English television campaign started in December, 1980, and the French campaign has just started. In addition, a brochure entitled "A Women's Guide to Federal Employment Services" is presently being produced and should be available in the Canada Employment Centres by the beginning of April, 1981.

Another program with which the minister dealt, not as minister responsible, but as part of the cabinet, is the affirmative action in the public service program. This government feels strongly that the public service must set an example for the private sector by cleaning its own system of any systemic discrimination. Therefore, an affirmative action program has been launched in the public service. This program will include an assessment of the types of discrimination in hiring and promotion which keep women and other groups from participating fully in the labour market.

I could go on, Mr. Speaker, with respect to affirmative action in the private sector. Here we tried to arrange contracts with the private sector to encourage this type of affirmative action. I talked briefly before about unemployment insurance. I mentioned the reduction in the minimum weekly hours required. The Advisory Council on the Status of Women made recommendations about this to the previous Conservative government. They recommended it be changed, but that was rejected. This afternoon the minister quoted in the House a response given by Mr. Atkey, the minister in that government. The Conservative government rejected it because they did not think it was a priority. The reduction in minimum weekly hours required for unemployment insurance allows for 15 hours of work per week or one fifth of the maximum insurable earnings. The existing requirement of 20 hours of work per week had a negative effect in particular categories of workers, especially women. The significance of this change for women is illustrated by the fact that about one in every four women is a part-time worker, whereas only one in 17 men work part time.

These are just a few of the examples, Mr. Speaker. I would like to deal with the constitutional aspect in the minute of time which remains to me. I am sure that everybody recognizes—

[*Translation*]

—that the contributions of the advisory council with respect to amendments to the charter to the Constitution have been positive and I would like to quote a statement made by the Minister of Justice (Mr. Chrétien) before the committee:

> I must admit that the accomplishments of this council have greatly influenced the government.

Such advice from the advisory council has made it possible for the government to amend section 15 on the right to equality. To ensure that the principle of equality be observed in the very implementation of the act, section 15 was amended as follows, and I quote:

> The law makes no exceptions and applies equally to everyone, and everyone has the right to equal protection and benefit of the law without discrimination because of race, national or ethnic origin, colour, age or sex.

This is a very important addition, Mr. Speaker, one which is appreciated by all the women of this country.

Mr. Deputy Speaker: It being ten o'clock, it is my duty to inform the House that, pursuant to Standing Order 58 (11), proceedings on the motion have expired.

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under S.O. 40 deemed to have been moved.

CRIMINAL CODE—AMENDMENTS RESPECTING EUTHANASIA—GOVERNMENT POSITION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, on November 7 I directed a question to the Prime Minister (Mr. Trudeau) who had stepped out of the House, and in his absence, the Parliamentary Secretary to the Minister of Justice (Mr. Irwin) gave the reply. My question concerned the amendments to the Criminal Code which would permit euthanasia along the lines of the 1969 amendments which permitted therapeutic abortion. The parliamentary secretary in his reply said that the issue of euthanasia was not a major priority but that the government would take cognizance of the issue and deal with it in due course.

Euthanasia is a sensitive issue. When I endeavoured to ask a supplementary question I was cut off by Madam Speaker. I am sure that you are aware, Mr. Speaker, that the supplementary question is really the heart of any question posed in this House. My supplementary would have been phrased in the following words: Because of the tragic toll of 450,000 aborted babies since the Criminal Code was amended in 1969, will the government take action to amend the Criminal Code and to end this violation of the most fundamental of all human rights, the right to life.

The two actions, abortion and euthanasia, are closely related. They both bring about death on the pretext of improving the quality of life. I am sure that hon. members will agree that this is a horrible paradox. When the Criminal Code was amended in 1969, the point was made by the government that it was designed to permit abortions only when the physical and mental health of the mother was in peril. The added argument was made that it would end criminal abortions by human butchers in rooms in back alleys.

Every concerned citizen, I am sure, will agree that the killing of half a million unborn babies goes far beyond the need of therapeutic abortion. In fact, it amounts to the wholesale slaughter of the innocent. The tragic situation is an inevitable byproduct of a permissive age which ignores the Judeo-Christian ethic of the right to life and leads down the slippery slope of moral relativism. It is the medical profession which has had to bear the brunt of this tragedy. All members of the medical profession must take the Hippocratic oath and must swear that they will observe the declaration of Geneva which was adopted by the general assembly of the World Medical Association at Geneva in September, 1948. One of the major points in the declaration states as follows:

> I will maintain the utmost respect for human life, from the time of conception, even under threat. I will not use my medical knowledge contrary to the laws of humanity.

There are many quotations by doctors who, more and more, are reacting against the tragic position in which they are placed by the legislation. Here is one such quote:

> Some time ago—after a tenure of a year and a half—I resigned as director of the Centre for Reproductive and Sexual Health.

That title is really a euphemistic description of an abortion clinic. The doctor went on to say:

> The centre had performed 60,000 abortions with no maternal deaths—an outstanding record of which we are proud. However, I am deeply troubled by my own increasing certainty that I have in fact presided over 60,000 deaths.

● (2205)

Inevitably this has a brutalizing and dehumanizing influence on human beings which is reflected in the growing problem of child abuse and in marital and family breakdown. I believe, and there is evidence to confirm this, that in Canada the pendulum is swinging back again. There is a growing number of concerned citizens. They are represented by many members of the House who are strongly against the abortion bill arising from the Criminal Code amendments in 1969. They come from all sides of the House and their concerns are being made known through private members bills, questions and speeches.

At a time when the government is calling for a charter of human rights enshrined in the Constitution with the right to life as the number one priority, to continue to condone the slaughter of 65,000 babies a year is the height of hypocrisy and moral schizophrenia of the most dangerous kind. I would urge the government that rather than contemplating further amendments to expand the use of euthanasia—which I presume would be in the direction of the aged and the infirm—and rather than doing this in the name of improving the quality of life, because it is justified under the pretence of social purposes and social improvement, to instead introduce amendments to the Criminal Code changes that were made in 1969, which have done untold damage to the integrity of our basic institution of family life in Canada.

I would urge, Mr. Speaker, that this action be taken at the earliest possible moment.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Due to the absence of the Parliamentary Secretary to the Minister of Justice (Mr. Irwin), I will provide the answer to this question tonight.

The hon. member has raised an issue of considerable moral and legal complexity. As a study paper written from the ethical perspective for the Law Reform Commission of Canada as part of its Protection of Life project points out, the term euthanasia is used to mean so many very different things that its use confuses and begs more questions than it clarifies and answers.

The author of that study paper entitled "Sanctity of Life or Quality of Life" points out that some writers continue to use the term to mean what the Greek word literally meant, "a good death", and intends by that what others would now more

generally label "allowing to die with care", a form of care which excludes killing. The more common and probably fixed meaning in our times is that of directly killing the dying patient. The author goes on to note that the use of the same words in these two different senses only covers up and blurs the essential distinctions between the two approaches. He cites a study published in the United States in 1976 which reads in part as follows:

Justifies a moratorium on its use . . . Formulation of any public policy dealing with these issues will consciously or unconsciously have to make these distinctions—

In response to the hon. member's question of November 7, no work is being done by the government on the subject of euthanasia. However, the hon. member may be aware that the Law Reform Commission of Canada in its seventh annual report of 1977-1978 listed euthanasia as one area in which working papers were being prepared. The description reads, and I quote:

This paper is an evaluation of how well relevant Canadian law (particularly the homicide laws) and legal theory actually protect and affirm the various rights and values raised by the issue of euthanasia in the medical context . . . If the commission concludes in this paper that present law is inadequate with respect to euthanasia, specific laws or models will be formulated by way of reform proposals.

However, I must add that the latest report of the commission, which was tabled in this House, indicates that the more particular concern of the working paper which is still to be published is the question of cessation of treatment.

I am sure the hon. member knows the Law Reform Commission of Canada regards the views as expressed in its working papers as tentative only. During a period of about one year after publication, the commission consults the views of the general public—

Mr. Deputy Speaker: Order, please. I regret to interrupt the parliamentary secretary but the time allotted to him has expired.

● (2210)

GARRISON DIVERSION—REQUEST PRIME MINISTER DISCUSS PROJECT WITH PRESIDENT OF UNITED STATES

Mr. Dan McKenzie (Winnipeg-Assiniboine): I rise this evening to expand on my questioning of the Prime Minister (Mr. Trudeau) and the Secretary of State for External Affairs (Mr. MacGuigan) yesterday.

There exists at this moment both a very real danger to Canada that the Garrison diversion project in North Dakota may go ahead full steam, and a real opportunity to make contact with a new administration in Washington, anxious to establish early and good working relations between our two countries. Members on both sides of this House have been encouraged by the interest shown by the new administration in Canadian matters. The fact that the President phoned the Prime Minister yesterday, his first day on the job, is an indication of the priority put on Canadian matters in Washington. Our very real problem is that the new Congress is not informed on the situation with respect to the Garrison diversion project.

It seems to me there is a very real possibility that some of these new congressmen may be asked to make decisions on Garrison from a less than well-informed position. The governor of North Dakota is claiming to have heard "nothing official" from Ottawa. In his reply to me in the House yesterday, the Secretary of State for External Affairs pointed out that the Canadian government has indeed made numerous official representations to the U.S. government in reference to Garrison.

The newly-elected governor of North Dakota, Mr. Olson, has been making some very disturbing statements in reference to the Garrison diversion project and the effects the project could have on Canadian waters. Governor Olson was formerly attorney general of the state of North Dakota and, in his capacity as attorney general, he filed several lawsuits to force completion of Garrison in spite of Canadian objections. In a press conference held in Jamestown, North Dakota, January 15, Governor Olson threatened to bring an injunction against the Interior Department forcing it to free up the $5 million currently being withheld by the department pending clarification of the situation respecting Canadian waters.

Governor Olson told a joint U.S. lobby group against Garrison that work on Garrison should continue until the threat to Manitoba fishing and agriculture is proven. The very real danger of biota transfer and the resulting disastrous effects in Manitoba have been proven time and time again. Governor Olson has promised to resolve the dispute over Garrison in the first 18 months of his administration. His statements so far have led me to believe he is willing to keep this promise at the expense of the environmental integrity of Canadian waters.

Congressman Mark Andrews of North Dakota is a notorious supporter of Garrison. At a Canada-U.S. interparliamentary group meeting held in Calgary in August, 1979, which I attended, Andrews said that the only objectors to the Garrison project were "environmental zealots". This term would hardly apply to the government of Manitoba, members of this House, the Audubon Society on both sides of the border and top-rated American and Canadian scientists.

In a naive reaction to the freezing of the $5 million by the Interior Department, our Minister of Employment and Immigration (Mr. Axworthy) said that Canada now held a "veto" on the project. That was quoted in the Winnipeg *Free Press* of November 20, 1980. It is now clear that we not only have no veto, we have no voice in Washington.

It is absolutely essential that we form a parliamentary delegation to go to Washington immediately to explain our position to the newly-elected U.S. Congress. I wish to restate the need for this delegation so eloquently put by my colleague, the hon. member for Portage-Marquette (Mr. Mayer) on January 13. Governor Olson seems intent on a confrontation with us and we have to get our case before the Congress now.

• (2215)

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the government fully intends to pursue the Garrison diversion issue with the new U.S. administration, and will ensure it is raised with President Reagan at the earliest opportunity.

In the past, the government has actively made known to the U.S. administration and Congress the serious nature of Canadian concerns about the Garrison diversion project. We believe this effort has had some positive effect. While it is disappointing that the Congress allocated new funds for the project last summer, it is encouraging that the Department of the Interior subsequently deferred spending of funds associated with parts of the project which might affect Canada until consultations with Canada had been completed. We will be actively pursuing those consultations as a means of obtaining modifications to the project which would protect Canada.

The United States has given some important assurances to Canada over the years under a number of administrations. We fully expect the new U.S. administration to abide by its previous commitments, and its obligations to Canada under the Boundary Waters Treaty.

The government will be taking steps to make clear to the new administration and Congress and the new governor of North Dakota the serious objections which Canada has to any plan which would permit the entry of foreign biota into Canada through the inter-basin transfer of water. Thank you.

MUNICIPAL AFFAIRS—REQUEST FOR RECONSIDERATION OF CUTBACK OF COMMUNITY SERVICES CONTRIBUTION PROGRAM

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I rise following a question which I asked the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) on January 12 of this year. I asked him to reconsider his fiscal policies and the cutback in the Community Services Contribution Program by his government.

In response to my question the minister refused to reconsider either his fiscal policy or his expenditure plans in his budget of last October, yet we all know that his budget is not working. We have high interest rates continuing to plague the economy of the nation, unemployment is rising, the cost of living continues to increase and the number of bankruptcies are up. The budgetary justification for cuts from the Community Services Contribution Program is just not valid. The minister should, therefore, be reconsidering his economic strategy and the cutback in that program.

I suggested to the minister that he consider a new program of investment in communities across this country, replacing the Community Services Contribution Program in order to provide stimulus to the economy and to provide the much-needed services which the Community Services Contribution Program represents. He refused to consider that and simply referred back to his budget and his former expenditure plan. In spite of the economic facts, and we all know, and it is clear to us, that we have an economic slump and continuing difficulties with the cost of living and people being out of work, this government and the Minister of Finance just do not seem to be willing to take a second look, even in view of the harsh realities we are all presently facing.

If the minister and his government are so set upon sticking with their fiscal policies and expenditure plans, they should offer some substitute for the Community Services Contribution Program. If they are solely concerned with not spending more and with the threat of a rising deficit, do they not understand that spending can be an investment and can lead to further economic activity, thus creating wealth and in that way holding the deficit down? Why has the minister not substituted a program of low interest rate loans for municipal programs? If these cannot be direct loans by the federal government, why can they not at least be guaranteed loans which in no way would increase the expenditure of the government? This would involve money from the private sector and from the banks, which could be used to promote local municipal projects.

However, the minister and the government clearly have not been searching for any alternatives to the Community Services Contribution Program. They have simply shown a lack of care and concern about this very fundamental and crucial issue to all the communities of our country.

• (2220)

If the government had some real concern, I am sure it would come up with a substitute program and be willing to say so this evening. One of the clear strategies in the minister's budget, to which he referred when I questioned him in this House, is cutting back on federal expenditures, particularly in areas of provincial jurisdiction. This is simply a shell game, shifting the burden of the federal deficit from the federal government to provincial and local authorities and taxpayers. This game is causing real concern across the country, particularly at the provincial level. Provincial officials are concerned that this is just the first step in cutting back federal contributions to programs for people. For example, established programs financing legislation will soon be renegotiated with the various provincial governments. That program finances medicare, post-secondary education and hospitals and involves very large sums of money.

Provincial governments are concerned that the federal government will take the same attitude in those negotiations as it has taken with respect to the Community Services Contribution Program, which is simply to drop the program without any consideration of need or local authorities. The same attitude has been demonstrated by the federal government in its handling of policing costs under RCMP agreements. This government wishes simply to shift the burden from it to local governments. This does not in any way serve the people of the communities of our country.

The government may doubt that this program is needed or it may attempt to throw doubt on the need for this program, but let me tell the government and its members that I have been receiving letters from right across the country outlining the

need for this program. There should be no doubt about the need for it.

I have one letter here, for example, from the town of Ladysmith, British Columbia. The council there passed a resolution calling for the reinstatement of the community services contribution program. The council says in this letter, and I quote:

> The termination of this program will have a serious effect on the finances on the town of Ladysmith. The council is presently faced with a program of improvements to the town sewer system, which is estimated to cost $6.2 million . . . Unless further development within the town is stopped, it is essential that this program be proceeded with.

This refers to the sewer system program. Clearly, without the Community Services Contribution Program, development in the town of Ladysmith will stop. The council went on to say:

> Without the expected contribution from the Community Services Contribution Program, the rates charged to the residents of the Town will be substantially higher than they otherwise would have been.

This is only one example of what is happening all across this country. This program is needed, and there is no way the government can say it is not needed and that through cutbacks in this area it is not hurting people right across the country. I have many other letters here, which are only a sampling. My time is up. I rest my case.

[*Translation*]

Mr. Raymond Savard (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I would like to reply to the question the hon. member put to the Minister of Finance in this House on January 12.

As my colleague mentioned, the government decided not to renew the program because of its desire to maintain expenditures in line with revenues. I can assure the hon. member that this decision was not easily arrived at and that this was done only after careful consideration. First, there was the question of whether it was appropriate for the federal government to continue to subsidize services which, as far as jurisdiction is concerned, were in fact the responsibility of the provinces and the municipalities. The question was not whether this was a good program but rather who was going to pay for it. Second, there was the question of accountability, of whether the government's responsibility was at issue; that is, whether the government responsible for collecting funds through taxation should not be the one responsible for the expenditure of its revenues. Third, the effectiveness of the program was considered from the point of view of future job creation and compared to other programs, which seemed to show a better return for the money. Finally, Mr. Speaker, as I have just said, tax cuts were also a factor which influenced the decision. In an effort to achieve greater government efficiency, we studied the advisability of extending the current program with a view to allotting funds to new programs or more pressing priorities. A decision not to renew community service programs would allow more funds to be assigned to more important programs in 1982-83. The challenge lies in determining where the housing priorities of the federal government lie for the 1980s. We shall continue to hold informal discussions with our provincial colleagues and other interested parties. The minister would like to see those consultations help in ensuring continued federal housing assistance, and those programs and priorities lead to a better distribution of funds among them.

Mr. Speaker, under this program, the federal government earmarked $400 million for municipal projects, of which $150 million were assigned to 1979 programs, and $250 million to 1980 programs. Over 3,000 projects in 1,000 communities have already received federal assistance. As the hon. member can see, that is a rather significant amount to provide local services to Canadians in each and every province. The hon. member referred specifically to the number of lost jobs. May I assure him that the number of jobs will remain the same under this program because federal assistance is guaranteed until March 1982.

● (2225)

[*English*]

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, January 23, 1981

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

STATUS OF WOMEN

TABLING OF AFFIDAVIT BY MINISTER—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, I rise under the provisions of Standing Order 43. Since the minister responsible for the status of women has stated that an affidavit exists which he tells this House supports his position, and since his parliamentary secretary and the hon. Minister of State for Mines (Mrs. Erola), all of whom participated in yesterday's debate, have failed to produce the hidden affidavit, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House direct the minister to produce and table the affidavit, which he says exists and to which he has referred.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

CALL FOR CONVENING OF SOLICITORS GENERAL MEETING—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, owing to the horrifying 30 per cent increase in house burglaries in Canada, police departments are grossly overworked, the courts are unable to deal with the cases and the jails and penitentiaries are insufficient to hold the offenders. Since this massive increase in crime can be tied directly to the poor economic climate in this country and the resulting high unemployment, I therefore move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Solicitor General of Canada be called upon to convene a meeting of solicitors general of all the provinces to determine exactly what course of action should be taken, apart from the improvement in the general economic conditions, to help alleviate this problem.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

REFERENCE OF MARKET ASSURANCE PLAN TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I rise under the provisions of Standing Order 43. Given the rapidly increasing cost of production in agriculture today, and realizing that farmers have an urgent need for income early in the crop year, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That the Canadian Wheat Board's proposed market assurance plan, which is very similar to that proposed for wheat by the emergency grain movement task force early in 1979, be immediately referred to the Standing Committee on Agriculture for refining.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

CROWN CORPORATIONS

ELDORADO NUCLEAR LTD.—APPOINTMENT OF AUDITORS—MOTION UNDER S.O. 43

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I rise pursuant to Standing Order 43 to raise a very urgent question.

The Minister of Energy, Mines and Resources has stated in the House that he agrees with Eldorado Nuclear Ltd. to replace the Auditor General with private auditors. Since this would restrict the power of Parliament and do away with integrated auditing principles for Crown corporations, I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That this House direct the Minister of Energy to reconsider his approval of the order in council appointing private auditors for Eldorado Nuclear Ltd.

S.O. 43

Madam Speaker: The presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

SHIPPING

WEST COAST TANKER TRAFFIC—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the U.S. plans to bring the 188,000 dead weight ton tanker *B.T. San Diego* into the Strait of Juan de Fuca contrary to American law, and whereas both the Canadian public and successive Liberal and Conservative governments of Canada have opposed west coast tanker traffic, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That the House of Commons go on record as unanimously supporting the positions previously and presently held by the Government of Canada opposing oil tanker traffic on the west coast and the entrance of the *B.T. San Diego* into the Strait of Juan de Fuca.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

NATIONAL RESOURCES

REFERENCE OF NATURAL GAS LEGISLATION TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, I rise under the provisions of Standing Order 43 with respect to a very serious matter involving natural gas. In view of very widespread concern and uncertainty in western Canada concerning the implications of the two natural gas taxes in the national energy policy and the statement of the Minister of Finance (Mr. MacEachen) recorded in *Hansard* of January 12 respecting the committee stage of "oil and gas energy legislation where hon. members opposite may call all the witnesses they desire and examine them on the impact which this bill will have on the economy," I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the government take the initiative in seeking the consent of the House for the referral of the two natural gas tax bills to the Standing Committee on National Resources and Public Works after second reading with authority to hear witnesses from natural gas producers and consumers such as the Federation of Alberta Gas Co-ops and the City of Medicine Hat.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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LABOUR DISPUTES

B.C. TELEPHONE DISPUTE—CALL FOR EXPRESSION OF CONCERN—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, under the provisions of Standing Order 43 I move, seconded by the hon. member for Vancouver-Kingsway (Mr. Waddell):

That this House express its concern over the public-be-damned attitude of the foreign-owned B.C. Telephone Company monopoly in British Columbia which, in spite of three mediation reports accepted by the union, has turned down every proposed settlement, demonstrating that this U.S. outfit, by locking out an additional 230 customer service workers since Monday, prefers to deny thousands of residential, commercial and industrial users telephone service rather than meeting the reasonable demands of its employees; and, further, that this House urge the CRTC not to grant the requested rate increases to B.C. Tel until that company has settled its dispute with its workers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN PENSION COMMISSION

PROCESSING OF VETERANS' APPLICATIONS—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I too rise on a matter which is both urgent and pressing. It concerns the length of time the Canadian Pension Commission takes to process veterans' applications. Some veterans have had to wait more than a year to get their cases before the medical advisory branch. As these citizens responded immediately to the need of the country during World War II and as it was patently obvious that the resources of the pension commission would be strained as the veterans aged, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That this House urge the acting minister to have the same consideration for the veterans as the veterans had for Canada and to expedite the processing of pension applications by all possible means.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

HOUSING

IMPROVEMENT OF FACILITIES ON NATIVE RESERVES—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, the Canadian government has announced its intention to provide Barbados with a $6.5 million loan to improve its water supply system so that 98 per cent of all households on that island can receive water service by 1985. While most Canadians should be proud of their ability to aid less fortunate countries in this way, they should also be aware that less than 50 per cent of the homes in native communities across Canada are properly serviced, and even where running water is available the quality is often so poor that it contributes significantly to the already appalling health conditions found on most reserves. I therefore move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this House condemn the government for its disgraceful lack of priority setting where native people are concerned and direct the government to act immediately to improve and upgrade housing and water services on Canada's native reserves, which are currently trailing well behind national standards.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MINING

CALL FOR TABLING OF DEVELOPMENT POLICY—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 to put a motion before the House. The prospects of expansion in the Canadian mining industry are favourable if sufficient growth capital can be found and made available. As much of the growth capital is self-generated, the House welcomes the policy statement by the Minister of State for Mines (Mrs. Erola) in an address to the Alberta chamber of resources recently in which she stated, and I quote: "Further, the government has no plan to increase the tax burden of the mineral sector at this time."

As this appears to be firm government policy, I move, seconded by the hon. member for Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet):

That the government table in this House within the next several weeks an over-all current mining and mineral development policy paper, including a long-term taxation policy, mineral lease policy, transportation policy, safety policy and manpower upgrading and supply policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

EMPLOYMENT

AFFIRMATIVE ACTION PROGRAMS FOR THE DISABLED—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the Government of Canada has obviously not been listening to the concerns of disabled Canadians, as witnessed by the wage subsidy program announced yesterday by the Minister of Employment and Immigration, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the Government of Canada immediately bring before this House legislation providing that all employers having contracts with the government make a provision for affirmative action programs to employ disabled Canadians that will provide them with real job opportunities and promote the realization of the full participation of disabled persons in the social life and development of Canada.

Madam Speaker: Is there unanimous consent to this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ENERGY

REQUEST FOR RENEWAL OF NEGOTIATIONS WITH PRODUCING PROVINCES

Hon. Don Mazankowski (Vegreville): Madam Speaker, I should like to direct my question to the Minister of Finance. Yesterday in the House the minister indicated, in response to a question from the hon. member for Athabasca, some willingness—and accordingly gave a ray of hope on the part of the federal government—to modify the government's rigid position with respect to the oil and gas pricing agreement and to certain provisions of the National Energy Program. At the same time, the colleague of the Minister of Finance, the Minister of Energy, Mines and Resources, was in the province of Alberta escalating further the confrontation and widening the rift by indulging in yet another vicious attack upon the industry in the province of Alberta, which I must say casts a rather bad reflection upon the sincerity of the minister and indeed of this government.

Since the Minister of Finance now seems to have opened the door somewhat, may I ask him, in the interests of all concerned and particularly in the interest of improving the atmosphere, if he would use his good influence in urging his colleague to refrain from using his traditional inflammatory tactics, and to establish a negotiating stance of common sense and practical reasoning so that negotiations can be renewed and an energy agreement concluded.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): I have not had a chance, Madam Speaker, to read all of the minister's statements in Alberta, but what I have read indicates that he is attempting to clarify some facts that have been obscured, that have not been fully understood. I do not find anything in his statements that is inflammatory. On the contrary, the minister has repeated the willingness of the Government of Canada to continue negotiations in good faith and has continuously invited the government of Alberta to enter into negotiations with the same outlook and the same attitude. That has always been the attitude of the Government of Canada.

Mr. Mazankowski: Madam Speaker, there seems to be reluctance on the part of the federal government to initiate any new attempt to negotiate. Could the minister enlighten the House as to what progress has been made in terms of establishing a common set of numbers with respect to revenue sharing and supply projections inasmuch as that seems to be one of the basic and fundamental problems in terms of getting back to the negotiating table. For example, the federal government contends that Ottawa will not require any imports of oil by 1990, while the province of Alberta suggests we will be requiring some 734,000 barrels a day. In the area of revenue sharing, the federal government contends that the province's share is 43 per cent; the province contends it is 28 per cent. Has any progress been made in establishing a common set of numbers upon which the two levels of government can agree?

Mr. MacEachen: I do not think it will be possible to make very much progress in establishing a common data base until there is a readiness to have meetings of officials on a continuing basis at which these numbers could be examined. I agree with the hon. member that it ought to be possible and an effort should be undertaken to reach a common understanding of the facts, and that can be done only by a resumption, on a continuing basis, of discussions between officials of both governments.

Mr. Mazankowski: The point must be made that it is the Government of Canada which has exercised unilateralism, so it should be the federal government which becomes the initiator in terms of getting back to the negotiating table. Canadians are finding it increasingly more difficult to understand the hypocrisy of the government. It is attacking an industry in one part of the country and bailing out industries in other parts of the country. When can we expect the government to act with some equality in terms of equal treatment for industries in all parts of the country?

● (1120)

Some hon. Members: Hear, hear!

Mr. MacEachen: Madam Speaker, I am glad the hon. member raised the question of the negotiations. It is important to point out that after the Government of Canada released its energy plan and after the budget was delivered, the Prime Minister undertook and expressed a willingness to enter into negotiations with the Premier of Alberta. It is my understanding that at that time the premier was of the view discussions should take place initially between officials of both governments and that it was inappropriate to begin discussions between himself and the Prime Minister; that has been the situation up to the present time. I hope the hon. member's question will encourage all participants, especially the government of Alberta, to come forward more readily to have serious discussions on this problem.

Mr. Mazankowski: Madam Speaker, in view of what seems to be a rather conciliatory approach by the Minister of Finance, would he seize upon the opportunity to become more involved in the negotiating process? As long as the Minister of Energy, Mines and Resources is engaged alone in dealing with the province of Alberta, the division will continue and there will be a further inflammation of the current rift. Will the Minister of Finance seize upon this opportunity to become personally involved in the negotiations?

Mr. MacEachen: Madam Speaker, I do not believe the issues involved between the Government of Canada and the producing provinces are matters of personality.

Mr. Mazankowski: I think they are.

Mr. MacEachen: I do not believe that by shifting the negotiators a solution would occur.

Mr. Mazankowski: The minister might be surprised.

Mr. MacEachen: In my opinion that is somewhat naive.

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EXTERNAL AFFAIRS

REPORTED STATEMENT BY MINISTER RESPECTING UNITED STATES

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Last night in Edmonton the Minister of Energy, Mines and Resources made the following statement:

> At least they haven't brought in the CIA like they did in certain other countries.

As our relations with the United States are of vital importance to Canada in areas of defence, fishing, trade, and many others too numerous to mention, is the minister's statement a signal of change in the direction of the attitude of the government toward the United States?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would be anxious to help the hon. member. Could he elaborate? They have not brought in the CIA for what? I do not know what he is talking about.

Mr. Shields: Madam Speaker, I hope this is not my supplementary question, but to clarify my question to the Prime Minister, the statement was made with reference to complaints by national oil companies from the United States operating in

Canada. The Minister of Energy, Mines and Resources said that they always complain, but "at least they haven't brought in the CIA." Is this the signal of a new direction for Canada in foreign affairs?

Mr. Trudeau: Madam Speaker, I think one would be stupid to think that.

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CANADIAN ARMED FORCES

REPORTED TESTING OF CHEMICAL DEFOLIANTS

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is directed to the Right Hon. Prime Minister. I have a report from the United States army known as the Gagetown report. It shows that in 1966 our forces at CFB Gagetown participated with the American army in the testing of chemical defoliants, among them the carcinogenic agents orange, purple and white destined for use in Vietnam. Would the Prime Minister tell us why the government has steadfastly denied for so many years that Canadian forces ever participated in such testing?

• (1125)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I did not understand a word of the question. If the hon. member would speak more slowly and hon. members opposite would keep quiet, I will attempt to answer it.

Mr. Sargeant: Madam Speaker, my question arises out of a report I have from the United States army. It is known as the Gagetown report. It shows that in 1966 our forces at CFB Gagetown, New Brunswick, participated with the American army in the testing of chemical defoliants, among them the agents orange, purple and white, all of which are carcinogens. Would the Prime Minister please tell us why his government for so many years has steadfastly denied that Canadian forces participated in such testing?

Mr. Trudeau: Madam Speaker, something which happened in 1966 is not fresh in my memory. If the hon. member would permit, I will take the question as notice.

Madam Speaker: One supplementary from the hon. member for Selkirk-Interlake.

Mr. Sargeant: Madam Speaker, my question was: Why has he denied that we participated in anything involved with the Vietnam war? I think that question requires a simple answer, whether he knows the details with regard to 1966 or not. Why does he deny we have ever participated in anything to do with the Vietnam war when I have proof here that we were, indeed, involved?

Mr. Trudeau: I do not know in what way the hon. member suggests we were involved in the Vietnam war. If there were some joint experiences between Canadian and American forces, of which I know nothing, until the hon. member gives me time to inquire I have no evidence that they had to do with the Vietnam war. There have been joint NORAD operations. There have been joint NATO operations. I do not think it is sound to conclude that every member of NORAD or NATO was involved in the war in Vietnam, which was a war which involved the United States.

TESTING OF CHEMICAL DEFOLIANTS—MONITORING OF EFFECTS

Mr. Simon de Jong (Regina East): Madam Speaker, my supplementary question is for the Minister of National Health and Welfare. Was her department informed of the Gagetown testing? Has the ministry monitored any possible health hazards to the general population in the vicinity, as well as Canadian personnel involved in the Gagetown operation?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I am not familiar with this case, and I will inquire and get all the details that can be uncovered.

* * *

[*English*]

ENERGY

TAXES ON OIL AND NATURAL GAS—REPORTED STATEMENT BY MINISTER RESPECTING POSSIBLE REDUCTION

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is for the Minister of Finance. In view of the statements made yesterday by the Minister of Energy, Mines and Resources to Indian bands in Alberta to the effect that he would try to find ways to reduce the 8 per cent wellhead tax on oil and the 30 per cent tax on natural gas, did he have the assurance of the Minister of Finance that in fact he could do that? Is the Minister of Finance now actively pursuing positive policies which will benefit Indians in this area?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not heard the comments of the Minister of Energy, Mines and Resources on that subject. I have no intention of changing those particular legislative proposals, which are already before the House.

LOSS OF REVENUE BY INDIAN BANDS

Mr. Stan Schellenberger (Wetaskiwin): My supplementary question is for the Minister of Indian Affairs and Northern Development. In view of the potential loss of many millions of dollars in income committed by Indian bands have made because of the revenue they have been receiving from natural gas and oil, is the minister actively making representations to the Minister of Finance about the serious nature of this problem? Is he encouraging him to make some changes?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have met with

Indian groups about the whole question of the impact this will have upon their revenues. I intend to meet with them again to explore how serious the impact may or may not be. Certainly some of their concerns were allayed in the sense that they thought certain regulations would be prejudicial when, indeed, they would not be. I intend to meet with them again for further clarification. After those meetings are complete I shall be pleased to report to the hon. member. Their concerns are certainly familiar to the Minister of Finance. As I say, we are going through the process of examining whether, indeed, it is having the type of impact which they envisage.

* * *

● (1130)

EDUCATION

ESTABLISHED PROGRAMS FINANCING OF POST-SECONDARY INSTITUTIONS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Secretary of State. Under the federal government's established programs financial scheme, the government funnels some $3 billion to the provinces to help pay the operating costs of post-secondary institutions in the country. In light of the government's budget of October 28, which stated that the federal government intends to reduce substantially transfer payments to the provinces in areas under provincial jurisdiction, will the minister advise the House whether the government is planning to withdraw support for post-secondary education in Canada either by pulling out of established programs financing or reducing significantly the post-secondary education portion of that shared-cost program?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I would just add one element to the hon. member's preamble. While it is true that over $3 billion per year is transferred to the provinces for the purpose of post-secondary education, I would like to add that there is also the transfer of tax points which amount to approximately $1 billion and which bring the total federal contribution to post-secondary education to $4 billion.

Of course, we are quite aware of the importance of federal contributions to post-secondary education in Canada. We are committed to seeing an excellent post-secondary education program continue in Canada, but, as in other areas, we are interested in seeing improvements made in the way federal funds are spent.

Mr. McMillan: Madam Speaker, my supplementary question is for the Secretary of State; he did not answer my previous question. Since support for post-secondary education under established programs funding is designed in large part to equalize educational opportunities across the country, does the minister realize that any major withdrawal of that support would devastate the quality of university education, especially in my own region of the Atlantic provinces, that it would cause student fees to skyrocket throughout the country, that it would cripple the economies of university towns and, in fact, would undermine the government's own commitment to increase substantially research and development in the country?

In light of those facts, will the government launch a joint federal-provincial inquiry, review or perhaps even a royal commission to investigate university financing before it makes significant changes to this important area of our public life?

[*Translation*]

Mr. Fox: Madam Speaker, I fully agree with the hon. member that federal involvement in post-secondary education in this country has been essential to the development of our excellent educational system. I also indicated that it was in the best interest of both sides of this House to see that funds be expended as efficiently as possible. Perhaps I could draw the hon. member's attention to the fact that on Tuesday next I shall be meeting with the provincial ministers of education and that we will probably touch upon this subject. Also there is no doubt that this matter is of great interest to the academic as well as the political community throughout Canada. An important seminar is to be held at Simon Fraser University on February 12 and 13 and it will bring together representatives of the academic community. My officials and I intend to be in attendance and we shall of course see that federal funds are spent as wisely as possible and that federal objectives are being met.

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[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF SOCIAL AFFAIRS OF GREENLAND

Madam Speaker: May I at this point draw the attention of the House to the presence in our gallery of the Hon. Moses Olsen, Minister of Social Affairs of the Home Rule Government of Greenland.

Some hon. Members: Hear, hear!

[*Translation*]

Madam Speaker: I had also intended to draw the attention of the House to the presence of a delegation of French parliamentarians but I think they have now disappeared from the gallery.

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UNEMPLOYMENT INSURANCE

DELAY IN BENEFIT PAYMENTS IN GASPÉ AREA

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is for the Minister of Employment and Immigration or, in his absence, his parliamentary secretary. On December 8, I informed the minister that unemployment insurance payments

were greatly delayed in the Gaspé peninsula offices. This situation has not improved and 200 claimants at the Chandler unemployment insurance office have been waiting for their benefits for eight to ten weeks. I should like to ask the minister whether he is aware of the situation and what action he intends to take so that these claimants may receive their benefits in the very near future.

Mr. Dennis Dawson (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I wish to thank the hon. member for his question and for having advised the minister's office and the department of this problem. Two specialists from headquarters have been sent to the Chandler office to help local officers solve this problem. We hope that the files of the 200 claimants involved will have been examined and the situation corrected before the end of next week. We shall also be reorganizing the office to ensure that this type of problem does not occur again.

* * *

[*English*]

FINANCE

PROFITS OF BANKS—INCREASE IN BANKRUPTCIES—POSSIBLE RELATIONSHIP

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Minister of Finance. We are faced with bank interest rates at or near an all-time high and bank profits averaging a 14 per cent increase this year, with the profits of the Royal Bank up 21 per cent and the Bank of Nova Scotia up 22.3 per cent. At the same time bankruptcies in the farming community are up 79 per cent, business bankruptcies have increased by 16.7 per cent and consumer bankruptcies are up by 17.5 per cent. Does the minister see any relationship between high bank interest, high bank profits and high bankruptcies?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there are many interrelationships.

Mr. Deans: Madam Speaker, my supplementary question is this. What advice does the Minister of Finance have for the people of Canada—

Mr. Baker (Nepean-Carleton): Pray!

Mr. Deans: —who during this year will be faced with about 12 per cent inflation, food prices rising by 13 per cent to 15 per cent, energy costs increasing by almost 25 per cent and wages falling behind the rising cost of living for the fourth straight year? What advice can the minister give the people of Canada in their efforts to cope with this situation?

Mr. MacEachen: Madam Speaker, the question is too general to be answered on the orders of the day.

BANKRUPTCIES

RE-MOR MANAGEMENT INVESTMENT—C & M FINANCIAL SERVICES—INVESTIGATION CONDUCTED BY COMMITTEE OF ONTARIO LEGISLATURE

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the Minister of Finance. The minister will be aware of a summons being issued to the Superintendent of Insurance in his department directing him to appear before a special committee of the Ontario legislature which is looking into the circumstances surrounding the bankruptcy of Re-Mor Management Investment and the receivership of C & M Financial Services. Would the minister advise the House whether or not he is aware of any other federal officials or appointees who may have been issued a summons, and will he co-operate with the committee of the legislature in its investigation?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I have heard that the Superintendent of Insurance might be called before a standing committee of the Ontario legislature as well as an officer responsible for the trust companies section of the Department of Insurance. I feel, Madam Speaker, that this situation should be fully looked into. First of all, this committee of the Ontario legislature is considering the issue of a licence by a provincial agency to a provincial corporation, the Re-Mor company, and might eventually consider the issue of a provincial licence to a federally incorporated company. I believe that, according to jurisprudence—and this is the opinion of the legal advisers of the Department of Insurance—a provincial body has no jurisdiction to call witnesses to testify in matters of federal jurisdiction.

[*English*]

Mr. Kempling: Madam Speaker, inasmuch as Astra Trust, Re-Mor Management Investment and C & M Financial Consultants are interconnected and since the winding down of C & M Financial Consultants was a condition for the granting of the Astra Trust charter, will the minister co-operate with this committee by allowing it to examine the three RCMP reports on Astra Trust which recommended that a trust licence not be issued?

[*Translation*]

Mr. Bussières: Madam Speaker, I find the conclusions of the hon. member very strange. I have indicated several times in the House that the incorporation application of the Astra company had been examined closely and exhaustively by the Department of Insurance. As the hon. member indicated at the time, the Superintendent of Insurance had even asked the RCMP to provide some information about the applicants. Following extensive and exhaustive investigations, the Superintendent of Insurance concluded that he could recommend to the Minister of Finance that an incorporation charter be granted.

● (1140)

[*English*]

CANADIAN NATIONAL RAILWAYS

CN EXPRESS OFFICES—PROPOSED MEETING OF PRESIDENT WITH MINISTER

Mr. Mel Gass (Malpeque): Madam Speaker, my question is for the Minister of Transport. During the course of questioning at yesterday's Standing Committee on Transport, CN President Dr. R. A. Bandeen informed committee members that he had proposals for the transport minister regarding the retention of CN Express offices in Charlottetown and other maritime centres. He advised me that he will be requesting a meeting with the Minister of Transport some day next week to present his proposals for the minister's consideration. In view of the urgency of the situation, that being that some CN employees have already received their notices of lay-off, will the minister assure this House that he will do everything possible to allow Dr. Bandeen to meet and present his proposals for the maintenance of CN Express offices in Charlottetown and other maritime centres?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the hon. member has described the situation very well. Dr. Bandeen is going to tell me the results of his review of that situation next week. Obviously I will react to that. There is something I want to mention which is rather important. A notice of lay-off is a procedural matter which is necessary in order that an employee can take advantage of the relocation, retraining or pre-pensioning system which is part of the retrenchment operations of CN Express. The hon. member should bear that in mind. Something else to bear in mind is that when a person loses his employment with CN Express, and I have proof of this, he often finds his way into working with another company which had rivalled CN Express in the past. Consequently some jobs are moving. They are not being lost to the area as a whole.

Some hon. Members: Oh, oh!

Mr. Gass: At the meeting of the Standing Committee on Transport on December 18, a motion was moved, voted on and agreed to that "CN Railways continue the CN Express service at the minimum of the 1979 level". I am sure the minister is aware of this resolution. Did the minister consider this and will it be discussed with Dr. Bandeen next week?

Mr. Pepin: That is part of the present exercise. The recommendation was that a review should be made and a review is now taking place. The results will be announced next week.

INDIAN AFFAIRS

ASSISTANCE TO DEAL WITH OCCURRENCE OF DISASTERS ON RESERVES

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question concerns natural disasters which might occur on Indian reservations and is directed to the Minister of Indian Affairs and Northern Development. Does the department have a policy whereby, in the event of a catastrophe such as a serious flood on a reservation, departmental members will help the Indians?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Madam Speaker. When there are catastrophes of that nature, the department tries to respond as constructively as possible with financial and other resources.

Mr. Greenaway: Madam Speaker, what I was getting at was whether the department has a special team. A disaster occurred in my constituency several weeks ago and no one appeared for ten days. Are Indian people able to get funding from the federal-provincial funds allocated for these disasters? As the minister knows, they live in a sort of no man's land situation.

Mr. Munro (Hamilton East): Madam Speaker, that is somewhat of a hypothetical question inasmuch as the Indians, to my knowledge, have not chosen to go that route. What they have done is communicate a problem which has all the earmarks of a catastrophe of the nature the hon. member is talking about. They should immediately communicate with our regional director-general. I know of examples where he has endeavoured to respond with financial resources and personnel, though perhaps not personnel direct from the department. They may contract people who have the competence, depending on the nature of the catastrophe, to respond in the most effective way possible.

As for the particular case the hon. member talks of in his constituency, he has not informed me, at least orally, about the situation. I will be pleased to look into the matter and will in fact do so.

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[*Translation*]

NORTH-SOUTH RELATIONS

INQUIRY WHETHER NEW POLICY WILL BE ANNOUNCED

Mr. Herb Breau (Gloucester): Madam Speaker, I have a question for the Right Hon. Prime Minister.

With a view to seconding the support from thousands of Canadians directly involved in international development and co-operation, to maintaining their support for the government initiative in the North-South dialogue, could the Right Hon. Prime Minister tell the House, in light of the two reports which were tabled in the House in July and December by the

parliamentary task forces on North-South relations, whether the government is now reviewing its public assistance policies and whether we can expect that in the near future the government will make a statement on the revision of those policies so as to ensure that people will show renewed interest in the Prime Minister's personal endeavour as regards the North-South dialogue?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am grateful to the hon. member for Gloucester and the task force he chaired for the interest they have generated in this issue. I for one believe it is important that the Canadian public be made aware of the recommendations of the committee. Speaking for the government, we are obviously quite delighted to have that report and we have begun to study it. I leave it to the Secretary of State for External Affairs to expound on what action the government might take in future. For the time being, however, I can assure the hon. member that besides increasing the funds earmarked for international aid, as announced by the Minister of Finance, I have had several exchanges with the CIDA president, Mr. Massé, and we are steering a course of action which will closely parallel the over-all recommendations of the hon. member's task force.

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[*English*]

NORTHERN PIPELINES

PROPOSED MACKENZIE VALLEY LINE—SETTLEMENT OF CLAIMS OF DENE NATION

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, in the absence of the Minister of Energy, Mines and Resources I will direct my question to the Prime Minister. Only three years ago Mr. Justice Thomas Berger, who was appointed by the Prime Minister, recommended a ten-year moratorium on any pipeline project in the Mackenzie Valley so that the Dene Nation would have time to settle their land claims with the federal government, and yet the EARP report has recommended that the pipeline may go ahead as early as next year. Will the Prime Minister assure this House that he will respect the recommendations of the Dene Nation, Mr. Justice Berger and the government of the Northwest Territories and that no pipeline will be approved until the settlement of claims has been implemented in the Mackenzie Valley?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): I might deal with the hon. member's question, Madam Speaker. It is true the EARP panel did inject some very serious reservations in terms of environmental dangers with respect to the Norman Wells pipeline. Undoubtedly that will be given very serious consideration by the National Energy Board. In terms of the decision whether or not to go ahead, it would be premature at this stage because, as the hon. member may be aware, the National Energy Board is dealing with the question. According to my information, it does not expect to come in with a finding for at least six to eight weeks. At that time a decision can be made by the government as to whether the suggested recommendations be implemented or not. Certainly it is premature to deal with it now; for all we know, the National Energy Board may not approve it.

Mr. Ittinuar: I will direct my supplementary to the Prime Minister. Will the Prime Minister commit his government to the settlement of claims before the pipeline is built?

Mr. Munro (Hamilton East): Madam Speaker, it is my hope, and I believe this is the feeling of the leadership of the Dene, that the claims question can get under way and progress very rapidly over the course of the next year. Certainly Mr. Erasmus, the head of the Dene, indicated he would be ready for the appointment of a negotiator. I hope to be able to do that very shortly and that some real progress can be made on land claims, irrespective of what happens with respect to Norman Wells.

* * *

● (1150)

STATISTICS ACT

DECENNIAL CENSUS—RECRUITMENT OF COMMISSIONERS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I should like to direct my question to the Minister of Supply and Services, partly to allow him to pierce the veil of cobwebs that surrounds him during question period. In response to a question by my colleague the hon. member for Leeds-Grenville in respect of the census that is to take place, the minister indicated that traditionally a list of nominations provided by government party MPs and local representatives has been a source for potential census commissioners.

Quite apart from the fact that it is going to be rather difficult for the minister to consult his members from any point west of Winnipeg, I would ask him whether he will now change the policy and take a more impartial view of the appointment of census commissioners? The people of Canada expect impartiality and do not want any tinge of partisanship or the suggestion of partisanship on the part of the people conducting the census. Will the minister now commit himself to change this policy?

Hon. J.-J. Blais (Minister of Supply and Services): First of all, Madam Speaker, I am very grateful to the hon. gentleman for his consideration in the removal of, as he points out, the cobwebs that surround me. I would point out to him that, in effect, the tradition being followed through in this census is one which definitely was about to be adopted by my predecessor in that position in the former government. I would point out to him as well that the quality of the individuals who are to be hired in this process is established through very objective means indeed.

An hon. Member: Liberal Party membership.

Mr. Blais: Of course, I have received representations from members of all parties in this House and those representations are being taken seriously.

Mr. Hnatyshyn: Madam Speaker, the minister is certainly not in the category of "might have been", he is in the category of "never was" in terms of what his predecessor might or might not have done. Let me say to the minister that it seems to me this policy is a stinging indictment of the operation of Canada Manpower Centres across this country as well as an indictment of the Minister of Employment and Immigration and the capacity of that body to find suitable people to carry out the census, particularly at a time of outstanding unemployment in our country. I simply want to ask the minister specifically whether he will reconsider and allow manpower to obtain these people, so we can be in a position where there will be some impartiality in respect of selection based on merit and not political affiliation?

Mr. Blais: Madam Speaker, I would point out to the hon. gentleman that I am very serious when I indicate that the quality of the individuals who are selected is tested through an objective process, including an interview.

An hon. Member: And Liberal party membership.

Mr. Blais: The system the hon. gentleman refers to is a referral system, namely, how the individuals are referred. I pointed out to him that the referral system is the traditional referral system authorized by Parliament under section 5 of the Statistics Act. In terms of the performance of the individuals, I would point out to him that the Canadian census is recognized internationally as being a superior census and we are going to continue to achieve that end by the employment of individuals who are able to carry forward that responsibility after having conducted a very thorough selection process.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

AIR TRANSPORT

LACK OF FACILITIES IN NORTHWEST NEW BRUNSWICK

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, my question is for the Minister of Transport. Although I would like once again to draw his attention to the problem of railway services in my riding, this morning my question relates to transport services generally. I would like to ask him whether his department or the Canadian Transport Commission are planning an early review of the full question of regional transportation within the Atlantic area. I ask this while emphasizing particularly the shortcomings in air services in northwestern New Brunswick, the region I represent in the House, of course.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there are two comments I can make on that subject. First, we are making a general review of VIA operations. Two or three years after setting up the corporation the government feels the need for reflection and that will lead to discussions with specialized groups, and with hon. members of course.

Second, several weeks ago I began an exchange of views with the transport ministers of the Atlantic provinces, including Newfoundland, on a concept whereby we would make up an envelope which would enable the provinces, in conjunction with the federal government, to adopt what I feel would be a much more constructive, much more effective and much more intelligent approach to transportation in those provinces. For instance, we might end up by saving money on certain means of transportation and those savings could then be invested in other modes of transportation. It is with that background in mind that some day I would like to reply at length to the hon. member's question.

* * *

[*English*]

CROWN CORPORATIONS

INQUIRY RESPECTING STATUS OF PROPOSED LEGISLATION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the President of the Treasury Board who on several occasions has promised the House speedy action on introducing a Crown corporations bill similar to that introduced by the Conservative government in 1979. Where is that bill and why has the minister not kept that commitment?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am keeping that commitment.

An hon. Member: Where is the bill?

Mr. Beatty: Madam Speaker, it is nice to see that the minister has not lost his sense of humour since joining the treasury benches. My supplementary question for the President of the Treasury Board is this. He will be aware that Bill C-42, the bill to create a Crown corporation for the post office, includes a provision which would allow the Postmaster General to give secret directives to the new Crown corporation. In view of the fact that these secret directives are directly contrary to one of the central elements of the previous Crown corporations bill, namely, that secret directives would not be allowed, how is that element of the policy being changed by the President of the Treasury Board, or will it be included in his bill?

Mr. Johnston: Madam Speaker, great progress has been made in ironing out a number of difficulties of which I am sure the hon. member is aware. Constructive criticism has been received concerning the prior bill. On that specific point, the provisions of the omnibus bill will, of course, override the provisions of any other bill affecting Crown corporations. That was the intent, so the law will have to be made compatible at

some point. I am not speaking specifically with respect to the Crown corporation for the post office, but speaking generally right across government. That is the purpose of the omnibus legislation.

* * *

AIRPORTS

TORONTO INTERNATIONAL—DELAYS IN AIRCRAFT CONTROL

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is for the Minister of Transport. When the move was made by the air traffic controllers at Toronto International Airport on January 10 of this year to the new centre, they were faced with all new equipment. Since then the travelling public has had to put up with interminable delays because of the system put in there. Will the minister indicate that in fact it is not the joint enroute terminal system, but rather the integrated communications control system and the operations information display system that are causing the trouble, particularly the communications system since there is no adequate back-up, controllers are afraid of it and are, therefore, slowing down the operation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the knowledge I have of these events corresponds exactly with the question that has now been raised; it is a combination of both. My hon. friend's question is "right on."

Mr. Ellis: Madam Speaker, it may be that I am "right on", but is it not true that in spite of all this fancy radar equipment we do not have an adequate back-up in communications, and is the minister prepared to make some changes to correct that situation?

Mr. Pepin: Madam Speaker, I do not know how to answer that question. The JETS system has been the subject of criticism, particularly on the part of the president of CATCA recently. Is that the question my hon. friend is raising? On that one there is a running debate, and the views of CATCA's president are well known. They are contradicted by others, who say that the JETS system is quite acceptable. One of the advantages it has is that it can be improved upon all the time, but I am not too sure about the direction of the answer my hon. friend is looking for. Perhaps we could have a gentleman's conversation later and straighten things out so that his next question on that subject will be clearer in my mind.

* * *

● (1200)

PRIVILEGE

MR. FULTON—STATEMENT MADE BY MR. MUNRO (HAMILTON EAST)

Mr. Jim Fulton (Skeena): Madam Speaker, I rise on a question of privilege which arises from the question period yesterday. I note that the Minister of Indian Affairs and Northern Development (Mr. Munro) is not in the House at this point, so perhaps I will ask Your Honour not to rule on this until both the minister and I are again present in the House. However, I will outline my question of privilege very briefly so that Your Honour can be aware of it.

Madam Speaker: I have notice of the hon. member's question of privilege. If he wants to delay it until such time as the minister is in the House, I think it would be much easier to deal with. However, if he does not want to delay it, I will hear him now.

Mr. Fulton: Madam Speaker, I think it is important enough that I place the question of privilege at least briefly on the record. It arises from a statement made by the Minister of Indian Affairs and Northern Development yesterday.

Mr. Kempling: Here comes the minister.

Mr. Fulton: The statement is recorded at page 6452 of *Hansard*. It was with respect to Amax, and I quote:

> —a panel of experts has been set up to look into the matter, notice of which has been communicated to the Nishga tribal chief, Mr. Gosnell.

This is an extremely important issue. I have raised it with the Prime Minister (Mr. Trudeau), the Minister of Indian Affairs and Northern Development, and the Minister of Fisheries and Oceans (Mr. LeBlanc) on numerous other occasions in this House.

I have taken the time to check, and in fact no panel has been set up, and no notice has been communicated to Mr. James Gosnell, president and chief of the Nishga Tribal Council. I am sure that the Minister of Indian Affairs and Northern Development will be able to clarify this. I think there has been an inadvertent misleading of the House, and I would appreciate its being clarified on the record because what the Nishgas have requested and what has been requested on many occasions in this House, and by many church leaders and groups in this country, is a public inquiry.

The media were seriously misled by the statement yesterday, which is recorded in *Hansard*. I am sure the minister would be prepared to respond to what I am sure was an inadvertent misleading of the House.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I appreciate the hon. member's comments. There was no intention on my part to mislead the House. Before I can clarify this matter, I will have to check into it. I will endeavour to make a clarification on Monday.

Subject to checking, it was my information that the scientific panel was constituted. It may be in the process of being constituted, which is apparently at variance with what was said yesterday. I am prepared to check that. I was under the impression that the nature of the panel, its proposed existence and so forth were communicated to Mr. Gosnell. These are the elements I would like to check, and I will clarify on Monday, if that is satisfactory.

Madam Speaker: I do not feel that this is a question of privilege. The hon. member was seeking clarification, and the minister did give some clarification today, but I think the best way to deal with this question is to try to ask a question in question period.

* * *

POINT OF ORDER

MR. McMILLAN—STATEMENT MADE BY MR. FOX

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise on a point of order. I will be very brief. In the oral question period I posed two questions to the Secretary of State (Mr. Fox) concerning the established programs financing scheme. In reply to my questions I believe the minister might inadvertently have misled the House. He probably would not want that misleading information on the public record.

In my preamble I said that under the established programs financing scheme, $3 billion is funnelled to the provinces to help them pay the operating costs of post-secondary education institutions. In his reply to my questions the Secretary of State said that established programs financing included federal funds to provinces through cash payments and through tax points and that I perhaps had not included the tax points in my own calculation of $3 billion. I might refer the minister and the House to the Government of Canada's own statement of financial operations for the fiscal year 1980-81, of November, 1980.

That statement makes it clear that the $3 billion figure I quoted includes both cash payments, amounting to a total of about $1.6 billion, and tax points, totalling about $1.4 billion. That is for the fiscal year 1980-81. I am sure that the Secretary of State would not want to leave those figures he quoted on the public record because they are clearly wrong. The figure is not $4 billion but, rather, $3 billion.

Hon. Francis Fox (Secretary of State and Minister of Communications): I would like to verify the exact amounts. I know that they are indeed considerable. If we add to established programs financing post-secondary transfers of funds and tax points the amount of money the federal government puts into the Canada student loans program, the bilingualism in education program and other programs related to education, the amount would remain quite substantial, but I would just like to check the figures and to come up with the exact total amounts transferred to the provinces by the federal government in terms both of tax points and tax transfers.

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PRIVILEGE

MR. SHIELDS—STATEMENT ATTRIBUTED TO MR. LALONDE

Mr. Jack Shields (Athabasca): Madam Speaker, I rise on a question of privilege. I refer to a statement quoted today by me regarding an hon. member who made a statement which I feel demeans every member in this House in the eyes of the free world. It affects every member's relations with the United States of America, and particularly with the new administration. The statement demeans the members of this House who are members of a parliamentary committee which shortly will be visiting the United States and the new administration. The statement I quoted this morning during question period was as follows:

> At least they didn't bring in the CIA like they have in other foreign countries.

I feel that that statement made by the Minister of Energy, Mines and Resources (Mr. Lalonde) clearly reflects on every member of this House with respect to relations with the countries of the free world, particularly the United States. I ask you, Madam Speaker, to direct the Minister of Energy, Mines and Resources to withdraw that statement immediately so that all members of this House may deal directly with our strongest ally and friend, the United States, in the open and friendly manner we have enjoyed up to this point.

Madam Speaker: I had to listen to the hon. member in order to know what his question of privilege was. To begin with, it is not a question of privilege. Second, he was referring to a statement made outside the House, which certainly does not constitute a question of privilege. I think the hon. member is stretching the rules quite a lot today. I ask him to read the rules so that he can understand what a question of privilege allows him to do. However, he has made a point.

MR. OBERLE—STATEMENT MADE BY MR. TRUDEAU

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, with your indulgence I would just like to add another dimension to the question of privilege of my hon. friend.

Madam Speaker: I am sorry. It is not a question of privilege. I have already dealt with that matter. Unless the hon. member wants to raise a new question of privilege—he did not give me notice, and his question of privilege does not seem to flow from the deliberations of today—I do not see how he can smuggle in a question of privilege at this time. However, he may have a point.

Mr. Oberle: Madam Speaker, I have a new question of privilege. In response to the hon. member for Athabasca (Mr. Shields), the Prime Minister (Mr. Trudeau) said that in speaking to a group of native people in Alberta his minister made a stupid statement which does not deserve comment. That is what I took the Prime Minister's answer to my friend, the hon. member for Athabasca, to mean. The Prime Minister, by attributing stupid statements to him, has certainly affected the privilege of a member.

• (1210)

This is not the first statement of this kind that the minister has made. He made a statement in committee a couple of days ago, when he was questioned about the difference between a 25 per cent government ownership in a certain industry and the practice of other countries, in which he said that this was

only the beginning, thus implying that the government intends to assume even greater ownership of the industry. That, in the opinion of some members, was another stupid statement. When the Prime Minister says that some of his ministers make stupid statements and he says that in the House, I would say it affects the privileges and concerns of all members.

Madam Speaker: I would say that this might affect the privilege of that hon. member in question, but not of all hon. members. At any rate the word stupid is not unparliamentary. Commenting on the speeches of ministers does not enter into the purview of a question of privilege, so I have to say to the hon. member that he does not have a question of privilege.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,059, 1,330, 1,518, 1,573, 1,694, 1,704, 1,811, 1,846 and 1,850.

[*Text*]

NATIONAL HARBOURS BOARD ANNUAL REPORT

Question No. 1,059—**Mr. Clarke:**

1. Was the most recent annual report of the National Harbours Board published in 1978 for the fiscal year 1977 and, if so, for what reason has there been a long delay in producing a report for the fiscal years 1978 and 1979?

2. What steps will the board undertake to ensure that such a delay will not reoccur?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows: 1. No. The most recent annual report of the NHB tabled on July 3, 1980, was for fiscal year 1979. The annual report for 1978 has been printed but not yet tabled or distributed. The reasons for the delay are: internal NHB delays were incurred by this problem was resolved prior to the preparation of the 1979 annual report. Delays were incurred in the printing process. The 1978 report was ready for tabling immediately prior to the dissolution of Parliament in December, 1979. Subsequent events created delays which were beyond the control of the NHB.

2. Steps have been taken to ensure that delays in publishing the annual report will not recur as evidenced by the early completion of the 1979 report.

RCMP INTERNAL DISCIPLINE

Question No. 1,330—**Mr. MacKay:**

With reference to the Commission of Inquiry relating to Public Complaints, Internal Discipline and Grievance Procedures within the Royal Canadian Mounted Police, was action taken to implement the Commission's (a) 32 recommendations regarding the handling of public complaints (b) 13 recommendations regarding a federal police ombudsman (c) 46 recommendations regarding internal discipline (d) 30 recommendations regarding a revised internal discipline procedure and, if so, in each case, what was such action?

Hon. Bob Kaplan (Solicitor General): Yes, as follows: (a) Thirty-two recommendations regarding the handling of public complaints.

Of these recommendations: 12 have already been implemented through policy, 7 have been modified and are already implemented through policy, 5 are to be implemented through policy, 4 will be proposed for legislation, 2 have been modified and will be proposed for legislation, 2 have been considered but not accepted.

(b) Thirteen recommendations regarding a federal police ombudsman (external review authority).

Of these recommendations: 7 will be proposed for legislation, 6 have been modified and will be proposed for legislation.

(c) Forty-six recommendations regarding internal discipline.

Of these recommendations: 4 have already been implemented through policy, 13 have been modified and are already implemented through policy, 5 will be proposed for legislation, 19 have been modified and will be proposed for legislation, 4 have been considered but not accepted, 1 was found to be inapplicable.

(d) Thirty recommendations regarding a revised grievance procedure.

Of these recommendations: 12 have already been implemented through policy, 10 have been modified and are already implemented through policy, 1 is to be implemented through policy, 2 will be proposed for legislation, 3 have been considered but not accepted, 2 were found to be inapplicable.

RCMP—CANADIAN PLEASURE BOATS

Question No. 1,518—**Mr. Cossitt:**

1. How many American ports along the Canadian border other than Morristown, N.Y., is the RCMP observing, or being assisted in observing Canadian pleasure boats stopping for dinner at U.S. restaurants and (a) what is the name of each port (b) how many persons have been checked by the RCMP for not reporting back to Canada Customs on returning to Canada?

2. If there are no ports, other than Morristown, N.Y., for what reason is Morristown being singled out for special attention?

3. Was the RCMP Brockville detachment given instructions during the 1980 boating season to specifically check on this matter in regard to Morristown, N.Y. area and, if so, what is the highest ranking official who gave such instructions?

Hon. Bob Kaplan (Solicitor General): 1. None. (a) Not applicable. (b) Only statistics available show approximately 400 boats checked.

2. RCMP does not observe or assist in observing Canadian pleasure boats stopping for dinner at U.S. restaurants.

3. Brockville detachment was not given specific instructions during the 1980 boating season to concentrate on boats visiting Morristown, N.Y. It is within the authority of the member in

charge of the Brockville detachment to initiate customs inquiries.

RCMP—DIVISIONAL HEADQUARTERS FOR FREDERICTON, N.B.

Question No. 1,573—**Mr. Howie:**

1. What is the status of the new RCMP "J" divisional headquarters building planned for Fredericton, New Brunswick?

2. On what date will tenders be called?

Hon. Bob Kaplan (Solicitor General): 1. The division headquarters building for Fredericton, New Brunswick, is in the early stages of planning. At the present time, RCMP Headquarters have received the division's space requirements and are reviewing their needs to ensure that they conform with force and government policy. Listed below is the tentative planning schedule for the division headquarters building:

Consultant study	1981/82
Plans and specifications	1982/83
Construction start	1983/84

2. Tender call is estimated to take place some time in 1982-83.

BONUS AMOUNTS TO SM AND EX GROUPS

Question No. 1,694—**Mr. Herbert:**

1. Will the bonus amounts payable effective April-1980-to SM and EX groups be allocated to departments on a proportional basis and will the sums be carried in the departmental estimates?

2. Has a percentage amount been determined?

Hon. Donald J. Johnston (President of the Treasury Board): 1. The design of the bonus system has not been completed and the rules of application set. Therefore, the method of allocation is not known. Presently, increases in salaries are based on the performance level of each employee. The funds for these increases are allocated to each department's estimates and are based on performance distribution guidelines of no more than 30 per cent of the assessed population being rated above the level of fully satisfactory (i.e. superior or outstanding).

2. No. The percentage amount for bonus payments has not yet been determined.

CITIZENSHIP APPLICATIONS—USE OF DISCRETION

Question No. 1,704—**Mr. Harquail:**

1. Since February 15, 1977, how many applications for citizenship has the citizenship judge decided to recommend an exercise of discretion under section 14 of the Citizenship Act in order to alleviate cases of special and unusual hardship and how many of the recommendations have been carried out by the minister?

2. Since February 15, 1977, how many appeals under section 13 of the act has the court recommended the exercise of discretion under section 14 of the act in order to alleviate cases of special and unusual hardship and how many of the recommendations have been carried out by the minister?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): 1. Since February 15, 1977, Citizenship judges have made 47 recommendations under section 14 of the Citizenship Act for the exercise of discretion in order to alleviate cases of special and unusual hardship. Of these, 19 have been carried out.

2. Since February 15, 1977, the Federal Court has made 14 recommendations for the exercise of discretion in order to alleviate cases of special and unusual hardship. Two have been carried out.

NOTE: In certain cases where discretion was not exercised to grant citizenship because of special and unusual hardship, individuals have subsequently been able to meet the requirements of the act and to become Canadian citizens.

DEFENCE CONSTRUCTION (1951) LIMITED—PERSONNEL

Question No. 1,811—**Mr. Herbert:**

In each of the past three years, how many persons have been engaged by Defence Construction (1951) Limited for a period of less than (a) two years (b) one year and what are the terms for termination in such cases?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): (a) and (b) Defence Construction (1951) Ltd. only engages persons on an indeterminate basis or for periods of six months or less. The number of persons engaged for terms of six months or less in each of the past three years is as follows:

1977-78	100
1978-79	117
1979-80	82

The terms of termination are two weeks' notice.

PUBLIC SERVANTS—INADEQUATE PERFORMANCE—SALARY DEDUCTIONS

Question No. 1,846—**Mr. Herbert:**

What amount was deducted from the salaries of public servants in (a) 1979-80 (b) 1980 to date in cases where performance and/or productivity were considered to be inadequate?

Hon. Donald J. Johnston (President of the Treasury Board): Federal public service salary administration provides for the payment of salary increases that are related directly to performance. This administration also provides for the retardation or eliminaton of salary increases where employees demonstrate less than satisfactory performance. The penalty, therefore, for inadequate performance is denial of salary increase; salary administration in such circumstances does not provide for the deduction of an amount from salary. Sustained inadequate performance will have a severe impact on an employee's career in the public service and could lead to demotion or release.

CONTENT OF MAIN ESTIMATES

Question No. 1,850—**Mr. Herbert:**

For each of the past three fiscal years, what was the total amount of the votes which were not included in the government motion referring the main estimates to standing and special committees for consideration?

Hon. Donald J. Johnston (President of the Treasury Board): The information in the Main Estimates can be divided into two distinct groups, based on the requirement for authorization by Parliament. The breakdown between these two types is provided in the table below. For the past three years, all of the items to be voted and therefore included in an Appropriation Act, have been referred to various standing committees of the House for consideration. However, for information purposes, the main estimates also include the second type of item which do not have vote numbers and do not have to be specifically referred to the standing committees since the authority for these expenditures has already been approved by Parliament through other legislation.

	Main Estimates ($ millions)		
	1978-79	1979-80	1980-81
Items to be voted	20,753.3	21,240.0	24,938.1
Statutory amounts	27,978.7	31,673.4	34,074.9
Total	48,732.0	52,913.4	59,013.0

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 680 and 1,341 could be made orders for returns, those returns would be tabled immediately.

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

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 680 and 1,341 be deemed to have been made orders for returns?

Some hon. Members: Agreed.

[*Text*]

FEATURE FILMS VIEWED IN PENITENTIARIES

Question No. 680—**Mr. Friesen:**

During the years 1979 and 1980, what is the name of each of the full-length feature films which were viewed by inmates in federal penitentiaries in (a) the Maritime Provinces (b) Quebec (c) Ontario (d) the prairie provinces (e) Alberta (f) British Columbia?

Return tabled.

RECIDIVISM—COST TO TAXPAYER

Question No. 1,341—**Mr. Althouse:**

1. How many prisoners in Canada are presently on some form of conditional release?

2. What percentage of such prisoners were returned to prison (a) at lease once (b) more than once and for what reasons?

3. What is the total yearly cost to the taxpayer of the penitentiary and parole system?

Return tabled.

Ways and Means

GOVERNMENT ORDERS

[*Translation*]

WAYS AND MEANS

EXCISE ACT

Hon. Pierre Bussières (for the Minister of Finance) moved that a ways and means motion to amend the Excise Tax Act, tabled in the House on Tuesday, October 28, 1980, be concurred in.

Motion agreed to.

TAXATION OF PETROLEUM AND GAS NET REVENUES

Hon. Pierre Bussières (for the Minister of Finance) moved that a ways and means motion with respect to the taxation of petroleum and gas revenues, tabled in the House on Tuesday, October 28, 1980, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Mr. Lambert: On a point of order, Madam Speaker. I want to be assured that the forthcoming bill will comply with the section of the Standing Orders which provides that the bill must be in accordance with the notice of ways and means motion, because this very week an irregularity came up with respect to Bill C-54. This time I want to avoid that by asking the Minister to give us his assurance that there will not be any problem in this regard.

Madam Speaker: I want to remind the hon. member that the part of the bill referred to did comply with the ways and means motion. It was another part of the bill which raised a problem and on which I gave a ruling. But the warning, I suppose, is well taken.

Motion agreed to.

EXCISE TAX ACT (1)

Hon. Pierre Bussières (for Minister of Finance) moved that the ways and means motion to amend the Excise Tax Act (1), laid upon the Table on January 22, 1981, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Mr. Lambert: On a point of order, Madam Speaker. I would have liked to read the notice of ways and means motion in this morning's *Votes and Proceedings* but there has been no distribution. So, in my opinion we are being asked to play blind man's buff.

[*English*]

There was no distribution of *Votes and Proceedings* so we could not see the content of the motion.

Mr. Baker (Nepean-Carleton): *Hansard* also.

[*Translation*]

Madam Speaker: The hon. member is right. Distribution took place but it was delayed somewhat. Since the hon. member is used to receiving those documents at a certain time he may have thought there was no distribution. It did take place but a bit late. I regret that. I offer my apologies to the hon. member, but I must point out to him that the delay was due to the fact that the ways and means motion had to be printed. Hon. members surely appreciate that it is always somewhat more difficult when the House sits at 11 a.m. rather than 2 p.m.

Mr. Lambert: Fair enough, Madam Speaker. Still I must make a reservation. We are being asked to agree to the introduction of a bill and to have it printed, a bill based on a ways and means motion which we did not have an opportunity to read because the notice was tabled only yesterday. It was to appear in yesterday's *Votes and Proceedings*, but there has been no distribution.

I admit it is more difficult on Friday mornings but the government and the Chair ought to be aware of that. I do not know what time it is but were it left to me I would suggest to the minister that introduction of the bill based on the second motion be postponed until Monday. I do not want to make a fuss but after all we are always asked to give notice. This morning, as it happens, we have not had any notice.

● (1220)

Madam Speaker: I can understand that the hon. member was indeed waiting for the documents which normally are published and available to hon. members some time before the House sits. But I must remind him that the motion was tabled on January 22 and that even though it was not printed at least it was available. I realize that he was expecting the documents to be distributed this morning and they were not. So again I extend my apologies to him but I hope that given the circumstances we will be able to proceed.

Mr. Lambert: Distribution of the *Votes and Proceedings* enables hon. members to become familiar with the documents. It is their only access because the documents tabled are then—how shall I say—processed routinely and the only way we can have them is to intercept them at that time and have them photocopied. So that is all I am saying. Under the circumstances I think we are proceeding a bit too fast and since I am involved in this I hope we will be given the opportunity to examine the motion published in yesterday's *Votes and Proceedings* before the minister introduces it this morning to have the bill printed.

Madam Speaker: According to the basic principles underlying our rules, the availability of a document laid on the Table of the House of Commons is not theoretical. The hon. member could in fact consult the document. I know he is wont to do that by looking at the documents we publish and make available to hon. members, but this particular document was available indeed and I think we might proceed.

Motion agreed to.

EXCISE TAX ACT (2)

Hon. Pierre Bussières (for Minister of Finance) moved that the ways and means motion to amend the Excise Tax Act (2), laid upon the Table on January 22, 1981, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Motion agreed to.

* * *

CUSTOMS TARIFF

MEASURE TO AMEND

Hon. Pierre Bussières (Minister of State (Finance)) moved that Bill C-50, to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932, and the United Kingdom Trade Agreement Act, 1937, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Madam Speaker, the bill before us on second reading this afternoon—which may be referred to in short as the Customs Tariff Act—proposes a large number of amendments to the Customs Tariff, which the government introduced in three separate notices of ways and means motions. Most amendments in the bill relate to the tariff concessions Canada agreed to in the Tokyo Round trade negotiations which were concluded in Geneva under the auspices of GATT in July, 1979.

In addition, the bill contains provisions to phase out the British preferential tariff on goods imported from Great Britain and Ireland, and to withdraw it on goods from South Africa.

This bill also implements a number of tariff changes which were proposed by the Minister of Finance (Mr. MacEachen) in his budget of October 28, as well as certain technical changes which had been proposed by the former government in the December 11, 1979, budget. The bill also transfers the authority for collecting excise tax on imported wines from the Customs Tariff to the Excise Tax Act.

In order to indicate fully the importance of the implementation of the GATT agreements to Canada, I shall if I may, Mr. Speaker, give a brief outline of this institution. We may wonder what is GATT. The General Agreement on Tariffs and Trade, often known by its English abbreviation of GATT, refers to the multilateral treaty on trade laying down the rules of international trade and the body in Geneva which oversees compliance with the treaty and its promotion worldwide. The main objective of this treaty is to liberalize international trade and put it on a stable basis in order to contribute to the general development, growth and well-being of all the peoples of the world.

The GATT rules, Mr. Speaker, govern trade and trade relations, representing more than 80 per cent of world trade, among the 85 signatory countries. From time to time the signatories agree to undertake a round of Multilateral Trade Negotiations—MTN in short—with the ultimate objective of updating the original treaty. The last round, begun in Tokyo in 1973—and therefore known as the Tokyo Round—and completed in Geneva in June, 1979, was by far the most complex and longest of the seven negotiating rounds held since GATT was established. The general objective of the final agreement was the expansion and greater liberalization of international trade.

I would like to review briefly, Mr. Speaker, the history and background of this institution. GATT has its roots in the post-war reconstruction period. At that time, a number of countries were trying to develop a charter for the International Trade Organization or ITO, which was to have been established as a United Nations specialized agency.

However, because of the slow pace of ITO negotiations, certain countries decided to develop multilateral trade negotiations, given the name of GATT, in order to show in advance what tariff negotiations might be under the charter for the ITO. In January, 1948, nine countries, including Canada, agreed to bring the agreement into force. Since the charter for the ITO was subsequently abandoned, GATT became, by force of circumstance, the only multilateral framework for international trade. As a result, GATT has for over 30 years played the role originally intended for the ITO. After this brief review of the background of GATT, one may wonder about its importance for Canada. Since the vitality of international trade is of the utmost importance for Canada, the agreements governing international trade share in this importance.

• (1230)

We should not lose sight of the fact that, although Canada's domestic market is relatively small, we rank ninth among the world's trading nations. Canada stands alone among the most highly industrialized nations in lacking *de facto* access to a large domestic market such as is enjoyed by the United States, Japan or many members of the European Economic Community.

We can thus grasp the full importance of an agreement such as GATT which enables Canada to overcome the disadvantages inherent in its relatively small size, or in the relative concentration of its population, by giving it access to foreign markets in accordance with well-established rules. That is why Canada would have suffered a great loss today had we witnessed a strengthening of protectionism and restrictive trade practices at the last multilateral negotiations.

Now, what were Canada's objectives at the Tokyo Round negotiations? Canada, Mr. Speaker had essentially three objectives: first, to promote the development of industry, agriculture and fisheries in Canada and to increase the national income by expanding export opportunities, while ensuring an appropriate level of Canadian tariff protection. The second objective was to avoid a resurgence of protectionism and trade restrictions that adversely affect the interests of an exporting country such as ours. And the third objective, Mr. Speaker, was to improve and strengthen the international trade framework on which we depend heavily.

With these objectives in mind, let us examine the outcome of the Tokyo Round for Canada. The results of the Tokyo Round, from the Canadian point of view, show that significant progress has been made in consolidating Canada's status as a major trading nation. Besides reaching agreement on a broad package of tariff reductions averaging about 30 per cent, the negotiations took an important first step in establishing a number of agreements aimed at dismantling non-tariff barriers to trade.

Canadian tariff reductions for the vast majority of products will be phased in gradually, in such a way as to take into account the competitive position and potential of the various sectors of the Canadian economy. The effect of these reductions will be to lower the cost of the factors of production of Canadian industry, as well as the cost of a wide range of consumer goods. But let us not kid ourselves, these reductions will also challenge Canadian industry to become increasingly competitive on world markets.

The results of the negotiations are therefore of particular importance to Canada. Canada depends upon international trade for its economic well-being to a greater extent than most of its trading partners. The concessions obtained in the multilateral negotiations can, if fully exploited, lead to increased production and employment in Canada. The new, expanded and more certain export opportunities that are being opened up as a result of the negotiations should bring benefits to each region of Canada and to all sectors of the economy.

In short, Mr. Speaker, in so far as trading policy is concerned, the Tokyo Round concessions should establish a solid basis for future growth in a competitive and efficient Canadian economy over the next two decades. Now, let us see how these new measures resulting from the Tokyo Round will apply to Canadian trade. As I have just stated, there are two important aspects to this effort to liberalize world trade, namely, the

reduction of tariff measures and the lowering of non-tariff measures. Before discussing the tariff measures we propose to include in the Customs Tariff which are covered in the bill now under study, I would like to explain briefly to the House the second aspect of the GATT agreements, namely, that of non-tariff measures.

Certain of Canada's commitments with respect to the lowering of non-tariff measures were the subject of a discussion paper which I tabled in the House on July 16, 1980, and which was referred to the Standing Committee on Finance, Trade and Economic Affairs for study on October 9 last. This paper deals with the imposition of anti-dumping and countervailing duties and emergency safeguard actions. I must say, Mr. Speaker, that I am anxious to see the work done on this paper and the standing committee report.

Second, since Canada had undertaken to revise its legislation on customs valuation, on August 29 last I asked the Tariff Board to initiate a review of the draft legislation and to study the impact it would have on customs duties in Canada. Third, there are certain agreements that can be brought into force in Canada without legislative change—most notably those relating to government purchasing practices and technical barriers to trade, which are also part of the non-tariff agreements we signed within the general framework of GATT.

I would like now to deal, perhaps a little longer, with tariff measures. As regards the purely tariff measures, the amendments set out in section 7(1) and schedule II of this bill would implement the tariff concessions Canada agreed to in the Tokyo Round trade negotiations. Canada approved the results of the tariff negotiations in June, 1979, and signed, subject to ratification, two GATT tariff protocols which commit participating countries to the new most favoured nation tariff rates negotiated in the Tokyo Round trade negotiations.

These protocols also set out the rules governing the phase-in of these reduced rates. They require, as a general rule, that participants reduce their tariffs in eight equal annual instalments with the first cut taking effect January 1, 1980. Each country negotiated a number of exceptions to this rule. For example, tariff reductions on steel will not begin until January 1, 1982, in Canada, the United States and the European Community.

Other variations were negotiated for particular products. Canada's tariff reductions are being phased in no more quickly than required by the protocols except in a few cases where there is a clear consensus in the Canadian industry for accelerated reductions. For example, the tariff reduction on computers is being implemented in five annual steps instead of the period provided for in the agreement, and that for brass band instruments is being implemented in one single step. So much so for the cornet players.

• (1240)

The provisions of this bill relating to the outcome of the trade negotiations are the same as those proposed by the former government in a notice of ways and means motion tabled in the House on December 12, 1979. Following the dissolution of Parliament on December 14, an order in council was passed to give interim effect to the first stage of the tariff reductions. The order was revoked when the motion was reintroduced in Parliament on June 2, 1980. In addition to implementing the agreed tariff cuts, the bill provides, in section 5, authority for the government to withdraw concessions in the event other countries should fail to fulfil their obligations under international trade agreements.

Mr. Speaker, I would like to deal briefly with our proposed amendments to the list of beneficiaries of the British preferential—BP—tariff. This bill also incorporates proposals made by the Conservative government for phasing out the British preferential tariff on goods from Britain and Ireland and withdrawing the British preferential tariff on goods from South Africa. It also revokes three acts of Parliament relating to the preferential trade agreements with these countries. Upon termination of the British preferential tariff treatment, imports from these countries will be subject to most-favoured-nation tariff rates.

At this point I would like to explain a bit further the phase-out schedule for the British preferential tariff. This phase-out schedule for British and Irish goods is as follows:

Where the existing British preferential rate is lower than the final most-favoured-nation concession rate—that is the rate that will apply in 1987 when all stages of the agreement will be completed—the bill proposes that the rate of duty on goods from Britain and Ireland would be increased to the MFN level in not more than three stages commencing on June 3, 1980, and ending on January 1, 1982. The result is that in many cases the rates on British and Irish goods, although higher than at present, will be lower than MFN rates until January 1, 1987, because the MFN rate reductions will be phased in gradually over the period 1980-1987. Where the BP rate is equal to or higher than the final MFN concession rate, the BP rate will remain at its current level until the MFN rate is reduced to that level.

Now, a few words concerning the measures in the budget introduced by the Minister of Finance. The tariff measures proposed in the budget of October 28, 1980, are incorporated in part IV and schedules VI to IX of the bill now under consideration. These provide duty-free entry for a range of antiques, collectables and hobby equipment as recommended by the Tariff Board in its report on reference No. 156. Included are motor vehicles over 25 years of age and parts for restoring such vehicles, amateur radio equipment, mountain-climbing equipment, astronomical telescopes and other things. Free entry will also be provided for sports equipment meeting

international standards required by international-calibre amateur athletes.

The bill would also implement a number of tariff changes based on the recommendations of the Tariff Board in its report on the dutiable status of scientific and educational equipment, known as reference No. 155. The Board had recommended that the current duty-free provision for such equipment be restricted to apparatus, utensils and instruments used directly in teaching or research that are not available from Canadian production. These changes will come into effect on July 1, 1981, to give eligible institutions, as well as the importers, distributors and dealers involved as well as customs officials sufficient time to adjust their administrative procedures.

Most laboratory glassware, which schools and research institutions can now import duty free, will become dutiable on July 1, 1981. Duty-free entry is being continued for printed matter, films and recordings used by schools, research organizations, libraries, museums and churches and for diagnostic chemicals not produced in Canada.

Duty-free entry is also proposed for a range of goods, including plant bulbs, television captioning devices used by the deaf—this will certainly please the hon. member for Brandon-Souris (Mr. Dinsdale) who is greatly interested in these matters—as well as apparatus used to collect oyster eggs and expanded perlite, an industrial filtering agent. An existing duty-free item relating to kits to convert retail scales to the metric system is being extended until December 31, 1983, and a duty-free provision under the general preferential tariff for shop towels is being expanded.

The bill proposes the introduction of a new tariff item to provide a single rate of duty of 15 per cent for shipments containing two or more different chemicals. This item will be used only at the request of importers and should result in reduced paperwork both for importers and the government. The bill, Mr. Speaker, also includes a number of amendments to restore tariff levels which were altered as a result of changes in tariff interpretation. For example, dental prostheses and filling materials are being excluded from a duty-free tariff item and amendments are proposed in the French-language version of several items covering printing plates.

I would like to say a few words about the measures which were included in the December 11, 1979, budget. The miscellaneous tariff proposals which were contained in that budget and which are being proposed in schedule III of this bill include the following: first, the removal of the tariff on certain nursery stock; restoration of a 10 per cent rate of duty on processed nuts; provision of duty-free entry for Bible recordings; and an increase from $15 to $25 in the value limit on gifts which can be sent or brought into Canada duty-free and tax-free.

This bill, Mr. Speaker, also provides for the transfer of authority to levy the excise tax on imported wines. In fact, this amendment is contained in part III of the bill which was introduced in a notice of ways and means motion last April 21. The removal of authority to levy such a tax from the customs tariff means that the excise tax on imported wines will be imposed in the same manner as that on Canadian wines. In this way Canadian and imported wines will be taxed under the same legislation, that is, the Excise Tax Act.

Mr. Speaker, I wanted to give a very general picture of the situation without going into the details of this bill which, as may be seen, is a sizeable and relatively technical measure, and I wanted to give the hon. members not only a general outlook but also a rather specific idea of the content of the bill. I am very pleased that the hon. members readily recognized the importance of this bill and co-operated with their parliamentary leaders to have this bill passed promptly this afternoon. I thank the hon. members as well as the House leaders. It is therefore obvious that the passage of this bill is of paramount importance if we are to consolidate Canada's enviable position within the ranks of the world's great trading nations. I trust that the members of the standing committee will give us their support in the same manner as all members of the House were willing to co-operate, so that we may dispose of this bill promptly and efficiently in committee.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would like first of all to thank the Minister of State for Finance (Mr. Bussières), who is here today, I am not sure in what capacity, either as acting or assistant minister for his colleagues since this is not his bill—

Mr. Bussières: Yes.

Mr. Lambert: This should not be his bill since under this Liberal administration, the Minister of Finance (Mr. MacEachen) is at the head of the pack. He is the minister who does not speak except when introducing a paper at budget time. For any other legislation, his colleagues have to take over his bills and pilot them in the House. However, I know the minister quite well, and I believe that we shall be able to work together in committee as I support the decision made by the House and our parties to amend our normal procedure concerning a motion and a bill on—

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the hon. member, but the hon. Minister of State for Finance (Mr. Bussières) has risen on a point of order.

Mr. Bussières: Mr. Speaker, I would simply like to say that the bill has been introduced in the name of the Minister of State for Finance and comes within the responsibilities delegated to me by the Minister of Finance (Mr. MacEachen). I am responsible for the review of tariffs. While this might surprise the hon. member, this is probably why the bill is in my name.

Mr. Lambert: Mr. Speaker, I hope that you will excuse me, but we now have a minister of state who used to be responsible for financial institutions and who is now responsible for finance, which means that we have a Jack-of-all-trades minis-

ter in finance. Very well, we can accept him as such. And now, as I was saying, I am happy that we shall be able to sit together in the finance committee because quite frankly a detailed examination of customs tariffs is enough to put angels to sleep. Furthermore we would not even have a quorum in the House, because in years past we were lucky if three or four members were interested in the details of such bills and could even understand the schedules and appendices of such bills. I believe that we shall therefore be better off than in previous years.

I do not want to go into the statement made by the minister as we are nearing the time of adjournment for lunch, and I would simply say that I hope in a few minutes, after the House resumes after lunch I shall have the opportunity to speak about the progress that has been made following the GATT negotiations. We now know the facts and the reasons why we are repealing, in the case of Great Britain, Ireland and South Africa, the provisions concerning the British preferential tariff which have applied in Canada for the past 50 years.

The minister referred to a certain item, No. 605, if my memory serves me right, which concerns scientific equipment and materials for teaching institutions in Canada. This item is very controversial. We have had a whole report from the Tariff Board on this matter. This shows how willing the Department of Finance under the previous administration and this government has been to accept the recommendations of the board concerning the claims of the Canadian Association of University Teachers and the universities themselves, as this can considerably affect the budget of universities.

At this time universities are in a tight squeeze. First of all, they are being pressured by provincial governments anxious to restrict their budget; second, the federal government also wants to restrict its budget for post-secondary education, and finally, in view of the practically uncontrolled inflation tolerated in Canada, universities and learning institutions have seen their cost of operation nearly double in the last five years. How then can they balance their books and also provide acceptable teaching services? On the one hand, the Minister of State for Science and Technology (Mr. Roberts) has emphasized that the government, industry and learning institutions must upgrade their level of teaching and research, while on the other hand, the government is imposing customs tariffs, which means that an excise tax will follow.

● (1300)

What is the situation of these institutions? Mr. Speaker, I hope that after recess we can deal with this issue a little deeper and I intend to discuss the matter at that time, but I shall be brief and the only spokesman for the official opposition this afternoon as I dearly hope that this bill can be referred to the Committee on Finance, Trade and Economic Affairs before 3.30. May I call it one o'clock?

[*English*]

The Acting Speaker (Mr. Blaker): I thank the hon. member for Edmonton West. Pursuant to Standing Order 2(1) I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: Order, please. When the House rose at one o'clock the hon. member for Edmonton West (Mr. Lambert) had the floor.

Mr. Lambert: Mr. Speaker, I should like now to turn to some consideration of the minister's remarks before the lunch hour recess when he was talking about the effect in Canada of the Tokyo Round under GATT. Some aspects of this matter will be discussed by the finance committee in relation to a different matter, namely, the discussion paper on the question of the imposition of anti-dumping, countervailing duties and emergency safeguard actions.

It was not clear from the minister's remarks, and it is not clear from the bill, whether clause 5 will give the government the power to act effectively when there is need for action. It starts out as though that were to be the case, because clause 5 of Bill C-50 amends or adds to section 8 of the present Customs Tariff Act. It says:

> Where at any time it appears to the satisfaction of the governor in council on a report of the Minister of Finance, that any foreign country has imposed or increased duties on goods the growth, produce or manufacture of Canada, or has in any other manner restricted the importation of any such goods, with the result that tariff or other trade concessions previously extended to Canada are impaired, and has not made equivalent new concessions in respect of imports from Canada, the governor in council may, by order—

● (1410)

It goes on. This is precisely something we missed in the armoury of weapons or resources the government should have had to deal with certain countries. The government should have had that when we found ourselves suddenly confronting seemingly arbitrary or capricious actions by certain countries. I am afraid our friends to the south have been guilty of that on a few occasions, and it has come out with retaliatory measures as far as Canada was concerned.

Even the threat of those retaliatory actions has oftentimes given pause to the actions of one of our trading partners, and I know that in so far as Canada is concerned both government and industry, particularly government, have been very reluctant to act in certain fields in anticipation that the American treasury would take compensatory action in other fields. To that extent the Americans have had a considerable advantage over us. I have always felt that it was unfortunate that we did not have the same kind of legislative equipment available to our government. It is not that I want to invite tit for tat or a retaliatory battle because, gracious me, I think it would be the

height of folly for Canada to begin a campaign of retaliatory action against the United States. I think sanity should return to the bargaining table.

Such campaigns would be self-destroying because the size of the armoury in the United States is much greater than ours. We might fight a good fight for ten minutes, but in the eleventh minute we would sustain a knockout blow and lose the fight. We will be able to examine this at much greater length in the committee, but I think this is a step in the right direction.

In these matters I do not think anything of a particularly partisan nature will be said. I have not detected any great partisan proposals from one party or the other in this particular field, although I think there might be a tendency in the opposition, particularly in the field of horticulture, to wish for speedier action with respect to special duties when fruits and vegetables, particularly from the United States, arrive here, due to the advantages of climate, and thoroughly ruin the market for Canadian goods coming onto the market, which should have the benefit of a good, active market, but the market is so saturated by American produce that the buying public is satiated and no longer interested. I am thinking of some of the soft fruits such as apricots, peaches, strawberries—

Mr. Lewis: Avocados.

Mr. Lambert: —and a number of other things, but I leave that for the people from the Niagara area and British Columbia, because I know that over the years they have been making very serious representations here. They have not been able to get very far in getting the machinery set up in the Department of National Revenue so that it can move almost as quickly as can the produce involved. Usually the machinery of government takes about three weeks to get cranked into action. Then, of course, it is far too late.

Mr. Baker (Nepean-Carleton): We were just getting started at that.

Mr. Lambert: I am glad to hear that when he was minister, my colleague, the hon. member for Nepean-Carleton (Mr. Baker), was able to look at this and get it started. I hope his successor has continued, although there seems to have been a curtain of inaction over certain changes in the Department of National Revenue. I once had a fairly intimate knowledge of where things stood in that department. There are now great gaps between talk and action. I do not know whether that is because the present Minister of National Revenue (Mr. Rompkey) cannot get his cabinet colleagues to agree with him, or whether the machinery is structured in such a way that an idea or proposal takes an eon getting the final approval of cabinet. It is not necessarily the fault of the minister. It is often the fault of the structure of the cabinet machinery and the operations of the Privy Council.

The other matter to which I want to refer is the nature of the implementations of the staged changes in tariff which come under the Tokyo Round. I am all too conscious of the absolutely nefarious effects of actions of one former minister of finance, Mr. Benson, following the Kennedy Round. We had a five-year period rather than an eight-year period under the Tokyo Round. There was also an ineffectual measure taken by the then Trudeau administration in about 1970 to combat inflation. This was the time when the Prime Minister (Mr. Trudeau) was running up and down the country talking about having wrestled inflation to the ground.

Following his 1969 television address in mid-July and then other things, with a stroke of a pen Mr. Benson proposed that the remaining three-year cuts in a number of Canadian industries be telescoped into one. The industries themselves were hurting for having been picked out by Canada as those to suffer cuts in tariff protection. I am talking about heavy chemical manufacturers, fine paper producers, and a number of others. They suddenly found one day that what they had looked at as a five-year program had been cut to something like two and a half years. There certainly was "no joy in anybody's-ville" when it came to the effect of capricious changes by government. Those changes were not thought out. The program was an unmitigated disaster.

Canadian manufacturers had to sharpen their pencils and cut their prices in order to meet foreign competition. The program had nothing to do with competition. Foreign competition was coming in, in any event. All the program did was give a leg up to foreign competitors so that they could really clean out the Canadian market in competition with people who were already struggling hard. This points up one of the difficulties with which we are faced at the present time. Canadian producers and manufacturers are helped by unnaturally low fuel costs or energy costs. They enjoy an advantage of almost 60 per cent because at the field the rate for Canadian fuel is from $16.75 to $19.75, while the world price can reach well over $35.

● (1420)

It is said by those in central Canada, and I will repeat it, that, somehow or other, if they go to 75 per cent or 85 per cent of the North American price, that is the Chicago price which is a factor of the world price, they will suffer disadvantages and Canadian industry will be driven further behind. I have never heard such arrant poppycock. The difficulties with Canadian industry lie in other sectors, that is in lack of productivity, lack of management skills, and management unit costs that are too high. Also, one of the difficulties is the scale of the market. But who says we cannot compete with people in the external markets?

In the United States they are paying considerably more than we are for their petroleum products. The Europeans are paying three times as much as we are, and then we turn around and say that we cannot compete. There has never been such a cry-baby argument for insisting that other Canadians make an unnaturally heavy contribution to this so-called inefficient fight against foreign competition, and all we are doing now, of course, is to drive Canadian industry into the ground by cutting back heavily on the one industry which is showing

some promise of real activity in this country, and which provides a real market for Canadian manufacturers on the domestic scene. All we are doing is hitting it on the head. One of these days the members on the Treasury benches are going to wake up and see where their bungling stupidity has taken them in so far as their energy policy is concerned.

There is something about which I want to talk a great deal more in committee, and that is that we adhere as much as possible to the timetable laid down in this agreement. There is no virtue in taking unilateral speedier action than that which our neighbours are going to take.

Of course, by the very nature of the events, one has to re-examine the agreement now, and we are doing it in a legislative way. It has been in the works for two or three years ever since Great Britain and Ireland joined the Common Market, and we know just how tough a situation we may face getting into the Common Market because no longer do they trade with us on the basis of the British preferential tariff but they have to deal with us on their own terms. The Common Market does very well inside those high tariff walls maintained by that group of nations. When we consider the amount of trade we have with certain of the members, we find that it is rather restricted. We can export certain raw materials to them, but not that many.

We cannot put wheat into the Common Market to any extent because the French have always been very progressive producers of wheat on the export market, so it goes to the bigger European market within the tariff walls. When it comes to our better skills in the production of food and in the production of grains, meat, dairy products, those are well known. The Common Market was created for the preservation and expansion of the French agricultural market. It is a market for French agricultural products, and the French will tell you that quite candidly. They have been highly successful, except for the fact that there has been an artificial stimulation in the production of certain goods. We have seen wars going on in France between the producers and the French government where vegetables are dumped on the sides of roads, milk is spilled into the ditches on the sides of country roads, and other action is taken by the very militant farmers who find themselves in a cost squeeze. They have been on to a good thing, but they went too far.

There is the matter of production in other countries in the Common Market. Britain and Germany are quite efficient agricultural producers in their own specialties. One of the worst things we have seen happening in the Common Market is the campaign by the continental members of that trading block against New Zealand lamb and also the availability of English mutton and lamb. I can see quite well why the British farmers and the government are quite concerned about the actions of their trading partners in that particular field. Ireland has a small market, but they are now in the Common Market.

With regard to South Africa, a political decision was taken, and that country is no longer a member of the Commonwealth. This is another action by this government which is, I think, a highly hypocritical attitude toward South Africa. I have always taken the attitude that while we may not like apartheid, we should not point the finger at South Africa until we have cleaned up our own act and reconsidered our treatment of our own native people. To my mind, our conduct toward our native peoples is as insidious and as effective, but all the more hypocritical and, therefore, more to be criticized than that of the South Africans. The South Africans have done a great deal for their native peoples. Remember that you cannot accomplish these miracles of bringing people forward from their original way of life to the level which so-called liberals in North America would like to see, in one day. I think that the attitude which the United States and Canada have maintained to middle and South Africa has been a disaster because all we have done is to open the field to the Soviet Union, and they have certainly capitalized on it.

I am straying some distance away from the subject, but here is part and parcel of the application of what you might call the anti-apartheid attitude demonstrated by taking South Africa out of the British preferential tariff and putting that country into the most favoured nation and the general tariff classification. In my view this should never have been done, and I will speak about it a lot more before the committee.

I suppose there is the matter of administrative convenience and there might be some logic in it—we might get an explanation of it—in the transfer of authority for collecting excise tax on imported wines from the Customs Tariff to the Excise Tax Act. Apparently it is to do something which is in conformity with taxing Canadian wines; we will see.

● (1430)

I think we tax both Canadian and foreign wines far too much. We should not impose higher duties, without the consent of legislatures, on foreign and Canadian wines through the arbitrary actions of provincial liquor control boards which engage in one of the most blatant forms of interprovincial tariff protection of Canadian-produced and foreign wines. It is a totally illogical position, but governments do not care how they get there as long as they get there.

In fact provincial attorneys general have always reacted in the same manner regarding the taxation of wine and alcohol—it is a ready source of revenue. People with puritanical ideas seem to think it is all right to tax those products, but they do not realize that in this practice they give carte blanche to attorneys general at the request of provincial treasurers who say, "I need a few more million dollars. How about upping the price of alcohol by 50 cents? You can always justify it by higher costs." I think a public deception is being perpetrated.

I have friends in various liquor control boards and they indicate that there is no justification for raising the prices except the desire for more revenue. It seems that governments believe the end justifies any means; I suppose it is the order of the day.

In conclusion, I should like to indicate that the Canadian Association of University Teachers has made some strong representations against the negative effects of Tariff Board

recommendation No. 155 which deals with exemptions from duty on goods for certain institutions. This chiefly concerns items Nos. 69605-1 and 69610-1. It is a question of whether the items in No. 69605-1 will continue to enter Canada duty free. These items are used for research and teaching throughout our entire schooling system. The proposition is that they shall not enter duty free if they are made or otherwise available in Canada. This brings to mind two considerations. First, who will find out where they are made? There are thousands of items. Are they comparable? Is sulphuric acid really sulphuric acid? There are different levels of purity in these various chemicals and products. Who will determine whether the goods are actually or might be available in Canada? Will it be the Department of National Revenue? How long will it take?

Second, if they are deemed to be subject to duty, then the costs to educational institutions will rise tremendously because not only will the goods attract the duty, they will attract sales tax. These goods must be unavailable from production or potential production in Canada, and they must be used directly in teaching and research.

Let me refer to the example of a computer which is not manufactured in Canada. A university will use the computer for 50 to 60 per cent of the time as a teaching aid; for the balance of the time it will be used for administrative purposes. Because of the recommendation of the Tariff Board, if the computer is not used 100 per cent of the time in teaching and research, it will attract customs duty and sales tax.

Who will monitor the use of computers? Will the Department of National Revenue send out snoops to various teaching institutions? What about computers being used in commercial research? I think these difficulties will surface in the administration and the implementation of the recommendations contained in the bill.

In any event, this will be looked at much more closely in committee. There are hundreds of pages in the annexes by the very nature of the tabular print, which will be examined in committee. I invite hon. members to search these matters out. Perhaps they could draw to the attention of committee members some unforeseen effects of these proposed changes in their various parts of the country. After all, it is only with the input of industries and businesses that we will be able to learn about the effect of these various changes and to enter caveats, if necessary.

This is not an area in which one discusses the behaviour of Canadian customs officials greeting returning Canadians at international airports. This does not come under the customs tariff; it will have to be discussed under the Customs Act at another date.

Mr. Neil Young (Beaches): Mr. Speaker, the bill before the House proposes a large number of amendments to the customs tariff arising from the concessions to which Canada agreed in the last round of negotiations on the General Agreement on Tariffs and Trade in Geneva. As the minister pointed out, the general objective of the final agreement was the expansion and greater liberalization of international trade.

Economic developments in Canada since the last round of negotiations on the General Agreement on Tariffs and Trade, that is, the Kennedy Round, which was concluded in 1967, must lead any thinking person to conclude that Canada has very little to gain from a more liberalized trade policy.

Canada's unemployment rate has risen from 3.8 per cent in 1967 to 7.5 per cent in 1980. The inflation rate was 3.5 per cent in 1967 compared with 10.1 per cent in 1980. Real growth in the total output of our economy averaged over 5 per cent in the last half of the 1960s, while the real rate of growth in 1980 was .2 per cent.

● (1440)

In 1967 the Canadian dollar was exchanged at an 8 per cent premium over the U.S. dollar. Recently, our dollar has been discounted by over 19 per cent relative to the U.S. dollar. Canada's deficit on current account was $500 million in 1967 compared with a deficit of $137 million in 1980. These figures may lead some people to reject completely the suggestion of any further move toward a more liberalized trading agreement.

However, in my view the experience resulting from the Kennedy Round of GATT negotiations is a poor test of the potential benefits which could be derived from free trade agreements. I say this for two fundamental reasons. First, I question to what extent trade was liberalized after the Kennedy Round of negotiations. The Kennedy Round did not directly address the question of non-tariff barriers. To a large extent the lowering of tariff barriers following the Kennedy Round was counterbalanced by increases in non-tariff barriers, or what has to be called the "new protectionism". Second, even if there had been a significant degree of trade liberalization following the Kennedy Round, a country could only reap the benefits of that liberalization if the country had also undertaken a process of industrial planning geared toward a full employment strategy.

Indeed, a full employment economy is the best adjustment program conceivable in the context of approaching liberalized trade. In my view it is essential that the issue of employment must be the paramount issue in trade negotiations. I venture to say the time has come to change some of the traditional ways of looking at international trading agreements. In Canada's traditional trade structure our imports are considerably more labour intensive than our exports. Canada has been exporting our natural resources, a large part of which are non-renewable resources.

If trade balances were calculated in job terms rather than in dollar terms it would be shown clearly that our performance in international trade negotiations has been less than effective on behalf of Canada's work force. I am concerned that the dimension of jobs in international negotiations is not given the consideration it should be given by our negotiators, or by those who advise them in those trade negotiations. This government in particular has shown itself to be oblivious to the problems of

unemployment and the effects it has on Canadians. I believe most Canadians would support policies or initiatives to establish national trade agreements to liberalize trade through the process of multilateral trade negotiations, such as GATT.

Having said that, Canadians want fair trade in the true sense of the word. They want to know that in the process of trading with other countries they will not end up holding the short end of the stick at every turn. Canadians are a fair-minded and realistic people who know and understand that in any set of negotiations there is a certain give and take, that you win some and you lose some. We know that and accept it, but we will not accept being on the losing end at every turn. Internationally, we have gained the reputation of being patsies in those negotiations. The relaxation of tariff barriers has been the objective of all GATT countries for decades. We know that. This government knew at the outset, when discussions began in Tokyo back in 1973, that there would be considerable pressures to reduce tariffs on a whole host of products. The government knew this and it had a fairly good idea of what it was prepared to give away in these negotiations, but it did nothing to prepare Canadian industry for what was coming.

Many of those industries, which are existing on the sole basis that their products are protected by tariffs, may now expect to suffer severe hardships and perhaps even collapse, as a result of the government's performance in these negotiations. Since then I have seen no evidence of any government measures to assist either those companies which are affected by the outcome of those negotiations, or the people who rely on the continued operation of those companies in order to earn a livelihood.

Mr. Speaker, I see no evidence that the government even recognized the effects its performance is having on the economic life of our country. I see no evidence that the government remotely recognizes that embarking on a free trade policy now will no doubt hasten the transition of our branch plant economy into that of a warehouse economy, where we will simply be a storer of goods for distribution to our domestic markets, rather than manufacturing those goods ourselves for our own security. As effective negotiators, this government fails on every count. As economic managers, this government fails on every count. As a government responsible to those it claims to govern, this government is a failure.

To bring before this House measures such as this, without also bringing forward an industrial strategy to develop an independent Canadian manufacturing base, is a sure way, at least in my view, of guaranteeing that Canada will continue to sell off our raw materials and import the finished goods we require in our country.

Perhaps I may have been a wee bit too harsh in my criticism of the government. Perhaps there is still hope. Perhaps the government has something up its sleeve which it will produce soon and not wait for the next election. Perhaps the Minister of Industry, Trade and Commerce (Mr. Gray) was sincere and meant every word when he spoke on GATT in the House on November 5, 1979, as reported in *Hansard*. He said:

> The process of parliamentary consideration of these changes should begin as soon as possible. As part of this process, it is absolutely essential that this government presents to the House, at the same time as it presents the measures to adopt the changes arising out of the GATT tariff negotiations, measures of adjustment assistance, measures to assist not just the industry affected by tariff changes but also the workers in that industry to cope with the effects of these changes.

Perhaps in the course of this debate the government will introduce the other measures promised and will table them in the House, perhaps by Monday next. My mind boggles at the thought.

[*Translation*]

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

* * *

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Wednesday, January 21, consideration of the motion of Mr. MacEachen that Bill C-54, to amend the statute law relating to income tax, be read the second time and referred to Committee of the Whole.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, when the House adjourned several days ago I was in the middle of debate on Bill C-54. I would like to pick up the debate today with a brief reference to some of the things that I had an opportunity to mention, and then to bring into the discussion additional comments which I would like to make.

Perhaps the most significant issue which we were considering several days ago related to the Small Business Development Bond. I would like to emphasize at this time some of the points I made with regard to that bond and the confusion which arose because of the way the bond was not introduced after initially being brought forward in our budget of December, 1979. Then in April, 1980, the Minister of Finance (Mr. MacEachen) through a ways and means motion, put the bond into effect. There was a great deal of confusion, particularly at the local branches of the banks which did not have specific instructions, or perhaps there were limitations on the way in which funds were to be provided to small businessmen and farmers in the rural areas. As a result of this confusion, people who would normally have been able to take advantage of this bond did not take advantage of it. On that basis the government should extend the March 31 deadline into the coming year.

● (1450)

Reference was made to the Canadian Cattlemen's Association and the fact that it was submitting a brief to the Minister of Agriculture (Mr. Whelan), and the Minister of Finance in the hope that the ministers would look at the issue of farmers

who are not incorporated. The size of a farm really has nothing to do with whether or not a farmer is incorporated.

There was also the question of whether or not this funding should be available for investments which are not new capital requirement, and whether or not the inventories or the equity which a farmer has in his property could provide the basis for a loan. I would like the government to look at these important issues with regard to the small businessmen and farmers throughout the country.

Another topic which was mentioned several days ago dealt with spouses. I find that the area of allowances paid to spouses of small business operators or farmers is surrounded by a lack of information at the local level, and the financial people involved at that level really do not know what should be done. The question arises of whether or not there is a retroactive capacity within the law for the small businessmen or farmers, who would normally have taken advantage of this program but who did not because they did not have access to the information.

I also made mention of the fact that I was pleased to be among the many members on this side of the House who supported the previous minister of finance in his efforts to extend the deductions which are allowable to firemen. I am pleased to see that this matter was dealt with in the present legislation. Finally, we mentioned the grants for conversion from oil to other forms of home heating. The question arose at that time as well as to whether or not the taxable nature of these grants would inhibit the full utilization of the program. The taxable nature of the grant would determine the incentive for people to get into the government's off-oil program. We would like to have this matter reconsidered with the idea of making the grant non-taxable.

I would now like to deal with areas which were not included in the legislation. There is the question of tax credits for energy. I raise this matter, not because we as a government were looking at the issue but because there is a social need which is increasing daily as energy prices rise. If the government had been successful in maintaining significantly lower energy prices, there would be a justifiable argument for not introducing a tax credit. But with gasoline having risen by approximately 30 cents per gallon to date, which is roughly the rise proposed under my government's energy package, the need grows day by day for some action for people who are on low incomes and fixed incomes to have some relief from higher energy prices.

Another exclusion from the legislation is capital gains tax provisions. The government suggested in its elective campaign promises that it would introduce provisions for capital gains tax relief, particularly on behalf of farmers. A white paper on this particular issue was brought forward, but it did not even mention farmers. Indeed, farmers were almost totally neglected in the budget. This matter must be addressed quickly because of its economic impact on farmers today. This situation is having a great effect on the young people who are trying to take up farming and are finding it increasingly difficult and, as a result, they are abandoning their efforts. Consequently, we end up with very large corporate farms or a low productivity level on the farm land which is currently available.

The Minister of Agriculture has been questioned in the House on several occasions as to whether or not relief would be provided to farmers, for example through lower interest rates or increased funding to the Farm Credit Corporation. The minister has suggested that such programs would not be equitable to provide relief to the farm community, because the farm community is not that badly off now, and that it would be inequitable to propose such a program for the farmers and not for other segments of our economy. This indicates a lack of understanding by the minister of the real point. The point is that farmers in different provinces who are receiving assistance from the provincial governments through a number of federal subsidization programs are being assisted in an inequitable way. There is no co-ordination of these programs. While the farmers are receiving assistance, it is not at the level which will allow them to survive.

The Ontario government recently carried out a study into the future of the family farm in Ontario, which was released several days ago. I would like to quote from the London *Free Press* an article which describes that study.

> It found that while the low rate of return on investment and low net earnings are considered by many to be the main deterrents to young persons wanting to farm, more young people than ever before are beginning to farm and there is a general feeling of optimism about the future.

What I have just quoted brings us to the point which I wanted to make through the article, which reads:

> And, it says, a tax credit similar to the home ownership credit program to help them should be contemplated.

This is the kind of assistance these young farmers need in order to survive. It costs in the neighbourhood of $300,000 for a young farmer to establish himself today.

One topic which often comes up in such a debate is the question of the assistance the provinces are providing to the different segments of the economy. The established program funding and the co-operation and co-ordination of the programs of the federal government and of the provincial governments are very much in the limelight today and seem to be gaining increasingly in importance. The question also arises of the level at which the federal government will maintain its funding to such programs, and whether or not there will be continued assistance to all provinces, particularly the so-called have-not provinces. This question has arisen with regard to the areas of health funding and university funding.

An hon. member earlier today pointed out that if the government continues with its current plan, it is very likely that university funding will be cut to the point where some of the universities in his area of Atlantic Canada would be forced to close their doors. The same situation holds true in the area of funding for health care. The provinces are caught in a situation where they are not able to provide the necessary funding to maintain the services because of the cutbacks in government funding. Clearly, the provinces that are able to provide this funding should assist where possible, but the

federal government should not avoid its responsibilities to programs which it was responsible for instituting in the first place.

● (1500)

I would like to speak about the way the government is looking at its priorities, not only in this bill but in many other bills. I shall quote briefly from a letter written by the Minister of Justice and the Attorney General of Canada (Mr. Chrétien) dated October 15, 1980. It says:

Dear Colleague,

Please find enclosed a list of surveys sponsored by the Canadian United Information Office.

Results of the three surveys made since May 20th, 1980, will be made public at a later date. For the time being, we cannot disclose the details of those three surveys as disclosure could be injurious to the conduct of federal-provincial affairs.

I do not know exactly what was in those final three surveys. However, I would anticipate that what was included was a question on priorities and what people in the country at large felt about the way the government was approaching not only the question of the constitution and government priorities but whether or not it was addressing things in which Canadians themselves were interested. It is my impression, and polls have shown this, that people in Canada are interested in jobs and in employment. If I may, I will refer to the comments made by the minister at the opening of his statement in the debate on this bill. Approximately $350 million is to be dedicated to employment and to an industrial strategy. The minister mentioned a larger figure, but I do not believe we have the dedication of a larger figure anywhere. What we have is support of some industries and a job-retraining program.

In the last nine months of this government there has been a decrease of approximately 43,000 manufacturing jobs. That is in the manufacturing sector alone. While there has been an increase in total jobs, these have been in a non-productive area, namely, the service sector. They have not been in the manufacturing sector. Over the long term there is no doubt this creates tremendous problems for Canada.

It would be interesting to find out what the results of those other surveys were, not just on the basis of the constitutional discussions, but also to find out what the people at large are thinking about the priorities which the government has set for its legislation and where it is putting its energies.

The second part of the priority discussion would have to deal with research and development. Of interest to everyone was the statement which the Prime Minister (Mr. Trudeau) made on New Year's Day about the dedication which this government will have to research and development and the many opportunities it can provide to this country. I found it passing strange that it should be the Prime Minister on New Year's Day who would make a statement like that when during his tenure the dedication of finances from this government decreased from 1.25 per cent of the gross national product in 1969 to less than 0.9 per cent at the present time. I know that some additional efforts have been made lately, but efforts have been feeble in comparison to the real requirement to get back on a sound economic basis and be competitive with countries around the world. We should not build our economy on the basis of cheap natural resources. We should not take our cheap natural resources and channel them into non-productive and inequitable systems. Rather, we should build on the basis of providing efficiency, on the basis of providing world-scale products through research and development. Through good management we should bring our products into line with what is economic for the rest of the world.

In conclusion, I think members on this side of the House are optimistic about the opportunities we have in Canada. However, we do not see priorities being taken by the government now to take advantage of these tremendous opportunities. The real needs of this country are not being taken care of; namely, energy, social development and, on the broadest scale, on the unity questions which are important to all of us.

Some hon. Members: Hear, hear!

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, it is a pleasure to be able to participate in this debate to deal with the amendments to the Income Tax Act arising out of the budget of last October. I must say the document is quite large and weighty. You would think from the size of it that it promised a great deal. It certainly promises a great deal, but I do not think it delivers much at all.

Because of the experience over the last several months since the budget was brought down, it is clear to everyone by now that the budgetary policy of the government is not working. Our economic experience since last October has been negative, disruptive to communities and to people. Present forecasts are gloomy and negative as well. Hon. members do not have to take my word for those forecasts, they come also from objective and reputable sources. For example, forecasts from the Conference Board of Canada for economic activity in 1981 indicate that we will have poor growth, high inflation, high unemployment, and low housing starts. Obviously, we will have a continued increase in the number of bankruptcies as well. This is not a picture of an economy that is well managed. It is not the result of the actions of a compassionate or an effective government. The actions which have been undertaken so far are clearly inadequate. That is why I make reference to this weighty document which promises so much, but is delivering so little.

Not only are these policies not working in general as economic policies, they are not working specifically in terms of the programs or the specific areas of the economy they are suppose to be helping. In other words, they are not working at the general level of policy, nor at any specific level.

Although the Small Business Development Bond has been extended for a period of time through amendments to the Income Tax Act, the reason for this extension is not a newfound interest in economic activities on the part of the government, but is a result of the government's slipshod administration. When the government originally announced the introduction of Small Business Development Bonds, which were meant to help small business with the extremely high interest rates we

now have, it was very slow to make the information about them available to small business people and to the banking community. At the beginning the government simply did not get the program off the ground and now it is extending the program because of its own administrative mess. Clearly that program is not doing the job. What we really need to do is to convince the government to put its heart into this matter and to re-examine its monetary policies. This country cannot continue to throw oil on the fires of inflation. Goodness knows we are giving away all the oil we have, so why throw oil on the fire of inflation?

The Small Business Development Bond program should continue, and where it can help it will be appreciated, but it is totally inadequate as an economic policy and as a small business policy.

There are other areas which substantiate what I am saying about these policies not being effective economic policies or being effective specific programs for different sectors of the economy. For example, the amendments to the Income Tax Act contain MURBs which are really the tax write-offs and giveaways that enable large corporations to build more bachelor apartments in our cities.

What we need are measures which would lead to affordable family housing. But tax write-offs continue to allow income tax to be inequitable. In other words, people who earn high incomes are able to claim write-offs and so avoid paying their fair share. There is no guarantee MURBs will meet the housing needs which exist in the community. In fact, the program does very little for the real housing need in this country, the need of families to be well housed at affordable prices. This government's monetary policies continue to make that impossible. They do nothing about it.

• (1510)

Those are two simple and straightforward examples of the ineffective policies of this government. That is not the end of it; only the beginning. For example, there is the investment tax credit program with its system of write-offs and giveaways to corporations. It is another version of a previous tax write-off program for designated areas. Not only is it expensive for the public treasury, but it does not achieve the objective of assisting regional economic development in the poorer areas and creating the jobs and wealth to which we are all entitled. It is a giveaway to large corporations which can add it to their profits. They invest that money elsewhere, however, rather than in the region, which makes this program very expensive and ineffective. A new approach is needed in this area.

I want to give an example of how expensive this is. The program which this one replaces, the graduated tax credit program which graduated taxes from 7 to 20 per cent for regional development, in 1980 in the manufacturing sector cost us $170 million, and $125 million in the resource area.

Mr. Gurbin: What did it produce?

Mr. Keeper: That is the question, what does it produce? It certainly costs a lot. Transportation and equipment cost another $40 million and research and development, $45 million. It has done very little to encourage Canadian-owned business.

This is not a new policy. Even though it is ineffective and is clearly a giveaway, as far back as 1963, Walter Gordon, then Liberal finance minister, was acting in the very same fashion. He introduced an identical write-off measure for designated areas which cost the taxpayers great amounts of money and produced very little. Even though such policies have been followed since 1963, there are still regions of great disparities in this country. Nothing has changed. Inequities continue under the policies being pursued by the Liberal government in a non-thinking manner.

The story goes on. Again, that is not the end. The government continues with similar inequitable and ineffective policies. I want briefly to touch on some of them. In the area of corporate taxation, the level of corporate taxes which companies should pay in this country, the nominal corporate tax rate, is 46 per cent. However, the real tax rate is much lower because of various forms of write-offs.

I wish to put on record some facts and figures which come from a finance department study, and are not something I dreamed up. Compared with the official corporate taxation rate in this country of 46 per cent in 1977, the manufacturing sector paid 20 per cent, and oil and gas 11 per cent. I am sure it is even less than that now. According to the 1977 study, the mining sector paid 10 per cent and the banks 9 to 13 per cent. We should all own a bank. The average was 18 per cent compared with the official rate of 40 per cent.

The government has moved to extend the 5 per cent federal corporate surtax introduced last April in an attempt to rectify the situation created by a declining rate of corporate taxation. It has acknowledged the problem created by the write-offs, deductions and other forms of incentives it created, including the investment tax credit which I have already mentioned.

The government recognized the problem and took a hesitant step forward, but has not gone far enough. A 5 per cent level of taxation is not enough. We as individuals would certainly like the government to give us that kind of deal, but it is not about to do so.

I want to refer briefly to the taxation of chartered banks. This bill gives another break to the banks, which now pay a tax rate of 9 to 13 per cent. In future banks will be able to deduct from taxes, bad or doubtful debts; if a bank makes a bad business deal, it may deduct the amount involved from its taxes. This can now be done during the year it appears on their books. However, with the change, they can defer this deduction, carrying it over from year to year. This is an additional benefit to them. In addition to increasing their profits, they may now profit from business failures. Imagine the possibility of the Canadian Imperial Bank of Commerce profiting from the failure of Massey-Ferguson. That is economic insanity and stupidity which boggles the mind.

I come back to the question of regional development and the need for economic development in the less-developed areas.

Earlier I referred to the ineffectiveness of the investment tax credit and the fact that it does not do anything for the poorer areas of this country. With the set of amendments in this heavy document, the government is doing something about regional disparities and regional economic activity. I come now to the provisions with regard to marginal manufacturing. The 9 per cent federal sales tax on marginal manufacturing is being expanded and will include assembling, mixing, cutting to size or packaging when done other than in a retail store for sale to customers. This is supposedly being done to overcome inequities. The real impact of this measure is that it extends the federal sales tax to a sector of small business which has a high bankruptcy rate and, therefore, can least afford it.

I received a letter from a firm in Manitoba detailing the inequities and injustices of the extension of this tax. It points out that this measure will call for additional record-keeping by small businessmen. If there is one message that small business people across this nation have consistently been delivering to governments over the years, it is to cut out all unnecessary red tape and paperwork imposed on small business. As I said, this measure will increase it.

This tends to put small businesses in a non-competitive position with companies which import prepackaged products. In other words, it makes things more difficult for the company which packages materials, in this case in Winnipeg, Manitoba, than for the company which imports materials already packaged. That is a clear injustice which will increase unemployment and encourage us to export jobs. It also tends to centralize packaging within our own domestic market in Canada. In other words, it would tend to be advantageous to do packaging in industrial Canada, in Ontario and Quebec, and it would be disadvantageous to do packaging in a region like Winnipeg which has slow economic activity at this point. I think that is directly contrary to the government's policies of sound regional economic equity.

● (1520)

Clearly we should not be introducing a measure that is going to export jobs and shift jobs from slow-growth regions to the industrial heartland. I have a concern about industry in Ontario and Quebec. My party has long and well spoken of the need for an industrial strategy in our country. That is the way to keep Ontario healthy and keep jobs here. But let us not rob Manitoba of jobs for Ontario. That clearly is injustice carried to the extreme. I am glad businessmen from Manitoba took the trouble to write me.

What we are dealing with today are amendments to the Income Tax Act arising out of a budget. One of the things about the Income Tax Act is that it is progressive, at least that is what we have always been led to believe. It is a means to promote equity and justice in the country in terms of the distribution of income. I want to talk a bit about the distribution of income and the impact of these amendments on that distribution. Clearly, from what I have said up until now, the impact of these measures is to promote inequity, to give gifts to the rich and to destroy the progressiveness of our taxation system. In other words, those who have the most will pay their fair share—will pay the most—and those who have the least will pay what they can afford—pay the least. I want to talk a little bit about income distribution.

Let me draw to your mind and attention to the book "The Canadian Fact Book On Income Distribution". This is a book I find very enlightening and one which I have been careful to read, particularly after hearing about the concern in this House for the incomes and pensions of such people as judges and others in that category.

This book gives the picture of income distribution in this country. We have the bottom fifth of the population earning roughly 4 per cent of the wealth with the top fifth earning something like 40 per cent of the wealth. Can you imagine that the poorest people in this country earn one tenth of what those with the top incomes earn, while those at the top of the heap earn ten times as much as those at the bottom? What kind of income distribution is that and why should we continue to promote that kind of distribution through the Income Tax Act, and in fact make it worse? That is what concerns me.

The level of distribution of income in this country has been steady since 1951 according to this study, which appears to me to be a sound and good study. Clearly, after the world depression and the years of the 1930s we took a step forward. We introduced social welfare measures and we introduced an income floor.

I am not challenging the idea or the notion that we have redistribution of income in this country. We do. We have a floor and this study demonstrates that the people earning the least do benefit from the transfer of payments we make in this country. That is well and good. What I am pointing out now is that the disparities of the distribution of income in this country have not changed significantly since 1951 and this shows we have not moved toward a more just and equitable society since 1951. That is sad when you consider that the present Prime Minister (Mr. Trudeau) came in on a wave of hope that we could have a just society. He has failed dismally to fulfil that hope and he continues today to play Liberal politics by introducing, in effect, unjust taxation measures.

Let me quote from this study with regard to taxes as paid by the rich and the poor in this country. At page 52 in a statement relating to the distribution of income after all taxes, it states that in a study for the Royal Commission on Taxation in the 1960s it was first demonstrated that the over-all tax system is not progressive, and in fact it taxes the poor very heavily.

A little further down the page it is stated:

—the bottom income class still pays the highest rate of taxation.

An hon. Member: They still do.

Mr. Keeper: They still do and that is shocking. It is not necessary in a country such as ours. It certainly should not be allowed to continue and we should not be promoting it. That is what is being done with these measures, I suggest, and it is being done in the name of income management, an income

management which has been demonstrated by our own personal experience in this country since last October to be ineffective. It really has no final justification.

Let me touch briefly on the energy program. In my view the energy program of the government is a sham. I do not want to go into detail about it because I know my colleague, our energy critic, has dealt with the program adequately. I mention it because there are measures in this bill in relation to the program. It is a sham. They call it Canadianization, but in fact it is continued control by multinational corporations. Our energy critic labelled it "Lalondization". I take him to mean by that a Liberal trick, rhetoric without action, sleight of hand without substance.

Mr. Baker (Nepean-Carleton): A shell game.

Mr. Keeper: Indeed, a shell game.

Mr. Rose: And a Gulf game and a Texaco game.

Mr. Keeper: It certainly is not a program which meets the needs of our country nor one that will work.

Let me touch upon pricing of oil as outlined in this program. The Liberal government, like the Tory government when it was in office, is moving toward a price equal to 85 per cent of the world price. That is clear from both budgetary documents. This is the fact on the Tory side in spite of its proposed tax credit on oil, even taking that into account the pricing policy remains similar, by and large. The approach to the pricing of the product is the same. I must say I feel we need an energy policy on pricing that will result in justifiable prices. We need an oil price review commission. We need some public body which will examine price increases so that the public can see clearly that any increase in price is necessary and not just for the good of the multinational corporations. Price increases must be reviewed in public.

I would make the same suggestion with respect to oil. The base of our activity must be a public corporation. The simplest way I can illustrate that for you, Mr. Speaker, is to use the example of Autopac in Manitoba. It is a public corporation that offers auto insurance at a price related to the cost of delivering the service.

• (1530)

The people of Manitoba clearly understand this because they have experience with Autopac, and I suggest that the same rationale for a public corporation exists in the energy sector as exists in the car insurance sector. One of the things such a corporation would do is keep the energy dollars each of us pays every day for heating our homes and driving our cars, in an energy account. It would not let any government siphon off those dollars for any other purpose, and it would not allow multinational corporations to siphon them off for their own profit or investment in land deals or any other investment in which they might be interested. I know that the energy program illustrated in these amendments is inadequate and a sham and allows continued control by multinational corporations. It is "Lalondization". Let us have an end of Lalondization.

Mr. Smith: On Canada "londs"?

Mr. Rose: He looked that up in a dictionary.

Mr. Keeper: I looked it up in a west coast dictionary. I am learning a great deal from my west coast colleagues.

I want to move back again to the budgetary policies which are illustrated and reflected in this document and which came out with the budget. I will mention some things which I think are missing.

It is clear now that we have a recession in this country. The only distinction about this recession is that we also have a very high rate of inflation with it. That is the only distinctive achievement of the economic policy of the government across the way. With the recessionary situation we are in now we really need public investment to stimulate and get the economy moving again, to provide jobs and to create wealth. By creating wealth we create a source for taxes in order to get the deficit down.

Mr. Evans: Where will you get the money?

Mr. Keeper: Let me illustrate the need for investment. I suggest that a good place to invest would be in the area of urban transit. We clearly must do something about energy conservation. The government has an energy program. Let us invest adequately in mass urban transit. This would create jobs. If we develop transit systems in this country, we can sell them not only to our own cities but also to American and European cities.

We can create high technology jobs in this country through investment in mass transit. We could conserve energy by doing that. We could promote a better living environment in the cities, where most of our citizens now live. We could provide a convenient method for people to go to work in cities. I think that is important. We need public investment now which, as it works its way through the economy, would create wealth, and that investment should be in urban transit.

I mention this specifically today because toward the need of next week there will be a national conference in Winnipeg which representatives from cities across the country will attend. The theme of that conference will be energy and urban transit. Let us send a signal from here that this government is concerned about energy, about urban transit and about the economy. This should be in the budgetary policy of the government, but it is not.

Since we are dealing with an income tax bill, I point out that action is needed in other areas as well. For example, there should be changes in the Income Tax Act to promote the rehabilitation and preservation of heritage buildings. I am very familiar with this subject because I have served on the city council in Winnipeg and worked in the designation of heritage buildings. This is a subject which is close to my heart. Present income tax laws encourage the demolition of heritage build-

ings rather than their rehabilitation. There must be changes in the Income Tax Act soon so that we can promote a positive effect on the shape and nature of our cities. We do not want to live in cities made up simply of steel structures which do not reflect the history and experience of our people. We must promote the rehabilitation of our heritage buildings so that when we live, walk, play and work in our cities we can have a sense of the experience of our people and a sense of our history.

However, changes in the Income Tax Act in this respect would achieve not just those goals only, but would also promote employment. Rehabilitation is job intensive. Rehabilitation would create a whole new industry.

This is not just another airy-fairy idea. It is not pie in the sky. It is not impossible. I have with me today a number of studies. I also have specific proposals for amendments to the Income Tax Act. These proposals are from Heritage Winnipeg, and I will be raising them again in this House at the earliest opportunity. These studies examined the American experience and demonstrated that what I am calling for has been done. It has not been done in some far-away nation upon whose approach we might cast some doubt but by our closest neighbour, the United States.

These studies of federal tax changes in the United States show that a system of saving heritage structures can work. Employment, wealth and economic activity can be generated by this kind of activity. The tax laws we presently have encourage demolition and leave our cities as dead places where there is nothing of value from the past. We are a young country, and it is a good time now to start to preserve our history for today's generation as well as tomorrow's. I will be raising this issue again in this House. I just want to flag it now to let the government know that I will be pursuing it and urging the government to act on it in a positive way.

This government has some good policies. One of these policies is followed by the Department of Public Works. Parks Canada has a responsibility for heritage in this country. It is my understanding that there is a policy which encourages Parks Canada to locate heritage buildings in cities across the country. That is a good, positive policy. However, in Winnipeg today this policy is being administered poorly. The Department of Public Works and Parks Canada propose to move into a marginally historic structure in Winnipeg rather than into a first-rate, top-notch historic building.

If Parks Canada were to move into that first-rate, top-notch historic building, it could be preserved for generations to come. Instead, just because the government presently owns a marginally historic building, it will not move into the first-class building and preserve something which is of real value. That is poor administration. When a government goes so far as to establish a good policy, it should follow it up with good administration.

I will conclude. I just want to say I am glad I had this opportunity to participate in this debate. I think that we must conclude that the changes to the Income Tax Act are just not good enough and go in the wrong direction. We need an economic program, an economic policy, economic management in this country. We need a tax policy which works toward the specific objectives for which it is intended; one which promotes economic activity, which is equitable and just, which promotes a fair distribution of income in the country, and which also deals with the problem that is on the minds of people in Canada today, a policy which deals effectively in the area of energy. So let members on the other side of the House wake up, face up to the real problems of this country and get moving.

Some hon. Members: Hear, hear!

• (1540)

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I find it hard to let the last remarks go by without saying anything on the subject. I find it passing strange that every time we have problems in the country, the NDP comes up with a solution which involves public investment, as if it were the only way to solve them. Someone has to pay the taxes. We have found in the past that it is the private sector which is always paying the taxes for this public investment which attempts to solve the problems which we would not be encountering had we not had to contribute to that public investment.

The hon. member for Winnipeg-St. James (Mr. Keeper) also spoke about the energy program and called it "Lalondization". In Alberta we call it nationalization. He spoke about rhetoric without action. I wonder if the action of all the Canadians who are being put out of business, of all the people who have lost their jobs in the oil industry, is what the hon. member for Winnipeg-St. James calls rhetoric without action. However, Mr. Speaker, I do not want to get carried away on the subject of the oil industry for the moment. Perhaps I will speak about it later if I have the time.

We are dealing now with the income tax measures in Bill C-54. It is a large bill. I suspect it is large because we have not dealt with any income tax measures for some time now. A number of budgets have been brought down since 1979 when we last dealt with those measures. That was the budget which was defeated. Many of the proposals in that budget have found their way into the budget which was brought down last fall, and we welcome their return.

This country needs economic leadership by this government now more than ever before. As I mentioned in my introduction, people are worrying about their jobs. It is astonishing to discover, as the Gallup poll has shown us, that 60 per cent of the principal wage earners in the families across this nation are now afraid for their jobs. This is obvious as you read the papers and find that various companies are no longer able to compete or are driven out by the policies of this government. So we need economic leadership badly.

The most substantial elements in this budget were delivered in the spring mini-budget, as it was called, but basically they were a reintroduction of elements in the budget which was brought down by the hon. member for St. John's West (Mr. Crosbie) some time ago, because this government had to admit

that these were excellent proposals which should have been considered at the time. However, many others were left out. We did not find them in the mini-budget or in the last budget, nor do we find them in the bill before us. Some of those are important elements in the new energy plan for this nation which raised the price of fuel. I know it was considered terrible that we had intended to raise the price of fuel by 18 cents per gallon, but if you look at the increase in the price of fuel since the defeat of the Conservative government, you find that it adds up to much more than 18 cents per gallon. In fact, many people are saying that it adds up to an increase of 26 cents or 30 cents per gallon. Any time that you perpetrate upon the people of this nation a large increase in the price of something as essential as energy, which everyone needs to heat their homes, run their cars, to manufacture fertilizer or chemicals needed by farmers to produce food, it has a tremendous impact. We all budget our incomes and we decide how much we must set aside from our salary to make certain expenditures, and when we find that one item in that ledger increases more rapidly than we anticipated, then we find it very difficult to economize in other areas. Some of us are fortunate enough to be able to do that, but many people are not.

There is nothing in these tax bills or in the budget which would assist people whose incomes have been drastically reduced as a result of having to provide for the necessities of life, to meet the increased cost of driving to work, heating their homes or growing food. We find that the energy tax credit proposal, which economists in this country are calling the most advanced proposal in the decade, is missing in this budget. What would that energy tax credit have offered? It would have offered relief in home heating costs, the cost of gasoline for driving a car up to 20,000 miles, and assistance to farmers in meeting the costs which they incur in producing food.

The difference between taxing gasoline and taxing the total volume of oil and natural gas is quite obvious. When the price of gasoline goes up, an individual has an option. He can buy a smaller car, he can take advantage of the tax credit up to 20,000 miles, if it is available, he can use public transit, he can use car pools—there are many choices available to him. But there is no choice when it comes to heating his home. Perhaps if we had foreseen this problem, we would have put renewable energy programs in place, but we have not done so. So people either have to use natural gas or heating oil.

When the government puts a tax on a barrel of oil or a cubic foot of natural gas, this does not give an option to individuals who have to heat their homes—they have no alternative but to pay for the heating oil or natural gas. As we all know, the cost of heating homes is high. I filled my propane tank and found it cost me $135 more than last time. I realize that somebody who has no money left over at the end of the month is placed in a terrible position when his bill is increased by that amount. So our tax credit proposal was a significant proposal, and I simply cannot understand why it has been constantly rejected by this government.

The other issue on which I should like to comment is relief from capital gains tax. As a farmer representing a farming community in the riding of Wetaskiwin, I am fully aware of the significance of relief from the capital gains tax. I was lucky. My grandfather decided to pass the farm on to me and the Canadian government decided that that was allowed and the transfer would not be taxable. But what about the problem of farmers whose sons and daughters are not interested in farming and want to pursue other goals in life? A farmer may work his entire life building up his equity, his land and his machinery, and then when he decides to retire, he wants another person to take over the farm so he sells it, but the government comes along and grabs 26 per cent or more of the wealth he has built up. Very often such farmers have deprived themselves of many things in order to buy the necessary machinery to make their farm productive or to increase their land base just to make a living, but then when the time comes to retire, the government grabs a large percentage. We know that land prices are going up, but so is the cost of housing, and now that life expectancy in Canada is longer, the rising costs of essentials pose greater and greater problems to these people.

This leads me to another item which I believe was so important in the budget presented by the hon. member for St. John's West. It would have provided Canadians with an opportunity to invest in companies. One might say they have such an opportunity now, but in most instances the people taking advantage of that so-called opportunity are using it in the United States or some other country. Our citizens are not being encouraged to invest their savings in Canadian corporations and companies. The plan which my party proposed would have allowed Canadians to invest in Imperial Oil, Shell Canada and Gulf Canada. It would have allowed them to purchase more of the interests of those companies so that Canadians would own and control them. Most of the people working for those companies and comprising the management of those companies at the present time are Canadians. So, in a sense they are controlled in this country, but the principal ownership still lies in other countries.

● (1550)

Since we are striving for self-sufficiency it would make more sense to ask Canadians to invest in Canadian companies. Also, they could be asked to invest in foreign companies in order to make them Canadian. They could then be taxed and the money could be used for the purposes of finding more oil, rather than having Petro-Canada which does not find a single barrel of oil with the money used to buy them out.

The government simply takes the cash capacity of the country and puts it into a non-productive base. I agree with the plan to Canadianize the industry, but I question whether the method being proposed is the right one; I say it is not.

The Small Business Development Bond could have assisted small Canadian businessmen and entrepreneurs to become established. When I travelled my riding during the election campaign and proposed the Small Business Development Bond, it met with the approval of every citizen who found himself in the position of needing more capital to revitalize his small business or to start a new business which he thought would be

productive and would provide him and his family with a means to live. The details of the bond were set out in the budget which was never passed; then in the mini-budget which was not passed either. The numerous small businessmen who are in dire need of relief from astronomically high interest rates do not know the regulations surrounding the Small Business Development Bond. As a result, the bond has not been used by the majority of citizens who should be using it. The bill should be passed by the House and the regulations established so that citizens can take advantage of it.

I should like to refer to one problem with legislation before the House. We receive the basis of the legislation which we put before the people of the nation, many of whom are pleased that we are trying to assist them. But, when the legislation is passed by the House and the regulations are in place, we find many of the suggestions that even we thought were contained in the bill, are not, in the final analysis. This is why many banks have been reluctant to use this bond program. Many members have suggested that it should be extended, that it should not be in place for only a specific period of time but rather until interest rates have dropped to a level acceptable to small businesses and farms. Members have also suggested that it be used not only for new capital requirements but for the maintenance of inventories. If a farmer goes into a large business establishment for the purpose of purchasing a new part for his combine, because the weather is holding and the old one has broken down, and finds that the firm is not capable of keeping an inventory because of high interest rates, he realizes how important it is for a program to be in effect which assists businesses in times of difficulty.

Now I should like to turn to the area of energy conversion grants. Many of us are concerned about the direction in which Canada is going, as far as conversion to renewable forms of energy or abundant sources of energy are concerned. I would like very much to make a speech on oil and gas although, of course, I realize that soon there will be other energy bills to provide that form. An $800 grant is contained in the budget if one converts one's furnace to a renewable form of energy or natural gas. That is desirable; we want to encourage Canadians to take advantage of the many forms of available energy. But, there are two ways of doing it. The first is the grant, but the regulations are not available. There is something about a 50 per cent reduction in the amount of oil being consumed in one's home before one can apply for or receive the grant. So, there are difficulties until the regulations are defined. The second is a tax credit. Which is the better way to encourage Canadians to convert their furnaces? Is it through the grant system or through the tax credit system?

I have had many occasions to talk to the members of renewable energy committees across the country in the last number of years. In fact, my party suggested a tax credit to encourage individuals to convert their furnaces to the use of renewable forms of energy; we suggested a $3,400 tax credit for this purpose.

Instead of paying taxes on that portion of their income, Canadians could have used it to put in place solar water heaters, wood stoves or perhaps windmills to generate electricity or to heat their homes; also, it would have applied if one wanted to convert from oil to natural gas. There is a lot more incentive when an individual can take his own money, on which he may not have to pay taxes, to put a system that he understands fully into his building or house. He does not merely hire someone to instal a system which he does not know how to operate or is helpless if it should break down. Some people do not know the many requirements of installing and operating wood stoves. I have read stories about individuals who purchased and installed wood stoves, threw in some wood and wondered from where all the smoke came; they did not even realize that they needed stacks! Perhaps it is funny, but it happens. One must know how to utilize an alternative form of energy or the effort will just fail.

If the government is convinced that it must go the tax grant route, we in the opposition do not have the numbers to stop it. Surely an educational program should be put in place to assist Canadian citizens in learning about the various types of energy and their use. If there is no tax benefit, there is no encouragement for citizens to take advantage of it.

I think it would be a good thing to look at a tax credit system. It is a revolutionary system which was first introduced in the child tax credit which has worked very well. The Crosbie budget proposed a tax credit in order to allow citizens to better handle the increased costs of energy. It should be used as it is being used in many parts of the world, particularly in the United States, to encourage people to change to renewable forms of energy.

I realize my time has run out. There is a lot more about this bill which I would like to say, but I must save it for another time.

Some hon. Members: Hear, hear!

• (1600)

Mr. Deputy Speaker: Order, please. It being 4 p.m. the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely notices of motions, public bills and private bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

BRITISH NORTH AMERICA ACT, 1867

MEASURE RESPECTING TENURE OF SENATORS

Mr. Hal Herbert (Vaudreuil) moved that Bill C-303, to amend the British North America Act, 1867 (tenure of Senators), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, may I say, first of all, that I was somewhat surprised to find myself called upon to speak this

afternoon, mine being low on the list of public bills to be debated. This goes to emphasize that a great many bills which are presently on the Order Paper and which are not printed would indicate that the member is not particularly interested in proceeding with the subject or that there is some problem in putting the bill into printable form.

Be that as it may, I am very pleased to take this opportunity to discuss Bill C-303, an act to amend the British North America Act, 1867. It concerns the tenure of senators. I am pleased to be able to discuss it for two reasons. First, I have my own ideas on reform of the Senate. Second, I think it is particularly appropriate at this time, when discussions are taking place amongst senators about their particular responsibilities and about the part they will play in the passage of the constitutional proposals, to bring it forward for discussion at this time. Later in my speech I will discuss the problems of clause 44 in the constitutional proposal, as the senators see it.

I would like to start with the bill itself. Bill C-303 states:

1. Section 29 of the *British North America Act, 1867* is repealed and the following substituted therefor:

"29. (1) A senator shall hold his place in the Senate until the day of the general election next following his completion of ten years as senator.

(2) Where the application of subsection (1) would result at any time in a greater number of vacancies than thirty-four, the senators beyond that number who have the least seniority shall not vacate their seats but shall be deemed, for the purposes of this section, to have been summoned to the senate exactly ten years prior to the day of the general election."

I shall read from the explanatory note, if I may, for the record:

The purpose of this change in the British North America Act is to limit the tenure of senators to a period not exceeding 15 years.

The purpose in bringing this bill forward for discussion is to allow everyone an opportunity to discuss not only the reform of the Senate but the responsibilities of the Senate and senators. I looked at the list of bills which are on the Order Paper and was surprised to find there are only five other bills which deal with the Senate, apart from my own. There are the standard two in the name of the hon. member for Winnipeg North Centre (Mr. Knowles), one dealing, as he has in past sessions, with the elimination of the Senate entirely, and the other dealing with financial interests. I notice that another member of his party has two bills on the order paper which, by their titles, are probably intended to accomplish the same purpose.

Apart from those four bills there is one other bill on the Order Paper, No. C-304, put forward by the hon. member for Halifax West (Mr. Crosby). It deals with the elimination of sittings on Mondays, both for the House of Commons and the Senate. I suspect his motivation is directed more toward the House of Commons. So, there has not been any great interest—at least there does not appear to be from the business on the Order Paper—amongst members of Parliament about doing very much about the Senate. This means, I think, that they are probably relatively satisfied with what is done—or it might be contended what is not done—in the Senate.

Over the years, an enormous amount has been written on the subject of the place of the Senate in our parliamentary system. I have been reviewing some of this material. I note, for example, in a report to the Senate of Canada on certain aspects of the Canadian constitution made in November, 1980, the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, the Hon. H. Carl Goldenberg, Q.C., in that report says:

—a second chamber is needed—

This, of course, is the opinion of senators themselves.

—a second chamber is needed not as a mere replica of the House of Commons but as a complement to provide "sober, second thought", and to do what the House of Commons cannot do efficiently . . . the Senate's role should be to revise legislation, to conduct investigations on specific matters of public interest, to reflect regional aspirations and to protect linguistic, minority and individual rights.

—it is preferable to have an appointed rather than an elected Senate.

The report goes on:

—an appointed Senate would be in a better position to accomplish the complementary and largely advisory roles it should have in our democratic and parliamentary system where the House of Commons should be the supreme legislative authority.

I think there is some significance to that last passage. The senators themselves recognize the House of Commons as the supreme legislative authority. The report goes on:

It would be less partisan and more independent; it would have greater continuity and more expertise—

That is, of course, on the basis of appointments.

It is argued that an appointed Senate lacks credibility and legitimacy. We submit that a Senate elected by proportional representation, with the complementary roles and the limited powers that a second chamber should have, would suffer from the same defects and would accomplish its specific mission less efficiently.

The report goes on to suggest appointments for a ten-year term and that the legislative power of the Senate should be limited to that of a suspensive veto.

I was happy to read that into the record. I would like to add that the Hon. Carl Goldenberg is my own senator. He is the senator who represents that region of Quebec which can loosely be described as the west island of Montreal and west to the border of Ontario. I say this very sincerely, I am very proud that a man of the character, competence and calibre of Mr. Goldenberg is in our Senate. Quite honestly, I believe we have several senators of that standing and this is not intended to be any sort of criticism of the rest of the senators. There have often been suggestions that a relatively small percentage of our senators carry the load. Be that as it may, I do not think that suggestion changes very much, since one can make the same comment about the House of Commons.

I would like to comment on a couple of remarks which have been made in connection with the Senate. There was a very interesting article written by a Mr. Edward McWhinney from which I would like to quote:

If the present Canadian federal Senate is to be reformed, let it be a bona fide reform, and this excludes . . . a provincial patronage-appointed Senate. If we are to retain a federal Senate, then let its members be directly elected, possibly on a proportional representation basis within provincial boundaries, and for a specified and limited term of years.

A duration of two successive terms of the House of Commons—which could be as long as eight years or else very much shorter if the House of Commons should be dissolved prematurely—seems reasonable—

● (1610)

Gordon Robertson, who is well known for the part he has played in the administrative aspects of government over the past few years, comments in an article in the June-July issue of *Policy Options:*

The Senate has been a favourite target of proposals for reform as well as for abolition.

Here is the statement which I have underlined in the article:

If the Senate were to be abolished and the House of Commons were to become the only chamber of the Canadian Parliament, Canada would become unique among federations.

The Canadian Intergovernmental Conference Secretariat put together a document entitled "Proposals on the Constitution 1971-1978". I believe it is apropos to this debate that I put on the record a couple of paragraphs for the benefit of many who may read *Hansard* although I am not sure how many people in the country do. Section 17 of the BNA Act reads:

There shall be one Parliament for Canada, consisting of the Queen, an Upper House, styled the Senate, and the House of Commons.

The act then goes on to describe in section 18 the privileges, immunities and powers to be held by the Senate and the House of Commons. Section 22 reads:

In relation to the constitution of the Senate Canada shall be deemed to consist of Four Divisions:

1. Ontario;
2. Quebec;
3. The maritime provinces . . .
4. The western provinces . . . which four divisions shall . . . be equally represented in the Senate—

The Special Joint Committee on the Constitution (1972) recorded that the present full veto power of the senate over legislation should be reduced to a suspensive veto for six months. I shall be talking about the six-month time-period later in connection with article 44 in the constitutional proposal. The Special Joint Committee on the Constitution (1972) also said:

The investigative role of the Senate, which has gained more importance in recent years, should be continued and expanded at the initiative of the Senate itself, and the Government should also make more use of the Senate in this way.

One of the characteristics which I appreciate about the Senate is that it has power to continue the discussion of a subject, which we in the House of Commons do not have. I have lobbied for some time for the government to bring in changes which would enable the members of the House of Commons to discuss in committee, subjects which we consider important enough to be worthy of committee study. In that regard and without wanting to digress too much, I should refer to three reports which I have mentioned frequently in this House, which have been tabled, upon which all members are awaiting some action from the government and which we would like to discuss further in committee in an effort to speed the passage of further legislation. These reports are, and I will use their popular names, the Finkelman report, the D'Avignon report and the Lambert commission report.

The point is that senators have the opportunity to decide on subjects for discussion and thereby to produce invaluable reports. In fact, while I am on the subject, I have been looking at some of the Senate works of the recent past. Although they will not appear in *Hansard*, I have in front of me quite a stack of books composed of works which I commend to any member of the public as being worth while studying.

These books cover a tremendous range of topics. There is the very recent report called "Child At Risk", which is a report of the Standing Senate Committee on Health, Welfare and Science. There is also the report of the Special Senate Committee on Retirement Age Policies entitled "Retirement without Tears" and there is an excellent report of the Special Senate Committee on Poverty in Canada. There is a report by the Standing Senate Committee on National Finance on growth, employment and price stability and a report, which obviously had an effect on the government, by the Standing Senate Committee on National Finance on Information Canada. Of course, Information Canada no longer exists in the form in which it existed when the study was made.

There is the report of the Standing Senate Committee on National Finance on Canada Manpower which resulted in some reorganization. Here is a report by the Standing Senate Committee on Agriculture which is entitled "Recognizing the Realities of Beef Import Policy for Canada". Here in an excellent four volume work entitled "A Science Policy for Canada", which is a report by the Special Senate Committee on Science Policy, the chairman of which is the Hon. Maurice Lamontagne.

Here is a report in which I have taken a special interest. It is presently two volumes, but undoubtedly there will be more volumes. It is entitled "Canada-United States Relations" and it deals with trade relations with the United States. It is an excellent work. Whether one disagrees or agrees with the content of these works, they provide much food for thought, and they set down their subjects in excellent fashion. I laud the senators for the work they do in this regard.

I do not believe that we give enough publicity to the work performed by the Senate. On looking at the order paper of the Senate and the business proposed for next week, aside from the senators who will be working on the Special Joint Committee on the Constitution which sits all day, every day, and which is doing an incredible job there is much activity. Whether we agree or disagree with the subject under discussion, no one can deny that the members of this committee, both those from the House and from the Senate, are doing a standup job in continuing, day after day, with this rather difficult discussion under the scrutiny of the media.

But also in the following week I notice that there will be a meeting of the Standing Senate Committee on Foreign Affairs Subcommittee on National Defence, the committee dealing with standing rules and orders which is examining the procedure to be followed upon the presentation of the report of the Special Joint Committee on the Constitution of Canada. Obviously they are preparing themselves for the time when they will have to study this most important resolution. There will be

a meeting of the Standing Senate Committee on Transport and Communications to study the subject matter of the Transportation of Dangerous Goods Act and of the Standing Joint Committee on Regulations and Other Statutory Instruments for a review of statutory instruments. Finally, there will be a meeting of the internal economy, budgets and administration committee. All these meetings will take place next week. In other words, apart from the regular meetings of the Senate, there is considerable activity in the committees.

In the one or two minutes I have remaining, I would like to refer to section 44 because it will be a contentious area. As the opposition leader in the Senate, the Hon. Jacques Flynn, said concerning the constitutional proposal:

—if this address goes to Westminster and becomes law, thereafter any amendment to our constitution, including the abolition of the Senate, could be made without the Senate having a word to say about it.

Of course, this is a concern of the senators. I believe that we should think sincerely about their complaint as to whether or not this is the objective. I have looked at comments made to the special joint committee by the different groups. I have found only two groups which are frightened at the thought of the abolition of the Senate, the Canada West Foundation, because it believes that westerners see the Senate as the best means of representing all the regions in the central government and the Inuit Committee on National Issues, which is concerned because of its desire for representation in both Houses of Parliament. The amendments to the Constitution which were proposed recently lengthen from 90 days to 180 days the time which is contained in paragraph 44. The 180 days corresponds roughly to the six-month period to which I referred earlier.

● (1620)

In my opinion we have a group of hardworking senators. We receive from the Senate a tremendous amount of important material. Excellent studies are done by the Senate which are invaluable to the country. This indicates to me that there should be no contemplation of abolition of the Senate. But if there is to be continuing discussion of representation—and I know this is a very difficult thing to say—then Canadians from across the country should be able to sit down and decide on the way that body can be composed so that everyone is satisfied not only on a regional representation basis but on the basis that the Senate is exercising the function for which it was intended, that of a good regionally representative body of sober and second thought.

Hon. Ron Huntington (Capilano): Mr. Speaker, I would like to take this opportunity to congratulate the hon. member for Vaudreuil (Mr. Herbert) on the complimentary nature of his address and on the tribute he has paid to much of the work which comes from the other House, the Senate. He has given us a list of papers and studies which we will find valuable. I agree with him that the structure of the Senate is such that similar armament in terms of expertise and in the strengthening of committees of this House would go a long way toward resolving many of the problems we leave on the table and do not get time to finish.

I do not mean to be unkind with my next remark but any private member's bill is a vehicle to draw attention to an essential and important issue concerning many of us. He has outlined the concern that other members have for the Senate, either complete abolition, restructuring or changing the membership thereof.

I would like to take a few minutes to point out that the bill itself is something like a shingle nail trying to hold Canada together, and I do not mean this unkindly. If we have one major problem that we are failing to resolve as a parliament, it is the problem of regionalism. By regionalism, I mean not only western Canada, Upper Canada or Ontario, Lower Canada or Quebec and the Atlantic union, but I mean you can have regionalism in Metropolitan Toronto, and out in British Columbia. There is an article in *The Globe and Mail* about Labrador. In reading that article one can see the extent of regionalism which exists in Labrador. Even many of the people in the high north do not want to talk with one another or get into regional frictions. It seems to me that regionalism is a subject matter on which we should be spending a great deal of time if we are to design a federalism which gives the nation the strength that we all talk about but do not get down to addressing.

I am speaking in a rather impromptu manner to this bill because I am deeply concerned about this one issue: What are we going to do to address the regionalism, other than to improve the vehicle of communicating with each other? We are not a melting pot as is the United States. We call ourselves multicultural. We have people who used to call themselves Canadians but who are now more proud of their ethnic origins than they were say, five or ten years ago of being Canadian. I had a charming lady tell me at lunch that she was extremely proud of her father's ancestry. She is a well-educated person from this province, but the strong feeling about her ancestry has happened to her recently.

This trouble exists in the minds of many of us, indeed, altogether too many of us. It is easy to attack the ruptures which arise in our society. For example, look at the people who want to separate from the central part of Canada. It is easy to attack the West-Feds and the Western Canadian Foundation. It is easy to attack those who want to join the United States. It is easy to attack and put down those who feel aggrieved, but that grievance is still there. We still have not addressed or used this vehicle of government or given it a structure that will allow us to communicate and talk this situation out.

If we are talking about doing anything to the Senate we have to strengthen it in its armament to represent the regions and to address regionalism in Canada.

The trouble with the House of Commons, Mr. Speaker—that heritage which has come down to us from the British parliamentary system—is that it represents population centres. It gives power to the population centres. In our form of government, whoever has the greatest number of seats in this chamber becomes the government, and the government is the power and the decision-making base. The decision-making

base we have seen in the last two parliaments does not represent the regions of the country.

The question comes back to the structure of federalism—how we are going to bring about a structure which strengthens the regions and allows more bottom-up input into the federal structure instead of talk-down direction. As long as we have this strengthening of talk-down direction, or this strengthening of centralism, we will have more and more ruptures.

This is a massive land. Canada is the envy of the world in terms of its land, its resources, its people, its educational system and its health services' system. We are the envy of the world.

We have a good working spirit. I would like to see us put legislation in place which would enhance that working spirit rather than dampen it. But I think we will have to talk about an upper house with an elected senate having incentives strong enough to attract the very best minds which the regions can deliver. We will have to think about giving rewards to those people who are prepared to dedicate their intellectual talents to the betterment of the country and, somehow or other, allow them some tenure upon election to the Senate. If we are to have regionalism, we must get the Senate away from political appointments. The Canadian Senate is letting the nation down because it is overloaded politically. It does not have a political balance. The Leader of the Senate has expressed that as a genuine concern to me and to others. If it is an elected Senate, then it truly represents the regions and the rewards and qualifications of running for the Senate should set a very high standard so that the regions are represented well.

But we have regionalism within regions as well. We have to address that if we are to be a happy, strong land and if the people in the faraway places of Canada are to feel that they and their interests are truly represented here.

My colleague, the hon. member for Cariboo-Chilcotin (Mr. Greenaway) spoke during question period today about one of the largest Indian reserves in Canada which suffered massive damage as a result of a flood. The Department of Indian Affairs and Northern Development which has a horrendous budget of something like $.7 million and a large staff, has not even sent anyone out to look after the Indians who are in real dire trouble. This causes alienation and antagonism and the centre is not serving the whole. If we had a stronger upper house which represented the regions, we would have had somebody out there immediately. I acknowledge that the leader in the Senate, Senator Perrault, went out to that flood area, but the Indian reserve was totally overlooked. The department at the centre did not telegraph a concern into that region.

● (1630)

All of us want this country to stay together. We want to be proud of it, and we want it to be strong. However, that will not come about with top-down direction from the centre. We have to gather in the parts and make it look as if it is bottom-up in terms of creation of a federal structure here. The Senate is essential to it.

I do not agree with those who say that the Senate should just be a vehicle for a second look. If the Senate is truly going to represent the regions of this country, it will have to be a strong organization. It will require muscle in terms of western resources and will need to have fingers out to the multicultural and racial groups in this country so that we can keep the dialogue going and resolve the pockets of friction. It will not serve this country if it is just a vehicle for a second look, to be overruled in six months and have its work returned here.

If the Senate is going to be strong, it should have the full power of veto over legislation which passes through this House. If you want to continue the growth of alienation in this country, just have the population blocks at the centre of this country continue to tell the outbacks how to live, work and manage and control their resources. That will cause nothing but resentment.

I sit here as a very frustrated person because I like to be positive. Sitting in the opposition, I do not get a chance to be as positive as I was born to be. This kind of frustration should be addressed because all of us are here to serve, and we are here as a result of our love for this country.

When Bill C-303 comes forward to amend the British North America Act for the Senate, we should be talking about strengthening the upper house so that we can really address regionalism, which is the anchor of dissent that exists in this country. We should consider facts such as the fact that I come from a region where there are 11 federal boards upon which there are no citizens of British Columbia. I make an appeal in these few minutes to try to bring about an awareness of the anxieties which exist and the challenge that we as elected members of Parliament have to address this problem.

It is hard for those at the centre of Canada to get the gut feeling that exists across the prairies, in the north and in British Columbia. We pay 130 to 165 per cent of world prices for our consumer and capital goods for the benefit of payrolls and industries at the centre of this country. We are a customs union and we accept that. However, we want at least 75 per cent or better of world prices for the delivery of resources from the outback.

If you think that central Canada can keep this country together by imposing what is considered to be a plunder of our heritage, it is not going to happen. The country will disintegrate. It is in this federal structure we can talk this out. I think it is beyond politics now. We have to talk it out as Canadians representing our regions, getting our concerns out on a full-time basis. There is nothing more important than talking about a resolution on regionalism, a way in which western Canada can sit as an equal at the table, with Ontario, Quebec and the Atlantic region.

We should have a full input into the departmental decision-making process. When talking about immigration, western Canada should have its representative for immigration sitting with the immigration minister at the council table so that the problems of that region as a result of immigration can be considered.

Even my own colleague, when he was minister of finance, forgot all about the housing problem on the west coast in the MURB decision contained in his budget of December, 1979. Had that region had an input, that item, which caused unbelievable dissension out there, would not have been in that budget. The vacancy rate was below one per cent and it needed a government stimulus. There should have been regional input.

The four regions I mentioned should have input at the decision-making tables when definitions are made with regard to bioscience as it applies to resources, to fiscal policies, monetary policies and so on. Only then will we start to resolve the intense alienation which exists in this country. I plead with those who represent the population centres of this land to give this suggestion serious thought.

Do not label people like me non-Canadian. You will not get away with that. My life and my record is the other way. However, I am prepared to fight for my region in an attempt to build a stronger federation, a bottom-up federation, a federation which represents the regions of this great land.

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I suppose I could begin by saying to the hon. member for Vaudreuil (Mr. Herbert) that his bill goes in the right direction. At the present time, apart from the few older senators who are there for life, those who are appointed to the Senate stay there until age 75. Under Bill C-303, their term would be cut to a period of anywhere from ten to 15 years, but no longer.

I say that goes in the right direction. I would go further. I would cut their tenure to five years, then one year, six months, and then cut them out altogether. In case I seem to be putting my tongue in my cheek when I speak of the bill going in the right direction, let me make it clear that I do not think the bill touches the problem of the Senate as part of our democracy at all. I do not think it is an answer to the view that many of us hold, that there is no place in our parliamentary democracy for a body that is not elected, not responsible to anyone and that as the Senate now stands it should be abolished.

I was greatly interested in the speech made by my hon. friend. I kept waiting for him to give the reason for the proposal in his bill. Indeed, I kept waiting for him to refer to it. He did read the clause about the tenure. My friend and colleague, the hon. member for Mission-Port Moody (Mr. Rose) had the same feeling of expectation. I thought he summed up the hon. member's speech very well when he said that even with all the fine things he is telling us about the Senate and how good it is, its members are good for only ten years.

As I say, I do not think it gets to the heart of the problem at all. I might say to my good friend the hon. member for Capilano (Mr. Huntington), who always makes his point very clear, that we appreciate the problems he has discussed again today. We appreciate his deep concern over regionalism. By the same token, I do not think the Senate is any answer to that set of problems.

● (1640)

Before I get a little more directly into the question itself, may I say I welcome the fact that once again we are discussing in the House of Commons of Canada a bill to amend an act which is not in this country at all, the British North America Act. Of course, my hon. friend is doing that, as I have tried on a number of occasions with amendments to the British North America Act, under the provisions of section 9(1) which says that the Parliament of Canada may make amendments to the British North America Act in respect of matters that are exclusively federal. We have exercised that right on a number of occasions, and the rationale usually is that our statutes are enacted by the Crown, and since the British North America Act was enacted by the Crown in the person of Queen Victoria it is being amended by the Crown in the person of Queen Elizabeth on the advice of the Senate and the House of Commons of Canada.

Referring to that amendment to the British North America Act which was passed in 1949 I am disposed to make a comment all of us often make, namely that the accidents of history can be very strange and can have long-lasting effects. I had sufficient conversation with Mr. St. Laurent, who was Prime Minister at that time, to know he was very anxious to complete the process of the Canadianization of our Constitution. Section 91(1) was the first step to bring to Canada the right to amend the Constitution in respect of matters exclusively federal. That was done in 1949. I knew Mr. St. Laurent well enough to be able to stand here and say that his hope was that before his term of office as Prime Minister finished he would be able to get the agreement of the provinces and to take the necessary steps to bring the amending of the rest of the Constitution to this country.

Unfortunately the Korean war broke out and other things followed and the well-laid plans of Mr. St. Laurent got set aside. I think it is really quite an unfortunate bit of our history. We might have been able to do all of that in the 1950s with a lot less of the contention, ill will and all the rest of it we are having at the present time. However, that is the way history goes and we have to take it as it comes, doing the best with the situations with which we are confronted.

What we have before us now is this proposal to sweeten the Senate a little bit so we can keep it. We have heard today the usual litany, especially from the hon. member for Vaudreuil, about the fine people over there. They are fine people and I know many of them. They are good Canadians and they work hard, or some of them do, as the hon. member says. Just as in this House there are some one sees around on the job all the time, and there are others one does not know who they are when they turn up.

I recognize the difficulty one gets into by naming anyone at all, but I should like to support what the hon. member said about Carl Goldenberg, a great Canadian who has made a tremendous contribution in a number of fields. I say the same thing for David Croll. I think his contribution in the Senate has been great as was his contribution when he was a member of this House. I should like to add names such as Renaude

Lapointe, Florence Bird, Jacques Flynn and Duff Roblin, all of whom I regard as friends. I am sure others would like to add other names, but at least I want to get it on the record that there are persons in that other place whom I like very much and who in my view are sincere and earnest in what they are trying to do.

However, Mr. Speaker, even though one can assert that there are fine persons over in that other place, and they never speak of us as the other place, they speak of us as "down in the House of Commons", even though they have produced a number of excellent reports, and even though some of them work hard, as is the case with those who are now on the Special Joint Committee on the Constitution, the fundamental fact of the Senate is that its members are not elected. They do not fit into the idea of democracy and they are not responsible to anyone. They get their appointments on the recommendation of the prime minister of the day and after they have been appointed by the prime minister they are not even responsible back to him, or back to her, if the picture changes.

Mr. Herbert: Neither are we.

Mr. Knowles: We are responsible to the people who elected us and we have to go back every five years, four years, three, two or one to find out whether we have carried out our responsibilities. Senators have no responsibility to anyone and I submit, though that may have seemed a reasonable way to set things up back in 1867 when the public believed in democracy, but not all the way, in the 114 years that have gone by since then surely we have come to the point that we really do believe in democracy.

I was interested in the quotation from Gordon Robertson that if we had a one-House Parliament we would be unique as a federation. I do not see anything wrong about being unique. There are lots of other ways I would like Canada to be unique and there are ways in which I think we are unique. I have not had time since I heard the quotation to go somewhere to check on the facts of the situation, but, as a matter of fact, I suspect we are unique in this area already, certainly among federations in the western world, in that we have a second chamber which is appointed rather than elected. It is that which is wrong about the whole situation.

The reports my hon. friend referred to are good reports. The senators have done a lot of work. I remember a debate I had on radio some time ago with then Senator Eugene Forsey. We got into these usual arguments, and at one point I suggested to him that only about 25 members of the other place carried the load, did the work. He not only accepted my figure of 25, he said perhaps it was a bit high.

We have 20 or 25 people doing good work making reports but we keep on full pay, good pay with pensions and all the rest of it, 104 or 106 individuals who get the nod from the Prime Minister (Mr. Trudeau). Of course, every time there is a vacancy there are lots of others looking for the nod, and not only political persons. I am interested in the number of times I find columnists in newspapers taking advantage of the fact they can get in print that they do not want to see the Senate abolished, they want to get into it.

If we want 25 people on staff to do good work such as the 25 active senators do, okay, let us set up such a body, but to have 106 on full pay, giving that group of 106 the same legal power over legislation that elected representatives have, I think is for the birds. I think it is completely out of the picture.

Let me say to the hon. member for Vaudreuil that he renders a service when he asks this House to consider the Senate and what ought to be done about it, but surely it requires more than just what the hon. member for Capilano calls this one little shingle nail in the present structure.

● (1650)

One of the comments I will make about the hon. member's bill is that if it did go into effect, it would immediately cost us more money. At the present time senators stay over there until they are 75, but under this bill they would be retiring at whatever age they might be when the tide ran out. They would retire at 40, 45 or 50 and go onto pensions, whereas now we have to pay only the senators who are there. The ones over 75 do not live very long. We not only would have to pay the ones there but we would also have to pay those with 10, 12, 14 or 15 years' service who earned fairly good pensions.

My hon. friend's motive in producing a discussion of the Senate is good but his suggestion really does not touch the basic problem, and that is that we need a Parliament which is fully democratic and responsible to the people out there who elect us.

My hon. friend, the hon. member for Capilano, is quite right in expressing the problems of regionalism we have, but his theory of increasing the strength of the Senate we have now no more meets those problems than my friend's bill meets the problem of a representative or elected Senate. I think we have to find ways to solve the problem of regionalism.

We have to find a way to work a measure of proportional representation into this House of Commons so that a government will represent all of the regions. I think we will have to work hard politically for the kind of government that is concerned for the people in all parts of the country. I think we have to strengthen the committee structure. We do not need just to strengthen it; we have to scrap it and build a new one which gives members from all parts of the country a chance to have an input into the solving of the problems which affect them in the various areas. I say with great respect that neither this 10 to 15-year limit nor the stronger upper House about which the hon. member for Capilano talks will solve the problem.

I should sit down. The last word I want to say is that I wonder how much longer we will let people talk about needing the Senate for sober second thought. That is a real insult to this House of Commons. My experience here is that in this House we are sober.

Mr. David Weatherhead (Scarborough West): Mr. Speaker, it is a pleasure to take part in this debate, if only for the final

eight or ten minutes left this afternoon. I commend the hon. member for Vaudreuil (Mr. Herbert) for bringing this bill forward. As has been said, there are perhaps not so many private members' bills on the Senate at the present time as there have been in past years, but I think this is still a very important subject. It was one of the 12 major subjects discussed all summer by federal and provincial representatives before the first ministers' conference last fall. It was in the same category as changes to the Supreme Court of Canada, resource ownership, offshore resources, equalization, a charter of rights and all the other of the 12 subjects which the provincial and federal people were trying to negotiate last summer and which were discussed at the first ministers' conference in September.

The Senate, or second chamber of some sort, is not just an anachronism that is just dying away slowly. I suggest it is right here and part of current political thought, and the question in the next few years will be what really can be done with the second chamber. The bill in the name of the hon. member for Vaudreuil gives us a chance—in a small way, perhaps—to discuss some of the aspects of this question.

I was interested in the comments of the hon. member for Capilano (Mr. Huntington). His comments were with respect to the problems of regionalism not just within the four regions of the country but also in the regions within the regions. In Ontario, from where I come, traditionally there have always been problems in northern Ontario. I see that the Minister of State for Mines (Mrs. Erola) is here. The people of northern Ontario consider theirs to be a region unto itself, and in many ways for very good reason. The people there feel that they are disadvantaged. We in southern Ontario, and particularly the Toronto area, hear about this all the time either in a political party sense, in a financial or economic sense or whatever.

The hon. member for Capilano mentioned the problems within his own province of British Columbia. The problems of the interior are different from those on the lower mainland. The people of the different parts of the Northwest Territories have a difficult time getting to know each other better because of great distances.

While a new second chamber may not be the only answer to the problem of regionalism, considering the way discussions are going and the way political thought in this country is going, it will be a significant factor in giving the regions better representation in the future.

While the regions are very important, while they certainly must get more representation and while they must also be seen to get more representation and a fair chance, we still have the other side of the coin, which is the one person, one vote principle. Some of us from central Canada perhaps have a difficult time with that. While acknowledging the problems of the regions, we still have difficulty giving away the one man, one vote principle. If three quarters of the people—or whatever the percentage is—live in central Canada, the question is whether central Canada should have just half the votes rather than somewhat more or some other percentage. However, in spite of everything there is no question that with all the discussions going on in Canada in recent years, the regions in one way or another will be getting much more representation.

It is interesting to be back in the House with the hon. member for Winnipeg North Centre (Mr. Knowles). As hon. members know, I was here between 1968 and 1972. During those years I think at least once a year the hon. member for Winnipeg North Centre, for whom I have a great amount of respect, would get up on at least one occasion and give a speech somewhat similar to the one he gave this afternoon. He has been here in this House almost continuously since, I believe, 1942, and over those nearly 40 years he has made his points on this subject very clear. He has made good arguments.

Arguments on proportional representation and other things will be discussed in the future, but I think the argument of the hon. member for Vaudreuil regarding the fact that almost all federations have two chambers is quite a telling argument. The hon. member for Vaudreuil also mentioned the excellent work, which is acknowledged on all sides of the House, of members of the Senate in preparing reports of various kinds. There have been reports on poverty, retirement, science policy, a policy on the media and others, all of which are well known and acknowledged to be excellent.

As always happens, I am in the unfortunate position this afternoon of having two prepared speeches. One was prepared with the help of my excellent researcher, and one is from the Department of Justice. Two minutes really is not enough time in which to give either of them. However, in the years to come I think we will see that the subject of a second chamber will come up on more than one occasion. I hope it will come up not just in private members' hours such as this—which is a good chance to air some of these questions—but I presume we will also be discussing government proposed bills respecting new constitutional reforms in the future. Some of us will, in any event. We will talk about a second chamber because, despite the opinions of the hon. member for Winnipeg North Centre and many members of his party—opinions which are shared by some in other parts of the House—as I mentioned before, I think the realization is coming to more and more of us, including those of us from central Canada, that a second chamber, whether it is the Senate or whatever it will be called in the future, can have a significant role to play in the future of our parliamentary life.

May I call it five o'clock, Mr. Speaker?

Mr. Deputy Speaker: The hour provided for the consideration of private members' business has now expired. It being 5 p.m., this House stands adjourned until Monday next at 2 p.m. pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, January 26, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

ALLEGED RESPONSIBILITY OF MINISTER FOR DETERIORATION—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas in his first visit to Alberta since the infamous budget of October 28, 1980, the Minister of Energy, Mines and Resources (Mr. Lalonde) criticized the media for fomenting hostility between the east and the west, I therefore move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That the Minister of Energy, Mines and Resources cease and desist from blaming others, Premier Lougheed when in the east and the media when in the west, and accept full responsibility for the deteriorating economic conditions in Canada, including unemployment and shutdowns caused largely by his refusal to accept Premier Lougheed's offer of an oil agreement last July 25 and by his insistence on the levying of an export tax on natural gas.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

ISSUANCE OF HERRING ROE LICENCES—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I too rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Given the fact that the Minister of Fisheries and Oceans (Mr. LeBlanc) has announced new regulations affecting the herring roe fishery on the west coast which were developed without benefit of consultation with the herring advisory committee, and whereas these regulations propose that herring fishing privileges will be granted to a limited number of applicants on a draw-straw basis, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House rejects the cruel use of a lottery draw for issuing herring roe licences, as such a scheme will create hardships for those fishermen and their families who lose out on the luck of the draw.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SHIPPING

SUPERTANKER TEST RUNS IN STRAIT OF JUAN DE FUCA—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, in view of supertanker test runs in the Strait of Juan de Fuca, which are nothing more than public relations attempts to persuade people that oil tankers pose no threat to our coast, and in view of the heroic attempts of members of *Greenpeace* to expose the public relations aspect of these tests and to stop them, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House express its appreciation to *Greenpeace* and urge the government to make available legal aid to help those members of *Greenpeace* who were arrested for attempting to protect our coast and the representatives of British Columbia Television who were arrested for carrying out their responsibility of reporting this story to the Canadian public.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

POSITION TAKEN BY PROGRESSIVE CONSERVATIVE MEMBERS—MOTION UNDER S.O. 43

Mr. Jim Schroder (Guelph): Madam Speaker, I rise on a matter of urgent and pressing necessity. Given the comments of the hon. member for Etobicoke Centre (Mr. Wilson), who last Thursday, as recorded at page 6445 of *Hansard*, expressed his support for the "broad elements" of the National Energy Program, and given the comments of the Right Hon. Leader of the Opposition (Mr. Clark) in Windsor on the weekend that his policy on Petro-Canada was a mistake, I move, seconded by the hon. member for Sudbury (Mr. Frith):

S.O. 43

That this House urges the Leader of the Opposition to listen to his energy critic and not make another mistake in fighting the National Energy Program, for which his own critic states there is unanimous agreement throughout the country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NEW DEMOCRATIC PARTY

POSITION TAKEN ON PROPOSED RESOLUTION ON CONSTITUTION—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, in view of the fact that the legitimacy of political institutions is important to the maintenance of a free and democratic society, and in view of the fact that the Diefenbaker bill of rights asserts that our Canadian society is rooted in principles which acknowledge the supremacy of God, the dignity and worth of the human person, the position of the family and respect for moral and spiritual values, I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That this House respectfully request the New Democratic Party caucus to pause to reflect upon the erosion of the legitimacy of political institutions which results from its practice of using one member to argue against these values and a different member to vote for them in the constitutional committee.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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LEADER OF THE OPPOSITION

REPORTED SUPPORT OF PETRO-CANADA—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, considering the statement by the Leader of the Opposition (Mr. Clark), reported over the weekend, that if he had the opportunity again he would keep Petro-Canada as constituted and ensure that it stays strong, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House congratulates the Leader of the Opposition for his recent support of Petro-Canada and calls upon the president of Petro-Canada to send forthwith to the Leader of the Opposition a Petro-Canada credit card.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1410)

NEW DEMOCRATIC PARTY

CONSTITUTION COMMITTEE—POSITION TAKEN ON OWNERSHIP OF PROPERTY—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, in an interview on Sunday, the Leader of the New Democratic Party said there is no way his party will accept the Conservative amendment to the constitution resolution calling for the right of individual Canadians to own property, as is the case in all other free nations. This very basic right to the ownership of property goes to the very heart of our Canadian way of life and that of all free nations. I therefore move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House condemns the action of the New Democratic Party and its leader for their callous disregard of the right of Canadians to own property and that the Leader of the NDP be urged by the House to abandon his support of the Communist manifesto's call to nationalize and confiscate private property, and direct his efforts to the right of every citizen to own his little chunk of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

REFORM OF HOUSE RULES—CALL FOR TABLING OF PROPOSALS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in light of the deteriorating atmosphere in the House and the need to make the House a more effective democratic and parliamentary institution, I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That the government House leader be instructed to table without further delay the government's proposals on reform of the House rules.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

ALLEGED EFFECTS ON OIL INDUSTRY—MOTION UNDER S.O. 43

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, whereas on Monday of last week the number of oil industry vehicles at Coutts, Alberta, leaving Canada were backed up over one mile, whereas on Wednesday of last week 45 oil industry vehicles of one company and 15 oil industry vehicles of another company left Canada, and whereas such an exodus is not in the national interest and will particularly

harm the people of Quebec and the Atlantic provinces, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the government be condemned by this House for its sheer ignorance of the effects of the national energy policy when written, and for its bull-headed retention of a dogmatic, doctrinaire policy which is so harmful to the national interest.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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METRIC CONVERSION

OPTING OUT PRIVILEGE—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, the metric test centres of Peterborough and Kamloops have been permitted to opt out of metric in retail food stores. Should any of the 36 test centres slated to convert in January, 1982, in the retail food sector not wish to proceed at that time, they should be given a choice. Therefore I move under Standing Order 43, seconded by the hon. member for Red Deer (Mr. Towers):

That they be given the same opting-out privilege as Peterborough and Kamloops in 1982.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PARKS CANADA

HOUSING OF OFFICES—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, the government has a policy of housing Parks Canada offices in heritage structures across this country, and this is a good policy. However, in Winnipeg the government, in the administration of its policy, is threatening to scuttle its own policy by housing the Parks Canada office in a marginally historic building simply because it owns that building. Therefore I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the government reconsider that foolish action and house the Parks Canada offices all across this country in first-class historical buildings.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under Standing Order 43 to focus the attention of this assembly on a saga of economic crises of the first magnitude. The Minister of Finance is quoted in the January 24 issue of the *Financial Post* as saying he has three options, fiscal restraint, monetary restraint or wage and price controls, to combat stagflation. The minister asked anyone with better ideas to come forward. I move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

● (1415)

That there is a fourth option and that the Prime Minister exercise it by calling on the Governor General and offering his resignation and the resignations of the rest of the gang who could not shoot straight.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

EFFECT OF TAXES ON INDUSTRY

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, last week I asked the Deputy Prime Minister and Minister of Finance why the taxes in the National Energy Program hit the Canadian-owned segment of the industry much harder than the multinationals. At that time the minister said that he disagreed with my statement. I am sure he is aware of the survey of the Petroleum Monitoring Agency which indicated that large foreign-owned, integrated companies earned about half of their income from the production end of the business, the other half from marketing and refining, while Canadian-owned companies earned about three quarters of their income from the production end.

Why did the minister place the total impact of his taxes on the production side of the business, clearly to the detriment of Canadian-owned companies, when there was the obvious option of spreading the load farther afield, on the multinationals?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, again the hon. member returns to the theme he followed last week to the effect that the National Energy Program will adversely affect cash flow to Canadian companies—

Mr. Wilson: That is not what I said; the minister should listen.

Mr. MacEachen: —through the various elements of the program. I want to assure the House that whatever analysis has been conducted over the past, projecting into the future shows clearly that Canadian companies will benefit very considerably. They will have a very substantial cash flow in order to help them conduct their exploration activities. The hon. member has consistently failed to notice the benefits which will accrue to small and medium-size Canadian companies from the petroleum incentives program.

Mr. Wilson: Madam Speaker, I wish the minister would listen to my question; clearly that is not the question I asked. My question concerned the relative impact of the National Energy Program on Canadian companies compared to the multinationals.

I should like to quote another figure from the same monitoring survey. It shows that the integrated foreign-owned companies earned 16.7 per cent on their capital compared to the 7.7 per cent earned by Canadian producers, so it is clear the foreign-owned companies are twice as profitable as the Canadian ones. If two of the objectives of the National Energy Program are to encourage Canadianization and to be fair regarding impact of taxes, would the minister explain why the main impact of the taxes is being felt by the largest part of the Canadian-owned segment of the industry, the production side, while the multinationals can spread it over a much broader base?

Mr. MacEachen: Madam Speaker, the hon. member must examine the over-all impact of the program on the Canadian sector of the industry. It is pointless to relate it to a single tax without relating it to the over-all benefits which will accrue, especially from the petroleum incentives program. I am satisfied that under the NEP a typical small or medium-size oil and gas company will be in a considerably improved financial position in the period from 1981 to 1983 as a result of the petroleum incentives program. I am satisfied of that, and that is the main consideration the hon. member must take into account as he evaluates the over-all impact of all elements of the program. If he undertakes that evaluation carefully, it will lead precisely to the conclusion I have stated.

● (1420)

Mr. Wilson: Madam Speaker, possibly the minister would enlighten the people of this country, as well as many of his backbenchers who are asking the same questions I am asking. The fact is that Canadian-owned companies are proposing to spend much larger portions of their budgets outside this country in direct response to the National Energy Program.

I would like to return to my first question, Madam Speaker. I said the main impact of the new taxes under the National Energy Program is totally on the production end of the business with no new taxes on the downstream, that is, the marketing and refining side of the business. Clearly, if the government was striving for self-sufficiency it would be emphasizing production by having the least amount of taxes at that end of the business and putting more on the downstream side. My question to the minister is this. In view of the fact that he has not answered any of my questions relating to fairness, self-sufficiency or Canadianization, would he make a statement during the debate on Bill C-54 explaining to Canadians why it is that in each of these three objectives of the National Energy Program the tax policies he has set out are totally contrary to the objectives of the National Energy Program?

Mr. MacEachen: Madam Speaker, the hon. member and I obviously disagree very definitely on the impact of the National Energy Program. There will be an opportunity to debate these taxes in detail when they are considered by the House in Committee of the Whole. I hope I will be able to convince the hon. member at that time that he is mistaken in his totally unjustified conclusion.

The fact of the matter is that an analysis of the cash flow of a typical Canadian gas and oil producer demonstrates clearly that as a result of the National Energy Program the over-all cash position of these Canadian companies, of medium and small size, not heretofore eligible for depletion allowances or super depletion, will have their situation improved considerably. In my judgment that is fair. It will assist in the achievement of energy security and will accomplish one of the objectives of the National Energy Program, namely, to enhance the Canadianization of the industry.

REQUEST BY INDEPENDENT PETROLEUM ASSOCIATION FOR SPECIAL COMMITTEE TO STUDY PROGRAM

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my supplementary question is for the Deputy Prime Minister. This morning the Prime Minister had delivered to him by hand a letter from the Independent Petroleum Association of Canada, which represents the Canadian-owned sector of the business. The first paragraph of the letter reads:

> After three months of careful study, we the members of the Independent Petroleum Association of Canada have concluded that the National Energy Program will have disastrous consequences not only for our industry but for Canada's national goal of energy self-sufficiency and, indeed, the over-all economy.

This is in direct contradiction to everything the minister has just finished flim-flamming the House with. In its letter the IPA goes on to make a very reasonable request, namely, that a special joint committee of the Senate and House of Commons be established to study the National Energy Program and its ramifications with regard to Canada's energy self-sufficiency and the Canadian-owned oil and gas industry.

My question to the Deputy Prime Minister is: Will he accept this very reasonable request of the Independent Petroleum Association of Canada to establish this special committee so that all the facts—the government's facts, the industry's facts and our facts—can be put on the table and the people of Canada can be given a chance to judge?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe the request of the association to which the hon. member refers but with which I disagree is certainly reasonable, in so far as a request for an opportunity to have all the aspects of the program examined is concerned. That will be possible through the bill which has already been referred to committee by the House under the name of the Minister of Energy, Mines and Resources. It will also be possible through the bills which I hope will be given first reading today and which will be considered in the House of Commons and in the Senate. So it is possible for every point of view to be heard. It would be my wish that the fullest opportunity be given to have the facts laid out and the situation judged on the basis of fact rather than by what I consider to be, at times, ill-considered statements.

● (1425)

Mr. Andre: Madam Speaker, this so-called ill-considered statement was written by the association which represents about 325 Canadian owned oil and gas companies. These are not the multinationals. Would the Deputy Prime Minister reconsider his quick, off-the-cuff decision in view of the fact that he is talking about four or five bills to cover a variety of areas and that no one bill covers all the aspects of this particular program? Would it not speed up House business to have this program considered in toto by a special committee? With that kind of understanding, I am quite certain that the specific pieces of legislation would receive quicker passage through the House if, after the facts are out, the government would still want to sponsor the bills.

Mr. MacEachen: Madam Speaker, it is a fact that there are, as the hon. member has acknowledged, a number of bills containing components of the National Energy Program. The necessity for a number of bills, of course, arises from the rules of the House. If the government House leader can make arrangements with his counterparts in the opposition parties to find a better way to deal with these bills and to achieve, as the hon. member states, speedier passage and a more complete examination, I would be the first to support any such examination. However, we are proceeding according to the rules of the House, and these rules will provide ample opportunity for the consideration of every aspect of these bills. If a better method can be suggested, then it would receive my support.

* * *

CANADIAN ARMED FORCES

REPORTED TESTING OF CHEMICAL DEFOLIANTS

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is for the Minister of National Defence and it arises out of the question I directed to the Prime Minister on Friday morning. Is the minister now able to tell us why the government has repeatedly denied any involvement in product testing for Vietnam when this clearly was not so, particularly in light of the very disturbing comments which were made this weekend by Mr. Paul Hellyer, the minister of national defence at the time, that such tests were routine?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I read very carefully the question asked of the Prime Minister by the hon. member for Selkirk-Interlake last Friday, and I listened to his question today. I will give his question all the importance and concern which it merits. Over the weekend I read many of the reports in the media, and I hope that the hon. member did not over-dramatize the issue merely to get press coverage, because I refuse to play politics with the nerves of the people. This report is not secret; it was unclassified and available to everyone.

Mr. Lawrence: You did not know anything about it.

Mr. Lamontagne: I knew of the matter last September when it first came out and I am aware of the situation.

Mr. Baker (Nepean-Carleton): The Prime Minister did not know.

Mr. Lamontagne: It is true that DND collaborated with the United States in 1966-1967 to test the various formulations of different herbicides. I can assure hon. members that Canada's only interest in the tests was to obtain technical advice and assistance in range clearance and bush control. It has been alleged by some people that Agent Orange could be health hazardous, but there is no confirmation as yet. I do not believe that we should play with this question until we are sure that—

Madam Speaker: Order, please.

Mr. Sargeant: Madam Speaker, I would point out that this paper was not available through Canadian sources, that I had to obtain it through American sources by taking advantage of their freedom of information act. The minister has often said in the past year or so that chemical warfare testing in Canada was only of a defensive nature and was conducted only in the open air using harmless simulants. Will the minister kindly explain to the House how he defines the Gagetown tests as defensive, how he defines Agent Orange as a harmless simulant, and can he tell us if there were any other such tests?

● (1430)

Mr. Lamontagne: Madam Speaker, I think I have been very clear about this. I said the only interest of DND in this was to get technical advice and assistance on range clearing and bush control. If the hon. member wants proof that there was never any question about Vietnam or anything like that, we can take the main estimates in SCND of June 29, 1966, where Mr. MacLean asked about tenders. To his thinking, it was much too expensive to clear the bush on the Gagetown base and he asked for new tenders to see what kind of clearance we could get more cheaply.

I can assure the House that this hon. member is trying to make it appear as though we were involved in the Vietnam war. We were never mixed up in that. I listened to the answer of the Minister of National Health and Welfare on Friday.

My department is ready to collaborate in any kind of investigation to see whether this test involves any health hazard in the region of Oromocto, New Brunswick.

INQUIRY WHETHER ADDITIONAL TESTS CONDUCTED

Mr. Simon de Jong (Regina East): My supplementary is also directed to the Minister of National Defence and Acting Minister of Veterans Affairs. Since he knew about the tests last September, according to his statement just now in the House, did he at that time inform the ministry of health? If not, why not?

As a follow-up to my hon. colleague's question, if there were any further tests conducted in this country, would he please disclose what they were? Also, would he please contact the ministry of health so that they may monitor the health of the personnel as well as of people living in the immediate vicinity where the tests might have taken place?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, that series of questions could be placed on the Order Paper, if the hon. member wishes. In the meantime I can assure him that the number of personnel involved in this testing was very small, 11 military and two civilians. The area was the Gagetown base. I heard and read about this spraying over New Brunswick, and I can advise the hon. member that the spray was tested over a small area of Gagetown. Possibly the hon. member does not know that the Gagetown base is 45 miles long north-south and 30 miles wide east-west. A small portion was used for these tests, which does not mean the spray was tested over the whole of New Brunswick.

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[*Translation*]

RAILWAYS

DELAYS AND DERAILMENTS IN EASTERN QUEBEC—DATE OF INVESTIGATION

Mr. Rémi Bujold (Bonaventure-Îles-de-la-Madeleine): Madam Speaker, my question is for the Minister of Transport and concerns the decision made by the minister on January 14 to hold an investigation into the problems that plagued VIA Rail and more especially the population of eastern Quebec and eastern Canada during the holidays. Has the minister decided who will undertake this investigation; that is, either the Canadian Transport Commission or the Department of Transport, when it will get under way and how long it will last?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the investigation will be undertaken by the Canadian Transport Commission. I cannot give the hon. member the exact date when this investigation will be launched, but I shall inquire and provide him with the information.

[*English*]

PETRO-CANADA

CONTINUATION OF EXPLORATION AND DEVELOPMENT ACTIVITY

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance. It is with regard to energy policy. As the minister knows, the energy policy requires PetroCan to muster all of its resources in an effort to either back in, bully in, nose in or butt in with the activities now going on on federal lands. By so doing, of course, the Crown corporation has no resources left to continue activities in the conventional producing areas of this country. This causes all kinds of disruption in communities and the loss of jobs and technology.

Has the minister reviewed the energy policy in that context? Could direction go to the Crown corporation, asking it at least to continue last year's program in the areas of northeastern British Columbia and Alberta with regard to exploration and development?

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): As the hon. member knows, Madam Speaker, the National Energy Program does indeed provide a more active role for Petro-Canada in the development of frontier lands. That activity, however, is not such as to preclude continued participation in the search for conventional oil and gas resources on provincial lands. That activity on the part of Petro-Canada will be continuing. That is not to say that in certain parts of the country where wells may not have been discovered the emphasis has not been shifted elsewhere in the normal procedures of the exploration industry. However, participation in provincial lands and conventional sources will continue.

Mr. Oberle: Despite what the parliamentary secretary says, Petro-Canada rigs are crowding the highways, leaving the conventional producing and exploration areas in northeastern British Columbia. There is no PetroCan activity now, even though that is the only area in which they have any presence. It is the only refinery there. Will the government undertake to table before the House or the energy committee a program which Petro-Canada will be committed to in this and the following season in the conventional producing areas in order to restore some semblance of confidence in the energy economy throughout the country?

Mr. MacLaren: In answering a somewhat similar question from the hon. member in committee the other day, the minister stated that he would provide as far as possible the details the hon. member seeks. I shall be glad to see that that is done.

ADVISORY COUNCIL ON THE STATUS OF WOMEN

COMPOSITION OF COUNCIL—REQUEST COUNCIL REPORT TO PARLIAMENT

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is addressed to the minister responsible for the status of women. Having practically destroyed the Advisory Council on the Status of Women, the minister is now forced to turn—

Some hon. Members: Question!

Miss MacDonald: I see hon. members are waiting for the question. I will be glad to put the question. I am sure a lot of women would like to put questions to the minister. The minister is now forced to turn to women's organizations across the country to try to put the council back together again. He is becoming like the original Humpty-Dumpty. I would like to ask how he has gone about selecting these women's organizations with which he is asked to meet or, rather, why he has left our certain key women's organizations such as the Canadian Federation of Business and Professional Women, women representatives from the Canadian Union of Public Employees or the National Association of Women and the Law, all of whom strongly condemned the minister's actions in recent weeks. Will he tell us exactly why he has been so selective and left out representatives of the groups that I have named?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, it is a matter of some dispute as to who really is responsible for whatever damage has been done to the council. I ask the hon. member to examine her own conscience in that area.

Some hon. Members: Hear, hear!

Mr. Beatty: That is like blaming the police for the crime rate.

Mr. Axworthy: I would simply point out that the selection of groups was done on the advice of the council's office. They represent national organizations. If there are other groups which would like to be consulted, I would certainly be open to having discussions with them as well.

Miss MacDonald: Madam Speaker, all of these groups that I mentioned would have been at the original conference in February had the minister not interfered with it. Therefore, they are surely owed the courtesy of an invitation to any subsequent meeting. All of these groups in recent days have stated very strongly that they want to see the Advisory Council on the Status of Women report directly to Parliament and not to a minister. Even Win Gardner, the interim president of the advisory council, who has described the minister as a close and personal dear friend, over the weekend said that the council as it is now constituted could be open to political manipulation.

In view of all these representations, will the minister now agree, before the meeting takes place with these women's organizations, that the council will in future report directly to Parliament and not to a minister, such as the current one responsible for the status of women?

Mr. Axworthy: Madam Speaker, unlike the hon. member, I am not apt to judge pre-conceived solutions to problems. I am prepared to sit down with the groups we have invited to listen to their recommendations and advice. Once we have received those recommendations and advice, we will be prepared to act. I would like to give them the courtesy of hearing them first, unlike the hon. member who has already made up her mind, as she does in most cases, without benefit of the facts.

* * *

● (1440)

TRANSPORT

REQUEST FOR PUBLIC INVESTMENT IN URBAN TRANSPORTATION

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is for the Minister of Transport. I would draw to the minister's attention that the 2nd Cities Energy Conference is being held in Winnipeg this week. Their primary concern is to find alternatives to fossil fuels for urban transportation. In light of the fact that the federal government invests so little in urban transportation and that bus fares continue to rise all across the country, as evidenced here in Ottawa, does the minister not agree that now is the time to make a serious public investment in urban transportation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I would debate the premise that the federal government does not do much for urban transportation. There are programs, such as those for line relocation, grade separation, crossings, branch lines and so on, and therefore this topic would have to be debated. But I want to agree that the needs are unlimited. There was a time when having the main line in the centre of the city was a status symbol in Canada. The situation has now changed. Consequently there is a need for more money to be spent on urban transportation, and we do our best in that regard.

Mr. Keeper: Madam Speaker, the minister says he would like to debate whether the federal government invests much in urban transportation, but I point out to him that only one half of 1 per cent of the $1.85 billion federal financing for transportation goes for urban transportation. Three quarters of the funds under UTAP go into grade crossings to traverse rail lines and not into mass public transport.

Would the minister reconsider his first response and assure people from cities across Canada who will be in attendance at this conference that this government will now make a major investment in urban transportation?

Mr. Pepin: Madam Speaker, inasmuch as grade separation and rail line relocations are in cities, they are a contribution to urban transportation. That is the way the reasoning goes. Again, I agree with my hon. friend's proposition that more

money could be spent. I hereby declare solemnly that I will devote much of my effort to that objective.

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FEDERAL LANDS

YUKON—DISPOSITION OF CERTAIN LOTS WITHOUT TENDER

Hon. Erik Nielsen (Yukon): Madam Speaker, may I direct a question to the Minister of Indians Affairs and Northern Development, if his parliamentary secretary has finished briefing him.

Some hon. Members: Oh, oh!

Mr. Nielsen: Before doing so, may I welcome the Minister of Justice back from hospital to the House.

Some hon. Members: Hear, hear!

Mr. Nielsen: I hope he withstands the pressures of his constitutional responsibilities.

My question has to do with the disposition of federal lands in the Yukon. As the minister will know by now, a number of lots have been disposed of or are in the process of being disposed of in the Cowley Lake and Carcross road area to some rather prominent citizens, including the chief administrator of Yukon lands in the Yukon. This is being done without any public notification, without any public advertisement or without any call for public tenders. Is the minister aware of the circumstances, and what criteria were used in the exercise of discretion in accepting the applications? Does the minister know whether any public advertisement was made or whether any call for public tenders was made in the disposition of these several parcels of federal lands?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I did make note of some of the charges made in connection with this whole subject matter which the hon. member for Yukon is raising. I asked my department for a complete report, which I hoped to receive before question period. I have not received it as yet, but I do expect it this afternoon. I will endeavour to reply to the hon. member in considerably more detail tomorrow.

Mr. Nielsen: Madam Speaker, since the right to acquire and own lands, as the minister knows and as the Minister of Justice knows having held that portfolio for a number of years, is the single and most important matter in the minds of Yukoners and the single greatest irritant to the population of the Yukon, will the minister give me his assurance today that he will instruct his officials to freeze any disposition of those several parcels of federal lands until he has conducted a thorough investigation with respect to the manner and method adopted in their disposition, primarily the question of public advertisement and public tender? Included in that full investigation, would the minister determine whether or not any conflicts exist with respect to the acquisition of public lands by public servants, and whether or not all laws have been complied with respecting applications made by those public servants for the acquisition of federal lands?

Mr. Munro (Hamilton East): Madam Speaker, I can tell the hon. member that prior to coming into the House I was advised in general terms that no favouritism was displayed. As I have indicated to the hon. member, I have not received the details with respect to the subject matter which the hon. member is talking about. When I do receive them, as I hope to do this afternoon or tomorrow morning, if there is any suggestion on the face of the material before me of any impropriety whatsoever, of course I will take action, if not identical with what the hon. member is talking about, certainly to correct any impropriety.

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EXTERNAL AFFAIRS

SOUTH KOREA—COMMUTATION OF DEATH SENTENCE ON KIM DAE-JUNG

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Secretary of State for External Affairs. All members will be thankful that President Chun has used his considerable powers and has commuted the death sentence of Kim Dae-Jung, former leader of the non-communist forces in South Korea. Considering that originally Kim was sentenced to death for activities similar to those of Canada's present Prime Minister when he was leader of the opposition in Canada's Thirty-first Parliament, and since Canada's past protest was really only a token one, I ask the minister whether Canada will join in the international campaign for Kim, perhaps by following the lead of 3.5 million Japanese who have signed a petition demanding that Mr. Kim be set free, not just spared from death.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I would like to express the pleasure that I am sure we all feel at the commutation of Mr. Kim's death sentence which was taken following a motion by this House and following representations by this government. The international protest to which my hon. friend refers is not that of governments at the present time but that of citizens. The Government of Canada has no plans to join in such citizens' protests at this time.

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THE CONSTITUTION

SPECIAL JOINT COMMITTEE—AMENDMENT TO PROPOSED RESOLUTION RESPECTING PROPERTY RIGHTS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Minister of Justice whom I also welcome back to the House. Canadian Press reports this afternoon say that the Liberal Party is considering reneging on a commitment given by the Solicitor General on behalf of the Minister of Justice last week to include property rights in the

Canadian Constitution, a commitment which was supported by many Liberal Members of Parliament. Would the Minister of Justice assure the House and the millions of Canadians whose rights are at stake that those rights will not be sacrificed by the government in response to pressures applied by the NDP?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, first I would like to thank all members for their good wishes. I was not that sick; I had what you would call constitutional indigestion!

Some hon. Members: Oh, oh!

Mr. Chrétien: The doctor told me that the best remedy is to finish the job as quickly as possible!

Some hon. Members: Hear, hear!

An hon. Member: It is making us all sick.

Mr. Chrétien: Of course, Madam Speaker, I will be delighted to answer the hon. member's question in front of the committee, should he put it tonight.

Mr. Nielsen: It has already been answered there.

Mr. Beatty: Madam Speaker, the commitment was given last week before the committee by the Acting Minister of Justice.

My question for the minister deals with government policy, which the House of Commons is entitled to know. Does the government put a higher priority upon the wishes of the NDP in their opposition to government policy than it puts upon the wishes of 64 per cent of Canadians who have expressed their opposition to the course followed by the government? Is the government going to buckle from this pressure applied by the NDP and sacrifice the interests of millions of Canadians who want to see property rights included in the Constitution?

Mr. Chrétien: Madam Speaker, I will deal with the problem tonight, but I would like to tell the hon. member that during the summer, in the long negotiations that we had with the provinces, the main opposition to that clause was from provinces, from Conservative governments which form many provincial governments.

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● (1450)

INCOME TAX

IMPACT ON FINANCING OF VOLUNTARY ORGANIZATIONS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I should like to direct a question to the Secretary of State who is responsible within the government for the study of the voluntary sector. The Secretary of State is no doubt aware of the objectives and concerns of the coalition of national voluntary organizations in respect of the impact of federal income tax laws on the financing of voluntary organizations. What is he doing about this responsibility within government?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, we have initiated a number of decisions within government regarding the national voluntary organizations over the past few months. We have organized a number of meetings with officials of the Department of National Revenue and the Department of Finance. We are looking at the matter very closely indeed.

I should also like to point out to the hon. member that there is this upcoming consultation on Friday and Saturday with government, organized by the national voluntary organizations, and this will be one of the subjects of discussion.

INQUIRY WHETHER SPECIAL COMMITTEE ON TASK FORCE CONSIDERED

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my supplementary question is addressed to the government House leader. Has he given the studies we have now been informed are being carried on by the Secretary of State and other organizations within the government and outside the government some consideration, and specifically has he considered the formation of a special or select parliamentary committee or parliamentary task force in order that all of the propositions which may be forthcoming from the bureaucratic side, on the one hand, and from the public side, on the other, relating to voluntary matters may be brought to the attention of Parliament? In this way there could be a sounding board for those concerns, much as there was in a very positive way in respect of the handicapped and others, utilizing the offices of this Parliament?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Indeed, Madam Speaker, we have been able to see how effective this type of special committees of the House can be. Some of them reported on current matters in December and others have had their terms of reference extended and should report very shortly. The suggestion of my hon. colleague concerning the voluntary sector is interesting and I intend to discuss it with the Secretary of State and to consult my colleagues, the House leaders to see whether we could come to an agreement and establish such a special committee to examine this particular subject.

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[*English*]

CANADIAN BROADCASTING CORPORATION

RADIO-CANADA DISPUTE—REQUEST FOR APPOINTMENT OF MEDIATOR

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is for the Minister of Communications. As the minister knows, Radio-Canada's dispute with its journalists

has denied the people of Quebec news in both our official languages for almost three months now. The minister knows also that the union, through three mediation attempts by the Department of Labour principally, has made substantial concessions, and that the latest mediator appointed by the Minister of Labour quit last Monday, blaming the government and indicating that management was not serious. Is it now the minister's intention to urge his colleague, the Minister of Labour, to appoint a mediator with special powers to initiate real and serious negotiations so that this matter can come to a positive conclusion for both sides, plus the people of Quebec?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, we have indicated our interest on this side of the House in seeing the type of service the hon. member refers to resumed as soon as possible in the province of Quebec. The mediator referred to was, of course, appointed by my colleague the Minister of Labour. I have not seen the exact report to which the hon. member refers, but it would be up to the Minister of Labour, upon consideration of this report, to decide what action he wants to take. On my side, I am continuing my discussions with the Minister of Labour in the hope that we may find some way of settling this strike as soon as possible.

REQUEST FOR ACTION BY MINISTER OF LABOUR

Mr. Mark Rose (Mission-Port Moody): I think perhaps, Madam Speaker, what is now needed is an outside, independent mediator. Failing that, will the Deputy Prime Minister undertake to this House that, failing the efforts of an independent or outside mediator, if one is appointed and fails in his duties—and hopefully that will not happen—he will consult with the Minister of Labour urging him, telling him if necessary, to assume his responsibilities and have this matter settled, even if it means calling both parties into his office and keeping them there until it is settled?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have every confidence that the Minister of Labour will discharge his responsibilities in a very acceptable way.

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CUSTOMS TARIFF

REQUEST FOR REMOVAL OF DUTY ON BODY ARMOUR

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Madam Speaker, my question is for the Minister of State for Finance. Many individual policemen are investigating the purchase of body armour in order to protect themselves against serious acts of violence. The cost of this protection is very high but many individual policemen would like to purchase it on their own. Good quality body armour is presently imported under Canada Customs No. 56300 at a duty of 25 per cent, while police riot helmets, firemen's helmets and safety helmets are imported under Canada Customs No. 569401 tax-free.

Some hon. Members: Order.

Madam Speaker: Order, please. Would the hon. member please come to his question.

Mr. Hopkins: Will the minister take an in-depth look at this tariff item with a view to removing the 25 per cent duty on body armour if it is being purchased individually or departmentally by law enforcement agencies across Canada?

Mr. Nielsen: It is also made in Canada.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member for Renfrew-Nipissing-Pembroke has made numerous representations on that subject. I would like to point out to him that as a result of his efforts the department officials responsible for enforcing tariffs made a thorough inquiry into the importation of bullet-proof vests. I remind him that we cannot accept duty-free imports of bullet-proof vests produced in the United States because we do have Canadian manufacturers who market that product, and they are making every effort to improve it since it is used by the Royal Canadian Mounted Police and other law enforcement agencies throughout Canada. By affording protection to those Canadian manufacturers who continue working with the RCMP and other police forces to sell a better product we may be able to extend the market for such products to all police forces in Canada and even in the United States.

* * *

[*English*]

KREVER ROYAL COMMISSION

REPRESENTATION MADE BY COUNSEL FOR RCMP

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is for the Solicitor General who I know has now had time to study the provincial report of Mr. Justice Horace Krever who was sitting as a province of Ontario royal commissioner taking a look at the whole question of disclosure of medical records. During the course of those hearings counsel for the Royal Canadian Mounted Police assured the royal commissioner it had made complete disclosure to him and the force had not used any medical information, however obtained, for disruptive purposes. One of the main conclusions of the royal commission was, and I quote: "The RCMP . . . must have known that this representation was untrue." They must have known it was untrue, of course, because the matter had come before the McDonald commission.

I would ask the Solicitor General from whom, how and why would counsel for the RCMP have received instructions to make a representation that was blatantly untrue to the royal commissioner?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have indeed studied the report of the Krever commission. I do not accept the version the hon. member has given of the

statements made by counsel for the RCMP before that commission. However, there is no doubt that the commission did find fault with the RCMP in the provision of evidence to that commission.

I would prefer, however, not to comment on matters that took place in the past because of the fact, as the hon. member noted, the McDonald commission is studying these very matters and will be delivering a report on them. As I have not commented on matters coming out of the evidence before the McDonald commission, I do not think I should report or comment on matters which have come out before other commissions at this time. There will be a time for comment on such matters and I will be very forthcoming with the House when that time comes.

● (1500)

Mr. Lawrence: Madam Speaker, I am sure the Solicitor General understood that I was not talking about matters before the McDonald commission. I was talking about a very serious charge by a provincial royal commission concerning the credibility and the trustworthiness of the force as a whole and about the representations made to that provincial royal commission. Obviously the McDonald commission has not dealt with this matter because the solicitor general of the day was not brought before that commission.

Has the Solicitor General not caused some investigation into how patently untrue instructions were given to a counsel before a royal commission? Those patently untrue instructions resulted in a very serious element of misrepresentation not only by the counsel for the RCMP but also by the counsel for the commission.

Madam Speaker: Order.

Mr. Kaplan: Madam Speaker, anyone can read the Krever report. It is publicly available. When people do read it, they will see that the hon. member has misrepresented the observations made by that commission about the representations made before the commission.

When I looked into the matter, I did so to satisfy myself that the RCMP had, in one way or another and at one time or another, made all relevant information available to the Krever commission. I am satisfied from the information I have that they did that and that they eventually carried out the responsibility of all good citizens to bring information forward to royal commissions.

The comments which may be made or ought to be made about the conduct and forthrightness of the RCMP are general comments which the public will want to review and about which the public ought to be commenting, but for my part I will reserve my comments on that until the McDonald commission—which, after all, has all these matters before it—reports in due course later this year.

Oral Questions

ADVISORY COUNCIL ON THE STATUS OF WOMEN

STATEMENT OF MINISTER ON INACCURACY OF MINUTES OF MEETING

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the minister responsible for the status of women. On Friday Ms. Shelley-Ann Clark, the secretary of the Advisory Council on the Status of Women, said that the minister lied to the House when he stated that the minutes of the January 9 meeting of the council were inaccurate. Does the minister stand by the statement he made to the House?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, if the hon. member for Oshawa had been a little more careful, he would have checked my statements in the House. I indicated solely that there was an affidavit which attested to misrepresentations.

Mr. Nielsen: Where is it? Produce it.

Mr. Axworthy: I simply referred to the affidavit. I did not comment on that because I have not seen those minutes. I do not know whether they are accurate or not, but I did say there was an affidavit which had been deposed by five members of the executive committee so attesting.

Mr. Broadbent: Madam Speaker, the credibility of the minister, who is the person responsible for the status of women in this country, is undermined every time he answers a question in the House of Commons. Has he just indicated to the House that he has not seen the affidavit and, if not, in the interests of honesty and truth on this whole subject why has he not seen it? Will he assure the House that he will have a look at it and then come back to the House, produce it and make a statement in the House as to whether he has been conveying the right information or whether the secretary of the body in question is telling the truth?

Mr. Axworthy: Madam Speaker, as I have said many times in the House, this was a matter which should really have been resolved by the parties to that dispute. Those parties are the members of the executive committee who have publicly stated that they have signed an affidavit. I gather that the secretary says that what she recorded is accurate. If there is a problem, I suggest that the two parties to that disagreement resolve it between themselves or take the proper action. All I reported to this House was that there was an affidavit signed by executive members. If the hon. member wants me to obtain a copy of that affidavit, I would be prepared to ask the members of the executive committee to produce one. I would be glad to do that, but what I said was that I had not seen a copy of the minutes. I therefore have never commented on the accuracy of the statements, only that there was an affidavit.

Order Paper Questions

ROUTINE PROCEEDINGS

[*English*]

CANADA ELECTIONS ACT

MEASURE TO AMEND WITH RESPECT TO VOTING HOURS

Mr. David Kilgour (Edmonton-Strathcona) moved for leave to introduce Bill C-626, to amend the Canada Elections Act.

Some hon. Members: Explain.

Mr. Kilgour: Madam Speaker, this bill would provide that the time for voting in elections be adjusted in such a way that the people in the west see their votes count as much as those of anyone else in the country.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance) moved for leave to introduce Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*Translation*]

CANADA ELECTIONS ACT

AMENDMENT TO SHORTEN PERIOD REQUIRED TO HOLD ELECTIONS

Hon. Yvon Pinard (President of the Privy Council) moved for leave to introduce Bill C-58, to amend the Canada Elections Act.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,613, 1,783, 1,809, 1,810, 1,816 and 1,835.

[*Text*]

FEDERAL IDENTITY PROGRAM

Question No. 1,613—**Mr. Forrestall:**

What was the total amount spent by each department and agency under the Federal Identity Program for interior and exterior signs during the fiscal year (a) 1978-79 (b) 1979-80 (c) 1980-81 (estimate) and, in each case, how many signs were purchased?

Hon. Donald J. Johnston (President of the Treasury Board): The Federal Identity Program sets out the policy and the design standards which must apply to signs installed by all federal government organizations. Government-wide data has not been maintained to date on the number of signs employed by the government or on the costs of all signs installed by government organizations. Signage costs are normally included in over-all relocation costs. However, an inventory of signs used at buildings owned or managed by Public Works is now being conducted. The following data is now available with respect to costs: bilingual signage conversion program. In January, 1975, a signage conversion program estimated at $21.4 million over four fiscal years (FY 1975/76 to FY 1978/79) was approved for the purpose of ensuring conformity to the Official Languages Act of all signage owned or managed by the Department of Public Works. The Federal Identity Program sets out the standards under which government signage conforms to the Official Languages Act and policies pursuant to it. The actual cost of procuring the signs for this program, however, was $11.4 million over five fiscal years. Costs and numbers of signs procured for the last three fiscal years have been as follows:

		Costs	Numbers of signs
FY	78-79	$2,912,520	3,142
	79-80	$ 267,434	1,098
	80-81	$ 377,169	858

Addition of the "Canada" wordmark. In September, 1980, a new Federal Identity Program policy was approved by Treasury Board calling for the addition of the "Canada" wordmark to government signage. The purpose of the policy is to provide clear and consistent identification of all government facilities and services. The cost of implementing the policy, including the upgrading and improved maintenance of government signage in general, is estimated at $1.6 million in fiscal year 1980-81.

ADVERTISING EXPENDITURES

Question No. 1,783—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Teleglobe Canada for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by Teleglobe Canada that the reply to the above question is as follows:

(a) Advertising: $930,000.

(b) Free or subsidized publications—$90,000. This includes a number of brochures distributed free of charge to the

public; i.e. annual reports, folders, postcards on the corporation's satellite and cable stations, maps of Teleglobe's worldwide cable and satellite network.

(c) Other information conveyed to the public—$80,000. Teleglobe Canada has a public information program consisting of guided tours of its satellite stations, participation at exhibitions open to the public, issuance of press releases on newsworthy developments, speeches to school groups and professional associations.

DEFENCE CONSTRUCTION (1951) LIMITED

Question No. 1,809—**Mr. Herbert:**

Is all documentation issued by Defence Construction (1951) Limited in both official languages and, if not, for what reason?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): The tender and contract documents issued by Defence Construction (1951) Limited are available in both official languages as are any other publications that may be issued by the company for public consumption. Plans and specifications are prepared in both official languages by the Department of National Defence for those projects that are located in bilingual areas. (Bilingual areas are detailed in Annex B of the "Official Languages in the Public Service—Statement of Policies" prepared jointly by the Treasury Board and Public Service Commission, September, 1977). In addition, all directives, circulars, etc. of an administrative nature issued to the personnel of the company are prepared in both official languages.

Question No. 1,810—**Mr. Herbert:**

To which departments and agencies has Defence Construction (1951) Limited provided technical and administrative assistance in each of the past three years?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence):

1977-78 Department of National Defence.

1978-79 Department of National Defence.

1979-80 Department of National Defence, Treasury Board, Canadian International Development Agency.

Question No. 1,816—**Mr. Herbert:**

Are all employee salary costs of Defence Construction (1951) Limited charged to administrative costs and, if not, what amount has been charged in each of the past ten years to contract costs?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes.

GREENLAND—CONSULAR OFFICE

Question No. 1,835—**Mr. Herbert:**

Does the government have an embassy or consular office in Greenland and, if not, is it considering establishing such an office?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Canada maintains no embassy or consulate in Greenland. The Canadian Embassy in Copenhagen is accredited to Greenland as part of the Kingdom of Denmark. Establishment of a consulate in Greenland is not under active consideration at this time.

[*English*]

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

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Friday, January 23, consideration of the motion of Mr. MacEachen that Bill C-54, to amend the statute law relating to income tax, be read the second time and referred to the Committee of the Whole.

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I am pleased to participate for a few minutes in this debate this afternoon because I want to put on the record a few facts and figures with regard to this bill, and to demonstrate to our friends in this House and to the country just how the Canadian tax system has affected different tax-paying citizens throughout our country.

As we all know, the idea of collecting income tax in our country was not conceived at confederation. It came along after the First World War because we had to pay off some of our war debts. Later on the idea came along that the Income Tax Act could be used to redistribute wealth, equalize opportunities, adequately bring about a degree of equity and fairness to the country, and redistribute the benefits of the achievements of our industrial society.

• (1510)

I assume that the war debts have been paid off, in fact I know they have, certainly those that were accumulated after the First World War. But in the other area, namely, the concept of redistributing wealth, successive governments since that time have wrestled with the question of how it should be done on a more just and equitable basis. In doing so, this government in particular has been too preoccupied with the redistribution of wealth to remember how wealth is created in the first place. Soon we might be in the position of having nothing left and no new wealth to distribute. However, we can

rest assured that at least if we keep this government in power, everyone will have an equal share of nothing.

Will Rogers once said that the crime of taxation is not in the taking of it but rather in the way it is spent. If I were to recount in the House the horror stories to which we are being treated every year when the Auditor General publishes his report on how our tax dollars are being spent, it would be much more interesting, but instead this afternoon I want to talk a little about the manner in which our taxes are being collected in the first place.

Despite the government's assiduous attempts to redistribute our wealth, the poor in our country have become noticeably poorer and the rich have become noticeably richer in the ten years of the just society, which is entering its final phase now. Statistics tell us that the people who live in the lowest 20 per cent of the economic scale share only 4.4 per cent of the money earned in our country, and that the real income of that group has decreased by 7 per cent over the last ten years. So much for the just society. The rich have been getting richer and the poor have been getting poorer. There is a sort of inner circle, and the just society has been just for Liberals.

As you know, Mr. Speaker, the tax system operates on a graduating scale, which means that those who earn more pay a higher rate, and one's ability to pay is the guiding principle of the tax collector when he assesses our contribution. The Fraser Institute published an interesting set of statistics recently which take into account the fact that income tax is not the only form of taxation, that there are all kinds of other taxes to which individuals in our society are subjected. There is the profit tax, the income tax, and the sales tax. The sales tax includes tax on liquor, amusement, tobacco. There are excise taxes, the fuel tax, social security taxes, the pension contributions, all of which are taxes in disguise. There are property taxes, natural resources taxes, import duties, and all kinds of other taxes.

I would recommend that hon. members make themselves familiar with this set of statistics, which show that there is an obsession with taking from the rich and giving to the poor, the Robin Hood principle. A fellow asked me the other day if I could tell him of one person who has ever been helped by Robin Hood. It challenges your imagination to figure that out. These statistics are related to the 1978 tax year. A person earning $15,000 a year and paying all these additional taxes to which I have made reference, would have a net after tax income of $9,472 a year. A person earning $25,000, or $10,000 more, would have a net after tax income, or a disposable income, of $12,031 a year. But if you earn $40,000 a year, or $25,000 more than a person on the lowest rungs of the income scale, all you would have left after paying taxes along the way is $11,191. In other words, compared to people in the $15,000 income bracket, people in the $40,000 bracket would only have $2,000 more after all the other taxes, licences, fees, and so on have been paid.

It can be argued reasonably that a person earning $40,000 a year would purchase more consumer goods and so would pay a higher sales tax. It can be argued also that he has a larger home so his property taxes are higher, and really he should not complain. He does not complain, but the fact remains that of the $25,000 additional income, people in the higher income brackets pay $23,000 to some form of government, be it municipal, provincial, regional or federal. These are very important statistics.

One could reasonably argue that there is a large gap between the rich and the poor in this country which has nothing to do with taxation, but instead has to do with our credit economy, credit society. The fact is that people in the higher income brackets own their home, their car, their fridge and their television set, but people in the lower-income brackets buy these commodities on credit. There is an unwritten law that everybody must have certain basic things. The government seems to encourage people to have them and to believe they are entitled to certain basic things, whether it is their home, their car—and in this country it is pretty well an essential commodity—a fridge, and a television set to plug you into the mainstream of cultural life and activity. The fact is that people in the lower-income brackets purchase these things on credit and, in so doing, as you know, pay not once or twice but three times the price of their television sets, their cars or their refrigerators. That is really why the gap between the rich and the poor occurs. In other words, people who can least afford to do so, pay three times the price of their purchases to the banks and the financial institutions, to the social planners and social engineers who sit on the other side of the House and who take their pound of flesh in the form of taxes and fees. Those people who buy on credit get no relief from income tax, sales tax, or from any of the other taxes I mentioned.

I should like to speak now about equity and fairness and about the foundation on which our tax system is predicated, namely, that you should be assessed taxes in accordance with your ability to pay. As you know, one's ability to pay in this country varies dramatically according to where one lives. Incomes are higher in Vancouver, for example, than they are in St. John's, Newfoundland. Even in that part of our country which is known as the cultural and economic corridor, which runs along the U.S. border, there are large discrepancies.

But more specifically I should like to talk a little this afternoon about the incredible cost of living gap—cost of living being the factor which affects your ability to pay more than anything else—which exists between the area which I have identified as the economic corridor running along the border, and the remote, isolated frontier areas in our country, particularly the area north of the 60th parallel where less than 1 per cent of our population lives, an area which embraces more than two thirds of our total geography, and, to a lesser extent, of course, the area which is sometimes referred to as the mid-Canada corridor, embracing the remote and isolated areas in our provinces.

● (1520)

I have tabled a report before the Standing Committee on Indian Affairs and Northern Development. It is the subject of an ongoing study by three departments, the Department of

National Revenue, the Department of Finance, and the Department of Indian Affairs and Northern Development. I have assembled a number of statistics which demonstrate in very graphic terms the seriousness of the income gap and how it affects the ability of people in northern regions to pay not only their taxes but for the so-called niceties of life which other Canadians take for granted.

In some of the remote native villages north of sixty, and in the northern portions of the provinces, people pay $5 and $6 for a gallon of gasoline. One can argue: what is the difference—there are no roads anyway? But the fact remains that people in some of those areas rely on river transportation or boats which run on gasoline. Certainly in the wintertime their only mode of travel is by ski-doo and snow machines which require gasoline. Can one imagine what it would be like if people owning automobiles in Ottawa had to pay $5 or $6 per gallon of gasoline?

There are areas of the country which have no other access to the markets of the country than by air; their perishables are flown in by aircraft. We base our standard of living and the consumer price index on the cost of a shopping basket. The cost of shopping baskets in northern communities is two and three times that of the cost in city supermarkets. Is it any wonder that we remind the Prime Minister (Mr. Trudeau), when he travels around the world in his new-found endeavour concerning the North-South relation, of the serious discrepancies which exist in Canada? There are actually people in the north who are starving. Some of them live off the land; some of the inhabitants of native villages fry and cook porcupine because they cannot afford to buy beef, veal, pork, eggs or butter. But when their income tax is charged at the end of February, it does not take account of their inability to pay.

The tax rate which applies in the north is the same as in any other part of the country. It is for that reason I have wrestled with the problem for a couple of years, but I have been unable to get my views across to the majority of members who represent city ridings. They do not readily understand how serious is the problem. It is not only the consumer price index and the cost of essential commodities; it is the cost associated with children who require special care at hospitals or medical institutions. People in northern communities should be so lucky that their young persons complete high school education. If they want to continue their education by attending learning institutions in large cities, an incredible burden is placed on the average northern family. They are faced with transportation costs and costs associated with young people living away from home. Every time one picks up a telephone, one is placing a long distance call.

People in cities have the benefit of a postman delivering mail at their doors five days per week, and they do not even say "thank you". In the north, residents must start up their cars when it is 40 below zero and drive to post offices. They rent post office boxes for $6 per year, and they say "thank you" three or four times a year to the postmaster.

There are many discrepancies and inequities which seriously affect the ability of the people to pay and their commitment to the country. We are seeing people throughout Canada today who no longer feel that they are part of the nation as a whole; they feel left out. These people then begin to associate with another community of thought and to pursue actively and aggressively other and sometimes more radical alternatives.

I have made some proposals about which I want to speak this afternoon. It is not adequate to catalogue the problems and list the statistics. As Members of Parliament we should make constructive suggestions, which I have done in my report. Again I recommend it to my friends in the House. It is a non-partisan document, except on the first page in the introduction it refers to the Diefenbaker vision of the north. I think even the most partisan mind on the other side would know today that we were not really building roads from igloo to igloo, that the Dempster highway is now a very important transportation link to the storehouse of resources in the north and the Arctic ocean, and that we are really on the way to discovering the reality of the potential in store for us in the north.

The document is easy reading. It points out what other countries such as Australia and Denmark have done. For instance, in their treatment of taxpayers in Greenland, they have established precisely what I am proposing, namely, different tax zones. These tax zones are established in accordance with existing problems and along the principle of one's ability to pay, as I mentioned before. I have used the Australian model, as well as the criteria which the government uses in compensating its employees. This is what makes the document credible. I have used the example of people who are working for the federal government and are posted in isolated communities in the north, be it in the northern part of the provinces, north of sixty or in the Territories.

I have used the same criteria and have applied them to all Canadians living in the north. I used nothing other than the compensation which bureaucrats receive in the form of housing, travel allowances and northern living allowances and I came up with the staggering figure that Canadians living in the mid-Canada corridor north of sixty pay $470 million too much in personal income taxes every year. I applied nothing but the basic principles of equity, fairness, and ability to pay.

This is a somewhat staggering statistic, particularly when one considers that I am talking about no more than 5 per cent of our population. Less than one per cent lives north of 60, but a total of 5 per cent of our population live in the northern areas remote from what I have described as the mid-Canada corridor. The document includes a map which readily identifies the different areas. Public servants posted in the north receive between $1,000 to $12,000 per year in the form of northern living allowances. It is a straight cash payment because it is costly, difficult and inequitable for federal public servants to cope with the harsh realities of northern living. If it is difficult for federal public servants, obviously it must be equally difficult for the small entrepreneur such as the baker, plumber, shoemaker, and their employees to cope with the same realities. Is it not reasonable to say that the only way to establish any degree of equity and fairness would be through

the Income Tax Act, rather than the way the government has been doing it?

● (1530)

For instance, I contend that if we applied the most basic principles in the territories, about which I have spoken, only the owners of the mines, people who earn in excess of $80,000 or $100,000 a year should be paying income tax. Everyone else who lives on low or medium wages should not have to pay any income tax. This would apply to those who live north of the 60th parallel.

My report suggests the establishment of three tax zones. For the record I would like to establish the perimeters of the zones by identifying northern Canada, which are the two zones I talk about. I say that northern Canada is that area north of the 55th parallel in British Columbia and Alberta, north of the 54th parallel in Saskatchewan, north of the 52nd parallel in Manitoba, and north of the 50th parallel in the other provinces. Naturally, the Queen Charlotte Islands and other small islands off the coast of northern Canada and the provinces would also have to receive special consideration, as would some of the maritime provinces which suffer identifiable and serious regional and economic problems.

If you want to be fair and equitable to all Canadians, to equalize opportunity and charge taxes in accordance with one's ability to pay, there is only one tool which the government has, and that is the Income Tax Act. I cannot sit idly by and watch how this government is treating northerners just because there is no political power there. The attitude is: you can just dump on them.

There are some serious problems in the north. I have said in the House that there is starvation in the north, and I am not exaggerating. Certainly, there is an incredibly poor standard of housing in most northern communities, unless you are a member of middle management or a senior bureaucrat posted to Yellowknife. If you are one of these fortunate people you may have the key to the penthouse in Yellowknife Place, or whatever it is called, where there is a quarter million dollars worth of Eskimo carvings, and all the amenities of large city living. But that is not the standard. The standard is incredibly poor housing, particularly in the small northern communities. In some of the native communities there is no housing at all. There are certainly no opportunities for the younger citizens in this area to grow up and integrate, assimilate into the mainstream of Canada life, and to participate in the immense promise which this country holds out to its citizens.

I have assembled statistics which deal with the way in which Canadians communicate with one another. I have talked about the number of telephones, television sets, and the number of electrical appliances found in an average northern home as compared with an average home in a large city. I have assembled the daily temperatures, since inclement weather has a great deal to do with one's ability to pay.

If you are building a home in the north it costs thousands of dollars more to put in additional insulation. Invariably you build in a more sophisticated and expensive heating system. Your fuel costs are three times greater than they are in more populated areas. It is true some of our larger cities are not located in the temperate zone along the American border, and heating is much more critical in the north. You get one third of the mileage and one third of the lifespan out of a car than you would get in the city. There is no public transit in the north. You are left to your own devices. Every time you travel a long distance you must do so on a chartered carrier at great expense and, quite often, the facilities are not available to you. As I have said, you use much more gasoline in the north. You need to buy more clothing. Your children must have new boots every year. All these things add up to a monstrous bill.

There exists a myth about the north, which I hear from some of my friends who are critical of my report. They say that all northerners are making big wages. Indeed, I had a call from a member of the Steelworkers Union in Tungsten. He is a shop steward there and he is very much concerned that if my proposal were accepted Tungsten Mines would immediately say to their employees, "We do not have to pay you a northern living allowance. Since you do not have to pay any income tax, we are no longer entitled to deduct from our profits that portion which we pay to you in northern living allowance." The steelworker who called me said that all he would benefit by as a result of my proposal would be $15,000, since that is what he pays in tax. He is obviously one of those people who the average person thinks of as being so well-off in the north. He does make a good wage, and so he should. In addition to the wage, which requires him to pay $15,000 in income tax, he receives from his company $24,000 a year in a northern living allowance. The companies have no other choice. If they want people to work up there in that harsh environment they must pay out the necessary incentives in order to entice people to go there.

The steelworker says that all he would save is $15,000, the net result being that he would be out to the tune of $9,000. I sympathize with that particular situation, but it is not the rule. In fact there are a great many people working in Yellowknife, Inuvik, Tuktoyaktuk and in many other small communities who are working for less than the minimum wage which prevails in Canada as a whole, and in the provinces. People do not earn excessive wages in the north. That is simply a myth which must be dispelled. We must come to grips with the reality of northern living before we can look realistically at the proposals I have made.

I must say in fairness to the Minister of National Revenue (Mr. Rompkey) and to the Minister of Finance (Mr. MacEachen) that, as a result of the May election and the actions of the Minister of National Revenue, I discovered that even though persons in the north were not charged income tax for the money they had earned by way of northern living allowances, travel allowances and so on, there was no provision for it in the Income Tax Act. No one has ever pursued that and charged those people. I suppose when the Conservative government was elected that was a good way to get at the government, if you were a bureaucrat who obtained your job from the Liberal government. So they moved in and said, "From now on

everybody must pay income tax on their northern living allowances."

Let us not forget that we are only talking about people working for large corporations, which can afford to pass the cost of all the benefits they are paying to their employees on to the consumer, since they are operating outside the sphere of the guidelines and the realities of the free enterprise system. Or we are talking about people who work for federal or provincial agencies. As a result, up went the cry of "No Way!"

Then we were into an election and the liberal minister, campaigning to the north, had to make a commitment that he would bring in some remission orders which would allow northern employees to earn those benefits free of income tax. Indeed, the remission order was issued just in time to convince those people who had faith in the former Liberal administration to restore their faith in the new Liberal administration. The remission order was issued and it was extended for a year.

At the present time the government has committees dealing with finance, revenue, and northern affairs studying what should be done in the future about these northern benefits. I am told by all the ministers that my report is receiving very serious and earnest consideration, particularly in light of the fact that it proposes a solution which has served quite efficiently, with equity and fairness, in Australia. With your permission, sir, I will read into the record a certain section of the Australian tax act which deals with this matter.

● (1540)

Section 79A of the Australian income tax act contains a map breaking down the tax zones of the country into zone A and zone B and, with regard to these zones, section 79A(1) reads:

> For the purpose of granting to residents of the prescribed area an income tax concession in recognition of the disadvantages to which they are subject because of the uncongenial climatic conditions, isolation and high cost of living in Zone A and, to a lesser extent, in Zone B, in comparison with parts of Australia not included in the prescribed area, a taxpayer who is a resident of the prescribed area in the year of income is entitled, in his assessment in respect of income in that year of income, to a rebate of tax ascertained in accordance with this section.

In other words, if one lives in zone A where the cost of living is higher, one pays less income tax. Accordingly, the personal exemptions are higher and adjustments are made in accordance with the cost of living and the consumer price index. Given the fact that there are some discrepancies with respect to one's ability to pay their taxes, a country as rich in geography as Canada can do nothing else but follow the examples of Australia and Denmark.

There are even incentives for people in the Soviet Union who make a commitment to live in Siberia or the harsher climates of that country. I do not suggest that those incentives be compared with anything which we are discussing, but certainly the young Soviet who goes to university receives certain advantages if he or she makes a commitment to spend the first few years of their productive lives in parts of that country which are less congenial to live in than other parts of the country.

I realize that the bill before us includes a section which deals with remission orders, but it only deals with a small part of the problem, namely, the employees of provincial governments, the federal government and of large multinational corporations which can afford to pay living allowances in order to entice employees to isolated areas. This government has a responsibility to all Canadians, not just to those who are protected by the federal government itself or by large unions.

The government should take as examples these other countries and remove this obvious discrepancy which plagues the people of the north. As I have said, I have assurances from all the ministers that this report will receive serious consideration. I was terribly disappointed that this bill did not include an indication, at least, that the government is planning its tax regime or its tax strategy into the twenty-first century to accommodate for these obvious discrepancies. Nevertheless, I am hopeful, and certainly it is an achievement that the report is even being studied in the first place because it is a private member's effort. I see that the Minister of Finance and the Minister of National Revenue are sitting together. They are probably plotting the strategy on which my proposals will be accepted.

Mr. Evans: It is the Minister of State for Finance. The Minister of National Revenue sits over here.

Mr. Oberle: Even the economic wizard who comes from the centre of the nation's capital is being aroused by the compelling argument which I am making on behalf of northerners.

Mr. Evans: The Minister of National Revenue sits over here. That is the Minister of State for Finance.

Mr. Oberle: I see. I am being lectured on the various titles of the ministers, none of whom have given any indication so far that they understand the reality of this country. I do not care who eventually brings in or proposes a bill to champion such a cause, whether it is the Minister of Finance, the Minister of National Revenue, or the Minister of State for Finance (Mr. Bussières). Until there are such provisions, we will face the feelings of alienation and even of separation of the people of the north who look upon themselves as colonial subjects oppressed by an insensitive colonial regime which is in no way interested in being equitable and fair to all its citizens, but, rather, more interested in catering to political realities and securing its political fortunes, which lie, of course, in the concrete jungles or the large cities of this country.

Instead of planning effectively toward northern development to realize the legitimate aspirations and concerns of the people who live there, the government seems to be planning for even larger cities in this country. It is strange as one travels through the more densely populated areas of Europe, as in Germany, for example, that there is not a city there which is as large as Toronto or Montreal, or as large as Winnipeg or Vancouver would like to be. There are 66 million people in Germany in an area as large as the constituency of Prince George-Peace River, which covers roughly one third of the province of British Columbia.

Why do we want to place all our people in these areas, which I call "breeding grounds for human misery" or have

people live in our concrete jungles, one on top of the other when Canada is so rich in opportunity, economy and in geography in its hinterlands? There is no way in which this country will ever achieve its potential unless we encourage more people to leave the herd. I suppose we can call it the herd instinct, where everybody wants to be a part of the masses which seem to gather in the large concrete jungles of this country.

Until the government holds out some very real incentives for people to move north to develop our frontier, this country will not and cannot achieve the potential of which it is capable, that of being one of the truly great nations in the universe. It is a matter which lends itself to deliberate public policy, but the direction of the development in the north has been downhill. For example, in 1930 there were more farmers in the Northwest Territories than there are today. It is a deliberate policy of this government to stifle growth in the north and to force people to leave there, because it wants the area for some kind of great national park which is forever the domain of nature.

Canada cannot afford this kind of development. I am not saying that Canadians should rush up north and build massive infrastructures to rape the north of its resources. I am saying that with today's technology and knowledge about the way in which such areas can be developed in harmony with the legitimate concerns of environment and ecology, for example, we can develop our north in a way which will offer a much better future for the people who live there, a future in which they are treated equitably in terms of taxation and which will be beneficial to our country as a whole.

The factories and economies of the large cities of the south are totally dependent on the resources of the north. It is not fair or right that the only reason for going north is to rape that part of the country of its resources for the benefit of those who have a certain romanticism for living in the north but who are in no way interested in developing and populating that part of the country.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, on entering into the debate on Bill C-54, an act to amend the statute law relating to income tax, this afternoon, I want to deal with the portion of the bill which affects the petroleum industry, the devastating effects of the energy bill and the contents of this bill, and the serious delays these bills will cause to Canada becoming self-sufficient in energy.

● (1550)

The budget, energy bill and this bill have been studied in great detail by many experts in all fields across Canada. I have yet to find a report favouring the contents of these bills, especially the energy package. I want to quote from a report out of Montreal last week which includes some comments by the new president of the Canadian Chamber of Commerce. I quote:

> The federal budget and the National Energy Program have crushed the guarded optimism expressed by Canada's economists a year ago, says Stanley Roberts, president of the Canadian Chamber of Commerce.
>
> 'We've been pushed back into an economic slump and I don't expect we'll begin to climb out until the last half of 1981,' Roberts said at a seminar Thursday on government action and its effect on business. It was Roberts' first appearance in Quebec since he was named to head the national group.
>
> 'The energy program was designed to achieve certain goals', he said. 'However, something serious happened between the time the objectives were written and the time the details were put behind them because they just don't go together.'

The main reason the Liberals continually push this energy package is they feel it will catch the imagination of the Canadian people who have very strong feelings against oil companies and multinationals. The Liberals thought that if they introduced a program to nationalize the industry, it would do great things for them politically. This has completely backfired. It caught the imagination of Canadians all right. However, they are concerned because the government is not backtracking and is not prepared to make changes in its energy package and this tax bill. It is strictly for political motivation that all of this is being done. They think it is best for the Liberal party. It has nothing to do with what is best for Canada.

Mr. Roberts went on to say:

> 'The program is ill-conceived. No one—not a columnist, an economist or a political observer who has studied (it) and its implications—favors it. Even the people it purports to help have said 'no thanks.' It therefore must be stopped.'
>
> Roberts, speaking to members of the Quebec Chamber of Commerce, also said Canadian 'oil prices must rise much more quickly if we hope to be effective in conserving our resources . . . '
>
> In a question period later, however, he stressed that Canadian prices did not necessarily have to rise to world levels. 'What we want is a Canadian price that will keep the Canadian developer, the Canadian exploration program, up to level and will encourage the tar sands and heavy oil programs to go ahead.'

That, of course, is not happening. They are all grinding to a halt.

> The brunt of his criticism, however, bore on the over-all energy policy proposed by the Trudeau government—'this mistaken plan,' as Roberts called it later.
>
> Many drilling rigs are already idle because of it, he reiterated, and some have fled to the United States.

I will be going into those figures in more detail in a minute.

> As for Canadianizing the oil and gas industry, the program 'fails miserably.'

It certainly has failed miserably. Just before the beginning of question period today, we heard some excellent statistics quoted by the hon. member for Lethbridge-Foothills (Mr. Thacker). He introduced a motion calling for condemnation of the government, pointing out that on Monday of last week oil trucks at Coutts, Alberta, leaving Canada were backed up for one mile. That does not have anything to do with an attack on multinationals or the big oil barons. That is Canadian workers leaving the country with their equipment. The hon. member for Lethbridge-Foothills also pointed out that on Wednesday of last week 45 oil trucks of one company and 15 of another left Canada. That will have a devastating effect on Canada's economy. It will affect everybody, not just the oil barons and multinational companies. Imagine, trucks lined up for one mile leaving this country. What are the Liberals going to do about it? Absolutely nothing.

The budget, energy policy and this tax bill are certainly good for the economy—the economy of the United States. The

Liberal government is the best friend the United States has ever had. It assists their economy with the exodus of our capital.

A couple of weeks ago we heard some interesting statistics with regard to the amount of money which is going into the state of New York. With one chunk of Canadian capital going there, 3,700 new jobs were created in the state of New York. That is as a result of the Liberal policy driving investment, truckers, oil companies, and everybody else out of this country.

I want to point out what it costs daily to import oil. With this policy, we have to import more and more of our oil. Approximately a year ago it cost the Canadian taxpayers $5.1 million per day for imported oil. That is not per week or per month, but per day. Today it costs Canadians $10.8 million daily for imported oil. This will be increased because we will not be becoming self-sufficient. We will have to rely almost totally on the OPEC countries for oil, at the rate we are going.

Just today I received a letter from a small Canadian oil company. I had never heard of it before. Perhaps most Canadians have not heard of it. I refer to Dynamar Energy Limited, a small struggling firm which is 95 per cent Canadian owned. It is not a multinational. There is not some baron in a foreign country controlling it and gouging the Canadian people, as the Liberals try to make the Canadian public believe.

Dynamar is a junior oil and gas producer, four years old, over 95 per cent Canadian owned, with assets of approximately $45 million. Its shares are publicly traded on the stock exchange. In the documentation I received today, they point out the effects that the new tax laws and energy package of the Liberal party will have on their company. I quote from a letter to their shareholders and to Members of Parliament:

> We believe that Dynamar is representative of a rapidly expanding sector of the oil and gas industry—that is, the Canadian owned independents. The National Energy Program, as presently drafted, will reduce our ability to sustain our rate of growth and thereby seriously endanger the critical search for Canadian oil and gas self-sufficiency.
>
> We earnestly urge you, as one of the leaders of Canada, to re-examine the energy program and to readdress the methods and priorities identified therein.

I hope government members will read this documentation when it comes to their offices and make representations to the stubborn Minister of Finance (Mr. MacEachen) and the very stubborn Minister of Energy, Mines and Resources (Mr. Lalonde), who have given no indication they will bring in corrective measures to this legislation which is having such a devastating effect on Canada's situation.

In the Dynamar documentation, they point out how the contents of this bill and the energy package are affecting them. They go into some detail. I quote:

> The 8 per cent Petroleum and Gas Revenue Tax to be applied against all operating income (including royalty production) will reduce our 1981 cash flow by about $470,000. This represents an 11.2 per cent reduction in net income before income tax. On an after tax basis the reduction would be about 22 per cent.

These firms cannot operate without a proper cash flow. This struggling Canadian company is trying to make a go of it, but cannot handle the additional burden of the Liberal Party on its back.

They also point out:

> The Petroleum Incentives Program, which should be maximized for Dynamar since we are over 95 per cent Canadian owned, will have an uncertain effect on our capital planning—

● (1600)

Capital planning means job losses. They will not be buying goods and services from Ontario which are used for oil companies to operate in the west.

The letter to shareholders continues:

> Early indications suggest that the federal government plans to adopt very restrictive definitions relative to these incentives such that their real value will be relatively modest.

Yes, it is a high cost which Canadians will have to pay for these nationalization problems. It is unbelievable that this government is continuing with such a policy when it is evident what a devastating effect it had on Great Britain which nationalized industry, bringing that great country to its knees.

The letter to shareholders continues:

> For the interim we will continue work in Canada to the extent of that in progress or meeting specific commitments. Final policy decisions on expanding exploration programs will be taken after the National Energy Program is fully clarified.

That means there will be a slowdown.

The letter continues:

> Expansion of our activities principally in the United States is proceeding as a major priority.

It is a major priority to send rigs and to do exploration in the United States. With the ridiculous policy introduced by the Liberal Party there will be a slowdown in Dynamar's operations in Canada. I say three cheers for socialism and nationalization.

This letter continues:

> The federal government has apparently decided that new oil and gas resources can be most effectively found through large Crown corporations in combination with full state intrusion into all phases of the industry. Such a position indicates a remarkable lack of comprehension of the nature of the practical aspects of oil and gas exploration and development.

The government is doing this because the Liberal Party is strictly politically motivated. The letter continues:

> The delivery of a 25.0 per cent carried interest in federal lands, at no cost, to the Crown corporation is simply a form of expropriation. The rationale that the federal government "earned" this interest through tax incentives is indefensible. This aspect of the program should be distressing to every Canadian.

The letter concludes:

> It is apparent that if this federal policy as presently stated continues there will be a very substantial reduction in opportunities for investors in the Canadian oil and gas industry. We urge each shareholder to individually address this matter at every opportunity.

A lot of the shareholders are the little guys who have shares. They are the ones who will be suffering, not the big guys.

There are approximately 700 small oil companies in Canada which belong to the Independent Petroleum Association of Canada. This association has put out an excellent document. It has been distributed around the country in an effort to get the

message to the federal government and to the people. In this handout, in large lettering it says:

Mr. Lalonde Your Energy Policy Will Harm Canadians.

This has nothing to do with multinationals or oil barons.

This handout contains five paragraphs. The first one reads:

It will make Canadians more dependent on expensive, insecure foreign oil.

I have already pointed out the cost of that to the Canadian taxpayer. The amount is something like $11.8 million a day.

The second paragraph reads:

It will cost Canadians more for gasoline and heating oil in the long run.

Of course, in the last election the Liberals promised the Canadian people cheap gas. This promise has not materialized. In parts of Canada, gas has gone up 40 cents to 42 cents per gallon and the cost is increasing on a regular basis. So much for Liberal promises, and so much for cheap gas.

The third paragraph reads:

It will delay essential frontier exploration, oil sands plants and heavy oil development.

The trucks, rigs, equipment and companies which are leaving Canada do not go back and forth every other week. It does not matter whether things improve here in a few weeks, they do not come back. They go down for months and years. We will never see many of them again.

The fourth paragraph reads:

It will cost thousands of jobs that could be created by the oil industry across Canada.

We have one million unemployed and the government is introducing policies like this which is driving investment, industry, trucking companies and everything out of the country. The Liberals' alternative to all of this is the short-term Canada Works program, including Flip and Flop and all the rest. There is no way those programs will make up for this devastating policy of driving business and money out of the country.

The last paragraph reads:

Canada must achieve oil self-sufficiency.

When we were the government, that was our aim. We had a program to make ourselves self-sufficient. We did not introduce a program to drive industry and business out of the country and make ghost towns out of places such as Cold Lake, etc.

The last paragraph continues:

We are the companies your program was supposed to help—the independent Canadian companies. It doesn't help us—it has stopped us in our tracks.

These stubborn Liberals are just going to leave them stopped in their tracks because they do not care.

The last sentence reads:

We urge you to reconsider this program for the good of all Canadians.

Let us hope and pray the Liberals will reconsider.

An hon. Member: They do not care.

Mr. McKenzie: Let us hope the stubborn and politically motivated Liberals will reconsider.

Mr. Paproski: All Collenette can do is laugh.

Mr. McKenzie: That is fitting.

There are other effects on the consumer regarding home heating in this bill. By 1983 Canadians using natural gas to heat their homes will be paying almost $70 per year as an excise tax to their government. This is a Liberal tax. By 1983, oil heating will cost between $400 and $512 more a year. Up to $350 of this amount will be as a result of new Liberal taxes. There is absolutely nothing contained in the budget or this bill to protect the low-income earner. We introduced a tax credit plan for low and middle-income people so as to assist them with high energy costs. But there is absolutely no provision to assist the poor, the low-income and the middle-income people with the devastating effects of the Liberal policy.

Regarding transportation, by the end of 1983 gasoline prices will have risen by 15.2 cents per litre. That is 70 cents per gallon. So much for cheap gas. The average driver will pay $400 more per year, $272 of which is in new federal government taxes. The government has not missed an angle in finding ways of taxing Canadians.

The hon. member for Brandon-Souris (Mr. Dinsdale) will be going into another aspect later on this week concerning a new sales tax which the government has brought in affecting small businesses, in that it will not be economic for small business to hire the handicapped or have different handicapped workshops do work for industry. It will be cheaper to have the work done out of the country. The government then introduces another program to assist the handicapped. Last week we heard about a program to assist industry to hire handicapped. There are programs to assist them and there are other programs which do not make it advantageous to hire the handicapped. The government simply does not know what it is doing.

As I have pointed out, there is no compensation at all for low-income users of energy. I want to read from another recent article. This came from the Canadian Council on Social Development. This group studied the budget and the energy package in detail. They have pointed out the devastating impact they are having on low-income Canadians. There is absolutely no assistance in any way to assist these people with their higher energy costs. A spokesman for the Canadian Council on Social Development pointed out:

—that the new tax increases announced in the budget will add $14.3 billion to the federal treasury over the next three years, but only $345 million per year in new funds have been devoted to increasing the incomes of Canada's poorest pensioners.

We will be in for some rough times in Canada with the budget, the National Energy Program, and Bill C-54.

● (1610)

The present Minister of Finance probably got the shock of his life when he took over this portfolio and found the mess we are in in this country. I do not think he fully realized the

situation, as most of his time here in Ottawa has been spent in dealing with political manipulations. I think he is getting his eyes opened. Perhaps he is a concerned man, but apparently he is not going to back down, for whatever reasons, and we are going to have to suffer the consequences.

In addition the Independent Petroleum Association of Canada has further criticism of the energy policy. That organization represents the very group the budget is supposed to help, small Canadian oil companies.

The association claims the tax regime and the national energy policy will cut cash flow by 22 per cent to 33 per cent, and that could certainly hurt small and medium-sized Canadian firms. There is no question about that; they just cannot stand those reductions. The 8 per cent tax on gross revenues is not deductible and this translates into a deduction from corporate profits of 25 per cent. There is no way small firms can stand a 25 per cent reduction in profits.

The Liberal government, through its budget and energy package, has made no allowance for inflation accounting. The government does not realize today that companies have to make exceedingly large profits to survive because of inflation, yet I have never heard any Liberal cabinet minister, a finance minister or any of the rest, talk about inflation accounting to make allowance for inflation when dealing with profits of oil firms or any other firms.

The IPAC says the national energy policy works against two of its major objectives, Canadianization of the industry, and security of supply. The new system is reducing investment in Canada, shifting it to the United States. The national energy policy is seen to delay energy self-sufficiency. Dow Chemical and the Independent Petroleum Association of Canada have said the Liberal energy policy will delay energy self-sufficiency, and one big reason for this view is that private investment is being reduced.

What the Liberal Party is working toward is having this country at the mercy of multinationals. That party is the best friend the multinationals and the OPEC countries have ever had. We are doing more to create work and jobs in OPEC countries than in Canada.

The Canadian Association of Oilwell Drilling Contractors reported that 11,360 rig workers have lost their jobs since the October 28 budget, and the effects of this Bill C-54 will be driving more out. As my colleague, the hon. member for Esquimalt-Saanich (Mr. Munro) says, the government has the full backing of the NDP. Another 28,000 workers in oil-related industries throughout Canada will lose their jobs by March. In total, 40,000 Canadians in oil-related jobs will be out of work by spring. They can apply for the Canada Works program, and that is the Liberal Party's alternative to all these people who are going to be losing their jobs.

The association has also said 43 drilling and 15 servicing rigs have now gone to the United States. This figure has probably increased since the latest figure quoted by the hon. member from Lethbridge today, and I am sure the figure is increasing daily. A record 174 drilling rigs have gone out of service and remain in Canada gathering dust.

The National Energy Program and the lack of an agreement with Alberta are causing delays in virtually every tar sands project in Alberta. Without the development of the tar sands there will be no hope of reaching energy self-sufficiency.

Additional devastating facts were revealed to me today during a conversation with the hon. member for Red Deer (Mr. Towers). He informs me there are 800 trucks in his area related to the oil industry sitting idle, doing nothing. Three cheers for the Liberals and the NDP! I am sure they are proud of this record.

Let me quote from statistics the Leader of the Official Opposition (Mr. Clark) used in a speech delivered to the Scarborough Rotary Club on January 20. He was talking about the dangers of this Liberal policy, and he pointed out:

> I emphasize, all of Canada, because it would be a serious mistake for anyone in Ontario to believe that the current dispute over energy is simply an issue between the federal government and the people in governments of western Canada or of Atlantic Canada. Certainly, the west has a vital stake in the questions that are now before the House. Without question, current federal policies—whether they have to do with transportation, energy or anything else—are threatening the economic well-being of western Canada and, far more dangerously, they are threatening the strength of the commitment of that region to our common country. So does Atlantic Canada have a direct and a vital stake. As you may well know, Mobil has pulled back from its participation and the development of the important Hibernia field, at least until the question of offshore jurisdiction is settled.

We are coming to a grinding halt in respect of self-sufficiency in this country.

The Leader of the Opposition also pointed out to the attendance:

> Your stake in the energy issue, as a resident of Scarborough and of Ontario, doesn't stop with the question of the ability of the country to hold together. Your energy security, and the energy security of your children is involved directly, and so is the economic development of this province. The energy policies of Marc Lalonde put the province and the people of Ontario in double jeopardy. They mean that you may well not have the energy you need three or four years from now. They mean you may well lose the energy contracts and the energy jobs that can get the economy of Ontario and of Canada moving again.

I guess we do not have to worry too much. The Liberals are working on policies of gas rationing. I suppose that will be the next thing they will be introducing.

The Leader of the Opposition went on to say:

> Let me tell you exactly how those policies threaten your energy security and threaten your economic prospects. Up until now, the people and the industries of Ontario have been able to get all the energy they need from Canadian sources. We have, as a nation, put in place production and distribution systems which ensure that all of Ontario's oil and gas needs are met from Canadian sources. That has put this province in a far more secure position than the five more easterly provinces, Quebec and the four Atlantic provinces, who have to depend today for up to 60 per cent of their petroleum supplies on imported oil—oil whose supply we can't control, oil whose price we can't control.
>
> We are one nation, and a serious disruption in oil imports to eastern Canada—to the five provinces that have a 60 per cent reliance on OPEC—would trigger a rationing system, which is in place under Canadian law—

Just let me go into a little bit of the history of the shortage of oil. This problem was recognized in the 1950s and when the Diefenbaker government was formed in the early 1960s it recognized the problem and introduced the Roads to

Resources program. That government wanted to put that plan into effect to develop the north, but it was highly ridiculed by the Liberal Party at the time. There were some roads built and some long-range plans put into effect, but when the Liberals were returned in 1963 they dropped the Roads to Resources program. They had other priorities, such as language and culture, and higher taxes. The devastating situation today is directly the fault of the Liberal Party going back to 1963. Members of that party have great difficulty recognizing the issues involved in running a country. They have other priorities.

The Leader of the Opposition went on to state:

—that would cause all Canadians to share the shortage—Canadians in Ontario, in Alberta, in British Columbia—as well as those in the five provinces directly affected. So, Ontario already sits under the shadow of rationing if some new surprise in OPEC cuts off the supply of imported oil to Quebec and to the four Atlantic provinces. That, in my submission, is only the beginning of the danger. Federal Liberal policies are increasing our dependency upon imported OPEC oil. If present trends continue over the next five years, there will not be just five provinces that rely upon OPEC for their energy needs, there will be a sixth, and the sixth will be the province of Ontario.

Ontario is our largest province and our largest industrial base. The people of Ontario will suffer along with the rest.

If trends that are now in place continue for the next five years, Ontario will be depending for part of its oil and gas requirements upon the nations of OPEC instead of relying as you now do upon Canadian sources.

The problem we face is simple. Our demand for oil continues to go up while our supplies of oil from existing conventional Canadian wells are going down. Even Marc Lalonde admits that Canada will be importing at least 260,000 barrels of oil a day by 1985.

This is all because the energy crisis which was identified back in the fifties was not recognized by the Liberals. They could have been heroes today if they had carried on with the Diefenbaker Roads to Resources Program instead of ridiculing it and dropping it. So, we are suffering today and paying through the nose.

● (1620)

The Leader of the Opposition went on to say the following:

We spoke earlier of the hostage situation in Iran, and we know that before the hostage situation arose there was a revolution there—

My leader was pointing out how we cannot rely on these OPEC countries. They could cut us off next week, and we would be left high and dry while the Liberal government tries to nationalize the industry in this country and drive business and investment money out. We used to import 40,000 barrels of oil a day from Iran. Of course that is cut off now, and we have seen the events in Iraq, a country from which we used to get 8,000 barrels of oil a day.

My leader went on to say:

You have seen reports of those OPEC meetings where prices are increased and supplies are reduced without any consideration of the impact on Canada—

The Liberals have us at the absolute mercy of the OPEC countries today.

You saw too, the Soviet invasion of Afghanistan, which was not simply a neighbourhood war, but which was a deliberate move by the Soviet Union to place itself strategically in a position of access to the rich oil fields of the Middle East.

You probably know some of the details of Petro-Canada's contract with Mexico, which was supposed to yield this country 100,000 barrels a day of a fairly high quality crude, and which today is actually delivering only 20,000 barrels a day of a very inferior quality crude.

So much for importing oil. The Liberal policy is to make things as awkward and difficult as possible for everyone in this country. The Leader of the Opposition also referred to the billions of dollars which are being driven out of this country. I will go into that in more detail in future debates in the House.

There are 35 states which are benefiting from Canadian money leaving Canada. Some of those states have mottoes such as "Come to Kentucky", or "Come to Missouri, a state where 'profit' is not a dirty word". No doubt the NDP will be chastising those states because they invite businesses to go there and to invest there so that they can make fair profits.

The Leader of the Opposition also said the following:

You know that the Alsands plant in the tar sands is on hold, so is the Cold Lake heavy oil development. Syncrude has dropped a $2 billion plan to increase its production by 77,000 barrels a day.

The benefits of spending $2 billion go right across the country. This has nothing to do with putting money into the pocket of some multinationals or some oil baron. It has to do with buying Canadian goods and services and putting people to work.

My leader went on:

The first major tertiary recovery operation at Judy Creek in Alberta, all set to go, is now cancelled—

Thousands of jobs are being cancelled. Trucks are sitting idle in Red Deer. They are lined up for a mile at the border. They are going down into the United States.

Literally dozens of smaller projects have either been cancelled or postponed.

What on earth is wrong with the Liberal party? Why do the Liberals continue this ridiculous harebrained policy?

In all, since the federal government announced its energy proposal in October, more than $20 billion in Canadian energy investment has either been withdrawn or postponed. Twenty billion dollars of investment in jobs and security and growth for this country!

That is a devastating figure. It will have a devastating effect on the whole nation. A policy like this is not reversed overnight.

The Leader of the Opposition also said the following:

Let me stress that we are not talking here about the multinationals only. Indeed, it is simple deception to suggest that the present Liberal policy helps Canadian ownership, because the companies that are being driven away are the Canadian companies, particularly the smaller entrepreneurial, innovative Canadian companies. The multinationals have a wide variety of other rich holdings that can help them cushion the blow. The small Canadian companies don't. Those small Canadian companies are forced to go broke or go south.

Both are happening.

When they go south, they buy south.

They are not buying Canadian goods or hiring Canadian people down there. They are taking some of their staff with them as well as rigs, trucks and other associated equipment.

Building rigs buy trucks.

They are not buying Canadian trucks. They are buying United States trucks from United States truck dealers.

When a Canadian-based drilling rig is forced to move from Canada and operate in Texas it buys its trucks from Michigan, not from Ontario. That means that jobs that could be provided here in this province are being drained away and provided in the United States, because we are driving Canadian investment out of Canada.

Of course, there is always the fear of an NDP government coming into power in this country. That would be a nightmare. This country would be absolutely finished because it would be NDP policy to nationalize all 700 oil companies in Canada. Hon. members can imagine what a mess that would be.

My leader went on:

The special victims of the present Liberal policy are Canadian companies and Canadian workers, and because these Canadian energy companies have been so successful and so innovative, when Mr. Lalonde drives them out, he drives out the best performers in the Canadian energy industry. It's a sort of reverse reward for Canadian excellence; if you prove you are good, Marc Lalonde makes you leave.

There has been no indication from the Minister of Finance or from the Minister of Energy, Mines and Resources that they will reverse any of this policy which is having such a devastating effect. Perhaps they are just holding us in abeyance. I certainly hope they will reconsider the provisions in the budget, Bill C-54 and the energy policy because this country is being absolutely devastated.

Let us hope and pray that there will be a reversal in the very near future.

Mr. Gordon Towers (Red Deer): Mr. Speaker, there are a few points I would like to bring to the attention of the House at this time. I am glad to see that the government House leader is here to hear what I have to say.

First, the government should recognize that it is leading us on a disastrous course. It is unfortunate that this is happening because the eighties could have belonged to Canada. Instead, as we go into this new decade it seems that Canada will become a slave to the eighties. That is not necessary, but it will happen because of the direction in which the government is leading us.

I notice that there are 224 pages in Bill C-54. I wonder if the government recognizes what it means when it has accountants making out income tax forms for all those people who have to pay income tax. This is costing Canadian taxpayers more and more as time goes on. This is something to which nobody seems to give any thought, but there is no doubt that when Bill C-54 is passed, as I suppose it will be by the government majority, officials from the department will have to go out to all parts of Canada and meet with accountants in different offices across the country where income tax forms are filled for Canadians. I wonder if anyone has ever assessed what the cost involved will be, first of all, of sending out officials to instruct accountants as to the meaning of Bill C-54. I am sure that there are many accountants in Canada who would agree with me when I say that on occasions the officials who go out from the department are not very cognizant of what is meant or stipulated in the legislation.

● (1630)

A further difficulty is encountered with complications having to do with arm's length deals. As you know, Mr. Speaker, these situations are controversial, sometimes it is hard to establish what is right, what is wrong, and what is expected. This creates problems for the accountants, and it certainly creates problems for the Canadian people who are caught in this situation. I would rather see a simpler system adopted.

Surely ways and means could be developed to establish a simplified form of taxation which would not require fairly large companies to use one member of their personnel to do nothing else but keep up with the changes in the tax structure established by the government. I am sure that this is what will happen when Bill C-54 is passed. You must take into consideration the cost borne by individuals who have to rely on advice given to them by officials of the department with regard to the tax they have to pay.

I have to warn the government that in the past tax systems have destroyed countries. All one has to do is to look at world history to see what happened to countries overburdened by their taxation systems. I think that this is what is happening in Canada today. I hope that the minister is aware of the fact that Canadians are now reaching the point at which they will start rebelling if an increasing tax load is placed on them. We see it happening all around us when bankruptcies take place at an increasing rate and when people are put out of work, as is the case now.

We are experiencing now the highest unemployment rate in Canadian history. What does this mean? It means that in the year 1982 the crunch will come. Certainly people will pay their income tax this year because 1980 has been a fairly good year, but 1981 will not be such a good year and therefore there will be many refunds at the end of that year. That is when the crunch will come. At about that time we will have to face up to the reality that our oil production will be going down and we will have to use more and more of our taxation dollars to pay for the subsidy. Goodness only knows it is too high now, but under this administration it will go up even higher.

There are people in our community who phone me quite regularly, such as a welder's company, which had employed 40 welders. How many do they have working for them now? There are only 11 there now. This means that 29 welders will not be paying income tax or, if they are, they will be paying very little of it in 1982. It is the same story throughout. Those welders will not be buying cars, trucks or clothing which they would ordinarily buy. This will snowball right back into central Canada. As has been pointed out by my colleagues, of the $7 billion spent on the oil sands in Alberta, $4 billion or $5 billion will come back to Ontario. We have not felt the crunch yet, but we are starting to feel it in Alberta. As I said, people are not working as they should be. The crunch will come several months down the road.

It breaks my heart to see a minister of this cabinet, a Canadian, the Minister of Energy, Mines and Resources (Mr. Lalonde), mislead the House—I will not say he does so

deliberately because I know this is not parliamentary—on what is happening in Canada today. When he tells us that the number of wells being drilled now is comparable to that of last year, does he not realize that those corporations, those servicing units, are still operating on last year's contracts and last year's budget? What happens when there are no new contracts and the succeeding years' budgets are cut back? Surely to goodness a Canadian who is a member of the cabinet of the government of our country should accept a little more responsibility than that. There has never been a time in history when a government, perhaps unintentionally, unwillingly or unwittingly, has led our country into such a disaster which this group of people is doing at present.

The Prime Minister (Mr. Trudeau) said after the last election, when his party got little representation from western Canada, that he would listen to the elected representatives from that area. However, he is not doing that, Mr. Speaker. He is not paying attention to what we are trying to tell the government. He is allowing his ministers to continue on the disastrous course which they have chartered. It is a great misfortune that he will not listen to us and take heed. Why will he not go west himself and meet people there, instead of sending a minister who will not change the course he has taken? This means that down the road there will be no return on income tax for the Canadian government which there should have been in order to keep the country operating. We have tremendous opportunities. There is a deficit of $17 billion on our manufactured products. We could correct that. We have one million unemployed who are not paying income tax simply because there is no job for them. I believe this tax structure is wrong.

There are errors in another area which I think should be brought to the minister's attention, errors of omission. I think that sometimes wrongs are created by omission as well as commission. The omission to which I want to bring the minister's attention is the fact that there is nothing in Bill C-54, which is 224 pages long, about the capital gains tax on family farms. It was discussed in the House today; it has been in the press.

● (1640)

Some members, particularly some in the NDP, do not care about ownership of property, but we in western Canada take pride in owning property. Everyone should realize that the strength of western Canada is in private ownership. One of the most dangerous things which can happen to any country is to allow the taxation structure to take property away from the individual.

I suppose the best example I could give, although it is deviating just a little, would be in the province of Saskatchewan where we find young farmers selling their property to the government in order to pay off debts on machinery, and then in turn renting the land back from the government.

One of the most dangerous things which can happen in any society is to allow the state to own the land upon which food is produced. We must realize that. We can look at any other country around the world. The state may own a building and another one can be put up like it; people can move in and out of it as they wish. But, when we allow the state to start to accumulate the property we are getting into a dangerous situation. This is the course the government is leading us on.

When I say that there is an omission, I am referring to the fact that there is no mention of a capital gains deletion on farm lands being transferred from one farmer to another. Over a period of years we have succeeded in gaining a few advantages in this regard, in trying to maintain the family farm because it is the strength of our community, but we must go a long way yet. There is still the case of many farmers caught in corporations. When a corporation was set up by individuals—whether it was the father, mother, daughter or son—and land was left outside that corporation, they did not realize there is absolutely no way under present legislation for that land to be transferred without the payment of capital gains.

What about those people who are retiring and probably put their entire life's earnings into a parcel of land? When the time comes for them to retire and they either sell it or transfer it to a member of the family who is not a farmer, then someone has to pay capital gains on it. What about the situation where a couple has purchased a house, preparing for the time when they will retire, and in the interim they rent the house in order to have a little income from it? When the time comes for them to move off their parcel of land and into that house in an urban centre, not only do they have to pay capital gains on the farm, they will have to pay capital gains on the house into which they are moving. I do not think it is fair.

I hope the minister will do something about it because it is irritating and causing problems for people in western Canada who have devoted a full lifetime to the betterment of the country. They have really received precious little in return, because the dollars they made in their earlier years are not worth very much today. When one considers that they must pay capital gains on the property they sell and then in turn buy homes at inflated prices, caused by the inflationary factor, one realizes that real hardships are being created for those people. There is a lot of animosity and dissatisfaction in the minds of many Canadians. There are many things we should be doing that we are not doing. I urge the minister to be cognizant of these things. No doubt we will ask for answers as to what the government intends to do in this regard.

I hope we get a little further away from what the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) said in the speech from the throne, that we would have a white paper and another study. We do not need another white paper or study. We know what is required. All we want is some action from the government to correct these anomalies which are causing problems for the people out there. The Prime Minister said that he would listen. I hope the minister carries this message to him. Let us get the country moving again. There are many opportunities for us to progress and to develop the country. There is much work to do.

The other day I noticed that employment on farms across Canada is going down. The reason for this is that farmers are

feeling a pinch and the first place they cut is their employment. It is very obvious that they will start sliding over the jobs. With the 350,000 farms in Canada today, I would wager that every one of them could use one of those people who are unemployed, if the system allowed a means of paying for that help. We would have a better country as a result of it, but as long as the government is sucking tax dollars out of the system the way it is, and not putting anything back into it—not even developing programs which will lay a strong base, but rather weakening the system—then it will become worse and worse.

I think the government should be looking at some of these things. I make these suggestions to the government so that our country will be better. But allowing the bureaucracy to pour out reams and reams of paper so that it costs us more and more to pay our taxes is not the way we should be going. We should be going the other route. It is not only out there that we require extra man-hours; it is right within the department. Therefore, I think it would be in the best interests of all of us if the government were cognizant of these things and realized that in the direction in which we are going there will be disaster in another two, three or four years.

We still have time to turn it around, but time is running out. I trust the minister will take this message to the Prime Minister and remind him that he promised after the election that he would listen to what we had to say.

Some hon. Members: Hear, hear!

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, it is a pleasure to speak to the matter before the House. I say that somewhat with tongue in cheek because it is never really a pleasure to talk on a taxation bill. I suppose it is a sure thing, but it is also a disappointment that we must talk about the kind of bill before us. It really does not display any clearcut government policy, unless the policy is makeshift, patch up, or retrench, without any guidance to the economic forces in our country. There really is no pattern in this legislation by which the industrial sector, the business community, can chart its course for the next few years.

● (1650)

I see the Minister of State for Finance (Mr. Bussières) is here and I gratefully watched him take notes when the hon. member for Red Deer (Mr. Towers) was speaking. I hope having made those notes he will show us later on that he will answer some of the questions which have arisen during the course of this debate. There have been serious questions asked regarding the economy in our country and the direction, or lack of it, which the government is giving to our economic forces. It is a sad commentary on our country when only two provinces out of ten show any kind of economic growth. I am fortunate to represent a riding in one of those provinces.

I am glad the people in my province do not face the kind of financial pressures which many of the people in eastern Canada face, at least to the same degree. While we have unemployment in Surrey, which is a matter of distress for those who are unemployed, it does not reach the magnitude of many other areas in the country. Nevertheless, those people who face unemployment because of the financial policies of the government, are experiencing no comfort from knowing that it does not hurt quite so much in British Columbia as it does in Newfoundland, Prince Edward Island, Nova Scotia and the other provinces. That is of small comfort to them.

One of the things which disturbs me is the subtle directions in which we are headed, not stated, but nevertheless directions in which the government is taking us. I recall reading about a month ago an economic analyst's report in the Vancouver *Province* in which one of the federal government's financial statements was being examined. Apart from the details in the report, what disturbed me most was the direction of the language of the report, the direction in which the government is taking us. It was very clear in the analysis of that statement that the mentality of the government is one that it could have taxed more but that it chose not to exercise all of its taxing powers. It was as though the government was doing the taxpayer a favour.

There was a time, Mr. Speaker, when the citizens of Canada thought that all of their possessions really belonged to them, except for those which they gave to the government to enable it to continue the essential services. But it was clear from this report that we had now turned around the other way, the government now assumed that all the possessions belonged to it except those which it chose to leave to the people to dispose of as they thought fit. Mr. Speaker, that is nothing short of stateism.

Whereas it is only the subtle turn of language which seems now to indicate the direction of the government, as the hon. member for Red Deer just pointed out more and more the drift of the government is in that direction. It is a direction in which the awesome powers of the government can expropriate willy nilly what was once privately owned by an individual or by a corporation standing in the place of an individual. We saw this in Bill C-42. It used to be that the government's taxing policies were determined by the taxes available, or the spending was determined by the taxes available. Now it is the other way around, the taxes are now determined by the spending. At this point that may be a subtle shift, but every month come pay day every taxpayer in Canada knows that the shift has taken place.

Since the spending powers of the government seem to be totally unrestrained, this means that the taxing powers of the central government are more and more unrestrained. The government's policy now is to try to find more places from where it can obtain revenue to satisfy its gargantuan appetite for spending. That is wrong. It violates the principle of ownership in our country. At one time in our land it was thought that a man's home was his castle. The policy which the government is now developing seems to be that a man's home is his castle until the government wants a piece of it.

I recall listening to the hon. member for Broadview-Greenwood (Mr. Rae) at the outset of this debate harking to the Carter commission report of the late 1960s, which ultimately ended up in the 1972 tax legislation. The hon. member for Red

Deer was absolutely correct when he said that what that new tax measure did in 1972 was to create a whole new industry in Canada—the accounting industry. There was a time when the individual taxpayer was quite qualified to file his own income tax returns, whether he was a day labourer on hourly wages or whether he was a small farmer. He was competent to file his income tax returns. Now he does not trust himself to do it.

As the minister knows, the job of an accountant is to look for all of those opportunities which the taxpayer might miss to gain the benefit of deductions. A good accountant makes money for the taxpayer since he knows all the intricacies of the Income Tax Act. Therefore he can take advantage of what are generally called loopholes, thereby saving the taxpayer some money. Because the tax legislation is so intricate, you need an army of tax accountants to defend yourself from the government. That is not the way it should be. I remember the member for Broadview-Greenwood talking about a buck is a buck is a buck. I do not think that has ever been true, but it has never been more untrue than today. If there was a shadow of truth to it in 1972, when inflation was within reasonable bounds, then it is totally untrue today with the kind of inflationary spiral which we are facing.

If you are to consider the Carter commission report seriously, a house should also be subject to capital gains tax, the way it is in the United States. In 1972 a house which would have sold for, let us say, $25,000 in my constituency, now sells for $125,000. With those inflated dollars in the picture can the government tell me that a buck is a buck is a buck? Perish the thought. Even on that score a dollar is only worth 25 cents now.

I would call it five o'clock, Mr. Speaker.

• (1700)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Nepean-Carleton (Mr. Baker)—Air Transport—Proposed service between Ottawa and New York City; the hon. member for St. Catharines (Mr. Reid)—Bankruptcies—Call for increase in guaranteed insurance coverage; the hon. member for Regina East (Mr. de Jong)—Canadian Armed Forces—Testing of chemical defoliants—Monitoring of effects.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I rose last week to draw to the attention of the House the fact that motion No. 14, in the name of the hon. member for Levis, who resigned his seat some months ago, is still on the order paper. I also notice that Bill C-329, also in the name of the hon. member for Levis, is still on the order paper. Hon. members may have noticed that there was an unfortunate reference in *The Globe and Mail* this morning to the procedures of the House concerning the fact that this motion was still on the order paper. I believe that an unfair reflection was cast upon the Chair through ignorance of knowledge of the procedures of this House.

Therefore I would propose, if the House agrees, that notice of motion No. 14 be removed from the order paper and that the order for second reading of Bill C-329, an act to amend the Criminal Code, be discharged and the bill withdrawn.

Mr. Deputy Speaker: The House has heard the suggestion of the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette). Is it agreed?

Some hon. Members: Agreed.

Order discharged and bill withdrawn.

* * *

[*Translation*]

PUBLIC SERVICE

SUGGESTED ASSESSMENT OF TRAINING PROGRAMS

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved:

That, in the opinion of this House, the government should consider the advisability of assessing training and development programs for public service employees with a view to establishing a general policy.

He said: Mr. Speaker, I am pleased to be able to debate this subject once again in the House. Over the past eight years I have had three or four opportunities to raise this issue, either in the form of motions or in public bills and I am anxious to review this file which has made rapid progress indeed in the past year and which again recently, two or three days ago, was the subject of releases from Treasury Board.

It will be recalled that I have been an ardent supporter of the creation of a government administration school. To my mind, it was a concept which first encompassed the development and training of public servants, and the main objective was to try to get hon. members, the House and governments to give serious consideration to the major problem of training and development in our public service.

Mr. Speaker, perhaps I might take a few minutes to review the background of this enduring and very important question. Indeed the problem became acute at the close of World War II

when most people who had come to work for the government went back home. Thus we lost many talented people whose duties here were to second our war effort.

In addition, the requirements dictated by new management techniques resulting mostly from the new role which the federal government was called upon to play, combined with the expansion of services, particularly social services, all that commanded a highly-trained administrative and professional technical staff. Therefore the government had to analyse thoroughly its hiring policies, conditions related to advancement within the public service, administrative classifications, salaries, ways to attract and keep the required staff. You will recall that the Gordon commission was asked to study the personnel management system. The Public Service Commission of Canada published a book entitled "History of an Institution" which covers the period from 1908 to 1968. Here is what it says on page 228 about the Gordon commission:

When members of the Gordon commission undertook to review the situation in the wider perspective they enjoyed through their terms of reference as independent investigators, they were dumbfounded.

Again I quote, from page 229:

—there is no effective mechanism to train, discover, relocate and promote promising men and women among younger employees and public servants who hold intermediary positions.

Having pinpointed the insufficiency of administrative mechanisms, the Gordon commission recommended, and I quote:

—the appointment in each department of a seasoned and competent personnel officer with the necessary title and authority.

One of the roles of this personnel director was to train the staff at the departmental level. Having thus decentralized training responsibilities, the Civil Service Commission continued to give special information to the departments and took charge of the co-ordination and management of training as it applied to departments as a whole.

In 1954, under the government of the Right Hon. Louis St. Laurent, a commission of inquiry was appointed to study the possibility of reviewing the Public Service Act and especially to consider the sensitive issue of the relationship between the Public Service Commission and Treasury Board. I will not spend too much time on that very important issue today, Mr. Speaker, and will deal with it at a more appropriate time. I would certainly not want to rekindle old feelings of animosity between the Public Service Commission and Treasury Board. Those of you who are interested in this issue can read the Heeney report which deals with it.

The Glassco report containing the recommendations of the Royal Commission on Government Organization, published in 1962, confirms the deplorable state of personnel management in the public service. As it states in one of its recommendations, the royal commission—

—had to conclude that in general for many years training and development have not received the attention they deserve in the public service.

That opinion is also expressed on page 317 of a book entitled "History of an Institution".

The Glassco commission suggested that the Public Service Commission should relinquish several management functions. Treasury Board and the various departments were therefore given the responsibility for evaluating the performance of employees, promoting career development and organizing interdepartmental training programs. All these functions were carried out under program directives established by Treasury Board. The management of centralized training programs in effect belonged to the Public Service Commission while Treasury Board was the policymaker.

Naturally, there were many problems with the implementation of the Glassco report. The government set up a government organization office to study the recommendations. We have therefore not invented anything new since the Progressive Conservative government in 1979 and the Liberal government in 1980 only imitated their predecessor of 20 years ago. We also have within the Privy Council and the Treasury Board special committees to study the Lambert and D'Avignon reports on accountability and efficiency in the public service.

In 1965, the Public Service Commission set up the Training and Development Branch to have on hand a pool of specialists able to guide staffing managers and departmental personnel counsellors. It was in 1967 that this House passed an amendment to the Financial Administration Act which made Treasury Board responsible for determining the training and development needs of the public service in general and for establishing the conditions under which such training and development could occur.

Of course, there was some reluctance concerning this new policy. Some people questioned the effectiveness of dividing the function consisting in the determination of training needs and conditions, which would come under the jurisdiction of the Treasury Board, and the implementation of the centralized training and development programs, which come under the Public Service Commission. There is indeed much confusion between the terms training and development. The Glassco report tried to provide a better definition of these two important elements of a good personnel management policy. On page 474 of "History of an Institution", the Glassco report is quoted as follows:

Training is the process of teaching skills to an individual so that he may improve his performance on a particular job.

Development is the process whereby an individual acquires new knowledge, habits, attitudes, self-awareness, and values or maturity.

Training courses and development programs, therefore, entail different methods.

Mr. Speaker, it would be well to understand the difference between these two terms. To simplify, we could say that training has an immediate application and that it is related to needs or requirements, to particular jobs that have to be done.

Very often, training is the responsibility of the employer. It could therefore be said that it is institutional in nature.

On the other hand, development is a much more complex process which requires long-term planning. It is much closer to ongoing education. The individual is urged to acquire new knowledge to become better qualified and better equipped for a more difficult and therefore more senior position. Development is more individual than institutional and is supplementary to already acquired training.

● (1710)

[*English*]

I would like to deal now with some recent reports and changes as they apply to training and development.

The necessity of development, as well as of training, was recognized by the D'Avignon committee. The D'Avignon committee pointed out that if the reality of a "representative public service" is to be achieved, adequate programs of both training and development would have to be made available to such groups as French-speaking Canadians, women, native people, and handicapped people. The D'Avignon committee stated that programs which help candidates improve themselves, such as the Northern Career Program, were needed to attain government objectives. The D'Avignon committee spoke against the divorce of training from development in these terms:

It is beyond understanding how governments and treasury boards have failed to recognize not just the power of training but the fundamental requirement for the continuous training and development of staff, in the interests of economy and effectiveness.

The committee pointed out that the greatest part of the funds now allocated to training is spent by a small number of large training schools.

It is one of my major concerns, which I share with the D'Avignon committee, that without a policy which covers both training and development, government objectives pertaining to a fully representative public service will not be realized in the years ahead. The needs of French-speaking Canadians, women, native people and the handicapped must be adequately addressed.

French-speaking Canadians continue to be underrepresented in the upper levels of the public service and in the scientific and technical categories.

While the proportion of French-speaking Canadians in the public service is now representative of their proportion of the Canadian population, due to the accelerated recruitment programs over the past few years, recruitment cannot be relied on to solve the problem of underrepresentation at upper levels of federal departments and agencies. Part of the solution must be a properly conceived program of training and development if this situation is to be remedied in the medium term.

The situation of women in the public service remains disadvantaged. In recent years the proportion of women public servants is gradually approaching their rate of participation in the labour force as a whole. Women public servants remain concentrated in administrative support categories and continue to be underrepresented in the officer categories. Even in those occupational categories which are predominantly female, women are concentrated at the lower levels.

The occupational categories in which women public servants are now concentrated—those which involve clerical and information handling activities—are those which are most likely to be transformed by the impact of microelectronic technologies. Research under way at the Institute for Research on Public Policy indicates that some existing jobs in these categories will be downgraded as machines take over functions previously performed manually and that the new jobs created will require greater skill and different aptitudes. Unless such changes are anticipated and planned for, women will not obtain their share of the new employment generated and may bear the brunt of the negative effects of the introduction of new technologies in the workplace.

Despite the attention that has been given to the representation of the native peoples in the public service, these groups continue to be underrepresented. While opportunities for the handicapped are gradually being developed, as a civilized society we must do much more. Adequate programs of training and development must be an important part of this process.

As for the public service as a whole, the rapidly shortening life of knowledge acquired at specific moments in the life cycle has prompted both the OECD and UNESCO to urge governments to view learning as a lifelong process and to build in the necessary opportunities for updating and new learning into the work experience itself. It is imperative that those occupational categories in which knowledge acquired early in the life cycle is particularly shortlived be identified, and that appropriate training and development strategies be devised to maintain the original investment Canadians have made in their public servants.

A most important report, that of the Royal Commission on Financial Management and Accountability, tabled in March, 1979, identified some of the major difficulties facing the federal administration in the area of personnel management. The commission recommended that personnel management responsibilities should be centralized under a secretary for personnel management in Treasury Board. It was recommended that the Public Service Commission be relieved of its role in the staffing, and training and development process, and that training services be provided through a separate revenue-dependent organization under a secretary for personnel management.

As recently as January 22 of this year it was announced by Treasury Board that the position of assistant secretary of developmental personnel policies and activities has been created. Treasury Board views the creation of this position as an indication of the government's commitment to innovative human resources policies within the public service. The new assistant secretary, Miss Denise Moncion, will be responsible for developing and leading activities in such areas as affirmative action and the quality of working life. I was glad to hear this because I directed a question to the minister some weeks

ago about this situation. I was therefore very satisfied with the recent announcement by Treasury Board.

I warmly welcome both the latest initiative of Treasury Board and the announcement, by the President of the Treasury Board (Mr. Johnston) of a new staff training policy, in June of 1980, two months after this motion was tabled in the House.

The new staff training policy recognizes, as I have emphasized on numerous occasions in this House, that human resources are as criticial as financial and capital resources, and that training is both "an essential component of human resources planning and an accepted cost of doing business". The major thrust of the new policy, however, is to link employee training to specific operational requirements identified by management in individual departments and agencies. The new policy requires managers to identify and decide on professional and technical training needs and makes it the responsibility of the employee to develop himself or herself for future career opportunities.

A distinction is therefore made in the new staff training policy between training and development. The new policy assigns responsibility for training primarily to managers and their departments, and responsibility for development to employees themselves. The new policy states:

> —employees are responsible . . . for preparing for future career opportunities and for acquiring on their own time, and at their own expense, any additional training and/or education required to meet their personal development goals.

Though I welcome the new staff training policy, particularly the recognition it accords to the fact that human resources are as critical as financial and capital resources to the efficient and effective functioning of the federal administration, the new policy raises two major issues.

First, the new policy washes its hands of any involvement with employee development—employees are left to develop themselves on their own time, at their own expense, and without any form of policy or guidance to steer them. Second, how well does a policy which divorces training from development address the major issues raised by the D'Avignon committee, the Lambert Commission, the Professional Institute of the Public Service, the Public Service Alliance, civil servants themselves, and concerned members of this House?

The Public Service Alliance has expressed concern that the new staff training policy does little to guarantee the future availability of training and development courses to support staff. Since the new training policy has been put into effect, entire listings of service-wide courses offered by the Public Service Commission are no longer scheduled for delivery. The courses affected are developmental in character and their suspension affects the learning opportunities of support staff generally, and of women civil servants in particular.

● (1720)

The Public Service Alliance has also expressed the view that training budgets are the first to be slashed in times of restraint, a practice warned against by the D'Avignon committee, and that training opportunities have not always been dispensed on the basis of need and merit. These are points we have raised many times in the House, and which I still think need to be answered. The PIPS group has expressed considerable concern over the lack of recycling facilities for those public servants who find themselves declared "surplus". While the Treasury Board has issued a directive in this regard, the feeling is still that not nearly enough is being done.

As for public servants themselves, a decisive majority of both Anglophone and Francophone public servants want more and better information on opportunities for improving their knowledge and skills according to studies previously conducted by the Treasury Board. Complaints are heard that opportunities available to middle and senior managers for both training and development are much greater than those available to other categories of employees.

It is for these reasons, Mr. Speaker, that I believe it essential that the government consider the advisability of assessing both training and development needs for public servants with a view to establishing a general policy, a well-organized and comprehensive one, which would cover not only training but development as well.

Mr. Rod Murphy (Churchill): Mr. Speaker, I am happy to have the opportunity to speak on this matter. Unlike the previous speaker, I am not happy with the direction in which the government is going at this time. I feel the government does have a policy but, unfortunately, what that policy is, is not to assist its staff in developing the skills they need. The hon. member who spoke before me and who introduced this motion did mention some of the programs that exist. In addition, quite wisely, he raised some of the problems which exist.

Government direction, as stated in its training policy, does not really provide for an effective efficient program of staff development. It also ignores the opportunity to have an affirmative action program within the government. Although the government has sent up some trial balloons in affirmative action, if you look at the staff training policy which has been developed and some of the courses which have been cut out as a result of this staff training policy, you will see that women, the handicapped, and others who wish to rise within the public service, will find it difficult to do so.

I looked through a handout which was prepared by the Public Service Commission on October 27, 1980. The courses to be deleted by the Public Service Commission are basically deleted on the orders of the staff training council. As I look through that list of courses, I find the people who will suffer most will be those who have the greatest need for training. Some of the courses to be deleted refer to women's places in the work place, how to write your own resumé and to various training techniques and skills which you would need if you are ever to develop within the public service. I was concerned when I saw that that responsibility has been taken from the Public Service Commission and given to a line department.

As the previous speaker pointed out, the D'Avignon report warned us against that. Up to the present time, there has been real neglect of training by the line departments. The staff

training policy of the Treasury Board quite clearly spells out that most of the training done by departments will have to come out of the budgetary allotments to departments. If that is left strictly to the departments, then the money will not be there for training. The people least influential in making sure there is adequate training are those on the bottom rungs.

We all know at the present time, as the hon. member who preceded me pointed out, that women are underrepresented in the middle and senior management categories. We recognize that at the present time women, native people and the handicapped are concentrated at the bottom levels of the federal civil service. Those people do not have much political clout. Those people, as a whole, do not have much clout within their departments. Those are the people who could use the kinds of courses which the Public Service Commission was offering in the past, which are now the responsibility of the departments.

I am concerned about the policy which actually exists. The policy which the government came up with last summer is taking away rather than giving to those individuals. Day after day in this House we talk about affirmative action. The Minister of Employment and Immigration (Mr. Axworthy) has had a few problems with the Advisory Council on the Status on Women. Last year that group made some good recommendations. It pointed out some of the problems which exist in the public service. It is unfortunate that the Advisory Council on the Status of Women is under a cloud of suspicion at the present time.

There are a few other things in the D'Avignon report which I shall bring to hon. members' attention. At page 210 of that report we find "except at the level of organization where program plans are executed at the working level, training and development is often viewed as a necessary evil." That is an unfortunate characterization of what is happening within departments, but it is an understandable thought within departments. Departments which are out there to provide services to the general public, whether it be Indian Affairs, Employment and Immigration, or Health and Welfare, are not really in the training business. It is quite natural that the people who are hired to provide a service in Thompson, Manitoba, or Ottawa, Ontario, are not going to have expertise in the training area. They are not equipped with an economic background or any experience that will make them look at training as a natural goal for their department. In addition to that, they may not have any knowledge of how to go about training. It is fine to tell them to go over to the Public Service Commission to get some ideas, but that is not the same thing as having a group within government, such as the Public Service Commission, providing courses.

Upward mobility cannot be left to the individual within the public service otherwise we will always have the elitist system that we have at the present time. The previous speaker quoted a line from the staff training policy which referred to the fact that individuals will have the responsibility to do their own training as far as their own personal goals are concerned. That very line may recognize the fact that individuals may have personal goals and have a right to go out and take university or community college training if they want, but it is also saying there is no responsibility, or very limited responsibility, on the part of government to do so. On the basis of past experience I am afraid that that one line from the training policy will not be just one line, it will be one of the paramount lines in the policy. It will be used every time somebody working in some office, factory, or what have you in the public service, wants to take training. They will refer to that and say to the individual "You can do that. You can go out to your community college or whatever you have in your community and do that on your own time, with your own money." Basically what is said in the report is that it is up to you to be responsible for your own personal goals.

Almost all the training people take, whether it is to be a lawyer, to be a teacher, to be a nurse, or to work within the government or within the private sector does relate to personal goals.

I think the government does have a leadership role. The government, above and beyond any other employer, has a leadership role to play in trying to help those individuals who need help, and also in making sure the people who are working for the Government of Canada and the people of Canada have the expertise to do a good job. If we take that role away from the Public Service Commission and give it to the line departments, this help will not be forthcoming.

● (1730)

I have already referred to the comments in the D'Avignon report and the fact that this is not considered top priority in most departments. D'Avignon had other things to say. He referred, of course, as I mentioned earlier, to the fact that women, the handicapped and natives have not received their fair share of training in the past. Referring to native people, the report says there is a cost to be borne for training that is clearly essential and is recognized as essential by the employer. That will not be the case with the new staff training policy of the Treasury Board.

When it comes to safety within the workplace, again D'Avignon touched on that topic, and again this is something very important. It is important for the federal government especially, to provide leadership in this field. I spent Saturday and Sunday of this weekend at a NUPGE conference, that is the National Union of Provincial Government Employees. It spent three and a half days dealing specifically with the topic of workplace safety. I was amazed as I listened to these provincial government employees list all the hazards and dangers that exist in public service jobs. Many of the jobs that provincial government employees do are the same as jobs carried out by our federal government employees. Too often the public views public servants as people who work in offices, and they do not recognize there are a lot of people in the public service who work in the same conditions that exist at any other industrial site and that the dangers faced by public servants are very similar to those faced by blue collar workers in private enterprises. It is my feeling that if we leave it to the

line departments to make sure we have adequate training within government, we are going to fall behind.

I know this is just a minor point, but one of the courses which has been taken out of the Public Service Commission's list of courses is driver training and driver safety. This may seem like a small point but I wonder how many people within the federal system at this present time are driving for a living? I suspect we have thousands of people who are driving on a full-time basis and more who are driving on a part-time basis. Defensive driving is a course which may not seem important to a lot of people, but as a high school teacher I remember reading all sorts of statistics about how valuable such a course is to drivers among the general public. If we have people driving for us for part of their living or for their entire living, I think we have an obligation to provide them with that type of course. This is why I am concerned about the present policy. It will take away those types of courses, and, indeed, it already has in the examples I have listed.

I have another concern about the staff training policy as approved in June, 1980. I looked at the composition of the Staff Training Council and found basically the same senior mandarins who are running everything else in the government. I feel they tend to have a conflict of interest because they are running four or five different operations within our system. The membership of the council will consist of the secretary of the Treasury Board, the chairman of the Public Service Commission, the Clerk of the Privy Council, or his nominee, the Comptroller General, four departmental deputy ministers and/or four assistant deputy ministers, one or more training experts, and that is only one or two mentioned in the list so far, the Director General of the Staff Development Branch and the Deputy Secretary of the Personnel Policy Branch. As I looked at that list I was surprised to see how few people are really in the business of training. Most of them are in the business of management.

If we want a training policy and a training council, the majority of people on that council should have some knowledge of training, rather than having management as their main function. Certainly we recognize the need for efficient management just as we recognize the need for efficient government, but I would like to see that training council restructured so that it actually can provide an efficient overview of training in the public service.

In addition, there should be some union representation on that council. If you look through the D'Avignon report and all the other submissions which have been made in the past on staff development, you will notice that PSAC and PIPS and others have been making presentations. They have a lot of expertise in training their members and they are concerned about how their members are educated for their present and future roles within government. They have a legitimate interest in protecting the rights of their members. I think such an addition should be made to this council at this time.

Let me sum up with just a few remarks. We disagree with the previous speaker. The government has a policy but, unfortunately, that policy is very similar to its policy of creating another large senior management group. In recent days it seems to have been attacking the public service rather than trying to work with its members. The policy of the government with regard to staff training completely ignores affirmative action. For that matter, it works directly against any affirmative action program. It ignores women and those people who are in need of training. It ignores native people and the handicapped and it puts the priority for the training of those people on the departments. Departments are basically set up to provide services to the public and when they are hit with funding cuts, which they will be hit with in the next couple of years if we believe the President of the Treasury Board (Mr. Johnston), training programs will be the first to go. This will have little impact on the public but it will have a great impact on public service employees.

I would encourage members on the government and the opposition sides who are concerned about making sure we provide adequate and fair leadership within our public service to get this government to recognize that the direction it is going in is completely opposite to the direction we are asking private enterprise to take, and directly opposite to the direction we are asking the community as a whole to take. We are talking about more fair communities; communities which are more open to women, to the handicapped and native people, yet this staff training policy and the whole treatment of employees by government is going in exactly the opposite direction.

I have risen on a number of occasions in this House to complain about the fact that the government has been dragged to the Human Rights Commission over its treatment of women workers. As far as I know, the government has lost every case that has been taken there. I would argue that as an employing agency, especially when it is the same agency that is making the laws, it should not have to be taken to the Human Rights Commission. There should be a voluntary compliance by the Treasury Board and by departments and agencies of the government. It should not be necessary for the government to be forced by its employees and their unions to abide by its own statutes. The President of the Treasury Board, the Minister of Employment and Immigration (Mr. Axworthy) and other people in charge of government departments should make sure they are complying. It should not be fighting initiatives which would allow for equality and equal treatment. Unfortunately, there is no government leadership, just as there is no government leadership in the affirmative action field. Instead, the government is fighting progress. The same thing is happening with respect to staff training.

● (1740)

Mr. Gordon Taylor (Bow River): Mr. Speaker, I had not intended to speak about this motion but, in view of what I am hearing, I feel I should say a word or two. The motion of the hon. member for Ottawa-Vanier (Mr. Gauthier) reads as follows:

That, in the opinion of this House, the government should consider the advisability of assessing training and development programs for public service employees with a view to establishing a general policy.

I take it from that that the government has no general policy at the present time. The hon. member who proposed this motion supports the government. I suppose it is possible that this might have been considered by his caucus or by the cabinet ministers involved; therefore, I have to assume that there is no general policy for training public services employees, in spite of the fact that the member of the New Democratic Party who just spoke said that there is a government policy.

Whether there is a government policy or not, the point of this motion is that the government should be assessing training and development programs for public service employees. I find this difficult to understand. The smallest businesses in the country periodically assess each program they have to find out whether they are getting results.

Is the public to understand from this motion that each department just carries out training and development programs at its whim and at the wish of the minister or deputy minister? If that is the way this is being done, it is not a great way to run a business. Is there a hodge-podge of programs which are different in each department? Are people being trained at public expense and then paid additional salaries because of the training? What public servant will be foolish enough not to accept training when he is told his salary will be increased if he undergoes training?

I cannot understand this type of motion. Surely to goodness the Government of Canada assesses all its programs periodically, throws out those which are not any good, amends others and adopts others that are good. That is just ordinary business.

I know hon. members on the government side do not like me to refer to Alberta but in the Alberta government every minister is required to assess every program periodically and report to the cabinet. There is no hodge-podge program whereby every minister acts according to his own whims. Public money is being spent, and ministers are responsible. If public money is being spent to train an employee, there has to be very definite justification.

I agree that there should be special training if the public is to be the beneficiary, but I do not necessarily agree with paying higher salaries to people who take training. I do not believe in training if trained people are already available for particular positions. Why should the public service use public money to compete with those who have educated or trained themselves? I just cannot follow that. It is not fair. I have heard people say that if they could get into the public service they would receive many benefits and they would get this, this and that at public expense. We should realize that we are spending public money, and somebody should be accountable for it.

I assume from reading this motion that there is no accountability and that there are just hodge-podge programs operated by the Government of Canada to train certain people. I wonder who these people are. That is a condemnation of the government. Surely to goodness the government does not need to have a resolution passed in the House of Commons asking it to assess its various programs; nor should it be necessary to have a motion asking that a general policy be established. That is just ordinary, everyday, elementary business, and I cannot understand the purpose of the motion.

I believe in special training if the result is a contribution to the development of this country. Our native people have had many difficulties because their culture is not oriented to the white culture and white standards. However, the University of Calgary has undertaken programs, with the assistance of the Department of Indian Affairs and Northern Development, to provide training for native people because the training of our Indian people is a public responsibility. We have undertaken in treaties to do that. Even so, native training has been very skimpy. If my memory serves me correctly, 32 Indian people have graduated from the University of Calgary with degrees and are now out serving the people of Canada.

I also believe in training those who are disabled. When Syncrude started its work in the Fort McMurray oil sands, there were not enough people to do the various jobs, so Syncrude made sure that the people who were going to do jobs there knew what they were doing. On-the-job training was provided to many native people and to some white people as well. Those people became valuable employees. With that assistance they were able to do work. However, the need was there.

I should think that the Government of Canada would provide training where the need is evident, particularly to disabled people, native people and others. I do not support any hodge-podge training for the sake of training. I do not think every department should carry out different programs simply to give certain employees higher salaries. That is not my idea of carrying out a sensible program at all.

If this motion is serious in asking the government to assess training and development programs with a view to establishing a general policy, that is a terrible condemnation of the present government and its policies.

Mr. John Campbell (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I would like to take this opportunity to comment on the hon. member's motion regarding the provision of training and development programs for public service employees.

It is unfortunate that I will not have time to mention all the programs in the departments, but I will try to provide as much information as possible.

The subject of training and development in the public service is one to which the government has given much attention during the past few years. The government clearly recognizes the importance of effective human resource management, of which employee training and development are essential components. In this regard, we should not lose sight of the fact that the Canadian public service has earned and maintained an international reputation for its high standards of performance and competence. This is due in no small measure to the way in which human resources management and the training and development of employees take place in the federal public service.

It is also worth remembering that the public service has developed a high degree of expertise in the management of human resources as the result of practical experience over the years in a rapidly changing and developing environment. It must be recognized as well that human resource management and training and development in the federal public service take place within a framework of established policies and procedures which have proven their effectiveness.

● (1750)

These policies not only contain statements of general policy orientation but also provide specific guidance on particular matters, such as the assessment of training and development programs for public service employees. They are contained in the personnel management manual produced by Treasury Board Canada. Members might wish to acquaint themselves with these policies which I believe are available in the Parliamentary Library.

Naturally, the policies are reviewed periodically, are evaluated and changed as appropriate in order to make them consistent with and appropriate to ever-changing circumstances. I want, Mr. Speaker, to mention several of them at this time. They demonstrate the government's determination to ensure that there is always in place a sound framework of policy and guidelines for managers in matters of training and development.

The policies to which I wish to refer include the following: roles and responsibilities for training and development in the public service; conditions governing education, training and development, including subsidization; identification of training and development needs and evaluation of results and annual training and education review. These can be found in subchapter 110-9 of the manual.

The existence and application of these policies on a public service-wide basis demonstrates that a framework of policies and guidelines for training and development has been developed and is in place. The guidelines for training need identification and assessment, and for the recording and reporting on training and its costs, provide specific guidance for departmental managers and personnel specialists.

The first of these policies sets out the relative responsibilities of Treasury Board Canada, the Public Service Commission and departments and agencies in matters of training and development. The policy on "conditions governing education, training and development including subsidization" provides policy direction and administrative instructions for use by departmental managers in assessing the need for training programs as well as guidelines for determining the extent of organizational support warranted in particular cases of employee training and development. The government's policy on the "identification of training and development needs and evaluation of results", is directed toward two major objectives: first, to provide specific guidelines on factors which managers and personnel specialists should consider in assessing and identifying training and development needs, and second, to set out the criteria and processes for assessing and evaluating training and development programs provided to public servants.

The final longstanding policy on training and development to which I would like to draw the hon. members' attention at this time is the policy on the annual training and education review. This policy sets out a process by which departments are required to record and report on training and development activities undertaken for the benefit of departmental employees. In addition to providing information for an over-all review of training which is conducted annually by Treasury Board Canada, this process encourages departments to take a hard look at the amount and the cost effectiveness of the training they provide.

We can see from the existence of these policies that there are a number of mechanisms in place and working, which provide for the conduct and assessment of training and development programs for public service employees.

The comments I have made are not intended to suggest that the management of training and development in the public service has been, and continues to be, a kind of Camelot where the sun always shines. One could expect that, with the changes and challenges which presented themselves within Canada and the Canadian public service during the past decade particularly, there has been a need for periodic reviews of all aspects of management in the public service which have led to modification and adjustments in the approach taken to such matters as training and development.

Specifically, during the past two years the Auditor General has included reviews of training and development in the context of payroll costs management as a component of regular departmental audits. The Auditor General has pointed out that there were certain weaknesses in the management of training and development activities and that certain improvements appeared to be warranted, particularly as regards providing systems for the accurate recording and reporting of training and development costs by departments.

As well, the report of the special committee on the review of personnel management and the merit principle, the D'Avignon committee made a number of useful comments about the orientation which should be given to the management of training and development in the federal public service. The D'Avignon committee emphasized that explicit recognition should be given to the value of training and development as a means of accomplishing organizational objectives, and that training and development should be considered an essential cost of doing business. The committee further suggested that employees moving into management positions be given basic training in personnel administration and human resource management prior to assuming their new duties.

In response to the observation of the Auditor General and the D'Avignon committee, a number of steps have been taken by the government to further improve the management of training and development in the federal public service.

On June 26, 1980, the Treasury Board approved a new staff training policy. This new policy defines training, specifies the

types of training to be provided, specifies the conditions under which the training will be provided, deals with the selection of trainees, defines the roles and responsibilities of departments, the Public Service Commission, Treasury Board Canada and individual employees, and provides for the certification of trainers and for the evaluation of training. The new staff training policy is now being implemented by departments.

The policy also provides for the creation of a staff training council to provide over-all direction and co-ordination of training throughout the public service. Its specific responsibilities include determining training needs and setting priorities for meeting these needs. The council will also be responsible for setting standards for training programs and those who provide training.

Membership on the council includes: the secretary of the Treasury Board, who is to act as chairman; the chairman of the Public Service Commission; the clerk of the Privy Council or his nominee; the Comptroller General; four deputy ministers; and a number of other government officials.

The staff training policy states that training is an essential component of good management and an accepted cost of doing business. It is the government's policy that training will be provided where necessary and appropriate. The government will be committed neither to training for its own sake, nor to a specific quantity of training unrelated to need.

Furthermore, the policy states that it is the responsibility of individual employees to plan their careers and to develop their own skills. Government support of training and development will be limited to activities directly related to the operational needs of the public service.

Training will be provided for a variety of purposes including improvement of job performance, preparation for new responsibilities or changes in technology, the maintenance of sufficient quantities of necessary skills, retraining, safety training, and to give effect to government objectives regarding under-represented groups.

Mr. Deputy Speaker: Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. MacEachen that Bill C-54, to amend the statute law relating to income tax, be read the second time and referred to the Committee of the Whole.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, at five o'clock I mentioned the fact that in 1972 the fruits of the Carter commission report began to appear in the tax act with the introduction of the concept "a buck is a buck." This really does not take into account the social implications of that measure on Canadians.

If it was not true in 1972 that a buck was a buck, certainly it is not true today with the inflated dollars we use. Just over the weekend I saw a BCTV news report on real estate in the lower mainland of British Columbia. It made the point that in the lower mainland $115,000 to $130,000 is the cost of an average house which in Ottawa might cost $40,000 or $50,000. With those kinds of costs and the inflated dollars involved in the construction industry, the concept of the Carter commission report really does not work because it punishes the people who will buy those homes. Right now in the lower mainland of British Columbia according to that report the cost, of an average house rises $80 per day. That is all right for those persons who happen to own them, but it is not so good for some others, particularly young people who want to buy homes. One cannot have the advantage of selling without paying capital gains as tax as is the case with a farm. I realize at the present time that an owner does not have to pay capital gains tax on a principal home, but the developer does and that cost is added to the price of the home. When it comes to family farms I am particularly thinking of the social costs. All through western Canada many people are looking forward to the day when they can pass their farms on to their children.

They want to keep their families together, they want to contribute to the welfare of their children, but when they retire they must pay capital gains tax on the major part of their properties. They cannot roll it over, for example, into an RRSP as they ought to be able to; then the children must pay the increased cost of that farm. That whole policy or problem is not dealt with in this tax legislation.

The government has not taken into consideration the social implications of some of its taxation policies and what they do to people. I think of the many people who come out to my constituency and those surrounding Surrey-White Rock-North Delta to retire. Between the May election and the February election, the voters' list in my constituency increased by 6,000 names, 6,000 people in a matter of eight months moved into that area. A good many of them are people who retired. They thought that they were looking after their own interests. They wanted to maintain a life of dignity and be independent in their retirement years. They provided for their own retirement

income, and now they find that their income is being eaten away by inflation, particularly the kind of inflation being experienced in British Columbia. That is not taken care of in this tax legislation. As is so often the case, they are being punished for their thrift and their planning. This is not right.

On the one hand the government makes money on inflation. It has not taken inflation into account in this taxation measure, yet capital gains continue and people are paying capital gains tax on inflated dollars. If the value of a commercial property increases on paper from $100,000 to $300,000, the person who sells the property must pay capital gains on it. I talked to my mechanic this weekend. He does excellent work. He wants to move into commercial property. He says that he cannot buy commercial property in the lower mainland because he cannot afford to pay $100,000 for a narrow strip of commercial property. But even if that property were for sale, you would have to pay capital gains tax on it—in a matter of 18 months, some $200,000 in capital gains, which would increase the cost. And the government makes money in times of inflation by not indexing the capital gains feature of income tax. It is in the interest of the government to continue with inflation as long as it does not have to accommodate it in capital gains. It pays to keep it going.

● (2010)

The second thing the government does is ensure it slides out of the obligations it took on some years ago. I am thinking particularly of the obligation toward the funding of training for our RCMP officers and the contracts with municipalities. Many of us in the House know that the federal government has the lion's share of taxing capabilities. This is followed by the provinces and, last, the municipalities. The municipalities receive whatever is left over in taxing ability. So the federal government starts off the taxes, then comes the provincial government and, finally, the municipality.

The federal government also has the advantage of entering into a long-term contract with the junior levels of government. Some years ago it entered into an agreement to fund something in the order of 70 per cent or 75 per cent of the cost of RCMP policing in the municipalities. Now it wants to renegotiate that contract to 85 per cent. The municipalities will have to pick up what is, in some cases, a quarter million dollars. I remind hon. members that the municipalities are not in a very good position with respect to negotiating. The gun is at their heads. Too often the central government engages in a long-term contract and then, after the commitment has been made by the provinces and the municipalities, it begins to slide out of it—witness the transfer payments to the provinces on health care and education costs. They were itemized packages at first; now, it is block funding, which is easier to negotiate.

There is so much that this bill does not take care of, Mr. Speaker. I am reminded of a provision for the handicapped. About 14 months ago we debated a motion in this House in my name to rewrite the regulations regarding the $1,000 deduction for the care of handicapped persons, in the income tax provisions. The Clark government accepted a proposal that the Department of Finance should take another look at the wording of that provision. Would you believe, Mr. Speaker, that the policy of the tax department, right now, is that in order to be declared a handicapped person, and thereby qualified for the $1000 deduction, a person must be certified to spend "a substantial part of the day in a bed or a wheelchair". That is absurd! What do you do with someone who is mentally handicapped and in perfect physical condition but who needs 24-hours-a-day care? The government has a choice: it can encourage the parents to take that child and place him in a government institution, which will cost the government $15,000 or $20,000 a year to look after him; or it can increase the tax deduction so that the parents can provide better care for the child.

Looking at it in terms of pure, hard, cold cash it is in the interests of the government to provide better provisions under the Income Tax Act for the parents of handicapped children than to be so stingy, so miserly, in their description of who may qualify. We passed a measure to that effect in the House. The government has never brought that recommendation forward, even though the House of Commons passed that motion. There is no such provision in this bill. It has never been referred to committee.

If the government were really concerned about the handicapped of this country it would take seriously the recommendation passed by this House to study that proposal to provide some relief to the parents of handicapped children. These parents want to look after their children themselves and they are punished by the government for wanting to do so. All we need to do is change the wording in that regulation. I see the minister listening intently. I appreciate that and I hope he will take this under advisement. Something should be done to give the government some heart so that it will provide for those parents who are doing something to help their handicapped children.

I am reminded of the Small Business Development Bonds. The government says it wants to encourage private initiative and risk-taking and therefore it went along with the Crosbie budget and announced the continuation of the Small Business Development Bond policy. That was in April. We continue to hear in this House that the policy is in place, but when small businessmen and women go to the bank to take advantage of it the banks continue to say, "We have had no clear direction from the government." I ask the minister to tell this House when that will be taken care of so that the banks have a clear direction from the government. When that policy is clearly stated the small business people of this country will be able to take full advantage of the low interest rates which will accrue to them under it.

These are just some of the things which concern me with respect to this bill, not only the measures it includes but, more important, the drift of the government as indicated by the measures it does not include. As we have heard over and over again, the budget announced last fall was not really a budget of the finance minister but, rather, a budget of the energy minister. It was an energy policy and not a finance policy. It is

time for this government to put definite policies in place so that the business community may have some clear indication of its intent. They must know what this intent is so that they can plan for months and years ahead and so that the risks they are willing to take are minimized. Thank you, Mr. Speaker.

Mr. Deputy Speaker: Is the House ready for the question? Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Knowles: On division.

Motion agreed to, bill read the second time and the House went into committee thereon—Mr. Francis in the chair.

The Chairman: Shall clause 2 carry?

Mr. Andre: Just to seek clarification, Mr. Chairman, did I hear you say clause 2? Are we not commencing with clause 1?

● (2020)

The Chairman: I called clause 2. I am standing clause 1 for the moment and we will come back to it.

Mr. Knowles: Mr. Chairman, I gather from what you have just said that you have a special reason for starting with clause 2. As far as the Standing Order is concerned we start with clause 2 only if clause 1 is a title, and in this case that is not so.

The Chairman: Shall Clause 1 carry?

On Clause 1—

Mr. Andre: Mr. Chairman, I have a few brief remarks as we begin this stage of this legislation. Most of the remarks which I wanted to put on the record with respect to Bill C-54, I made in second reading debate. I would like to give the Minister of Finance some indication of the kinds of information we will be seeking as this bill proceeds, however, in order that he might be prepared with the information with some accommodation. As I and others remarked during second reading, this particular income tax bill flows from three budgets or, really, two and a half budgets. The October 8 budget, which contained very little additional information, was primarily an energy policy. Although it was delivered to the House by the Minister of Finance, it was in fact authored by the Department of Energy, Mines and Resources.

Most of the important provisions will come along later in the form of excise tax legislation and other special legislation. The other provisions of this legislation flow from the mini-budget of April, 1980, when the minister bootlegged that particular budget in through a statement on motions in the House. It was based primarily on the budget of December 11, 1979, introduced by his predecessor, the hon. member for St. John's West. In this budget, the Small Business Development Bond was introduced as a policy of this government, but with some significant changes.

The applicability of the Small Business Development Bond was restricted to certain types of expenditures and for many months there was a great deal of uncertainty as to just who was eligible and which financial institutions were participating. A number of hon. members from our side will be interested in obtaining the government's explanation as to why there was this restriction on the Small Business Development Bond. We will be offering suggestions to the government about how the provisions might be extended beyond the current expiration date of March 31 or April 1, in the hope that it might be put to better use and to more use by the small business community and thereby generate the employment which Canada so desperately needs.

A number of speakers on this side will express their interest in why the provision with respect to capital gains and the family farm, which was contained in the budget of the predecessor of the Minister of Finance, the hon. member for St. John's West, was not adopted by this government. This provision was particularly important to the western farmer. We will be interested in knowing the government's reasons for not proceeding with it and will try to convince it to do so.

Also, at the appropriate clause, I will remark on the government's approach to Canadianization. In the budget of the minister's predecessor, the hon. member for St. John's West, there was a very important, very innovative program called the Canadian stock investment plan which would have provided very considerable stimulus and incentive to average Canadians—not people of substantial means or people known for their active involvement in the investment community, but ordinary Canadians—to participate in investment in Canadian stocks.

Had the plan of the minister's predecessor been carried on by this government, it would have had a very significant and important effect, that of causing more and more average Canadians to be involved in investment in Canadian industry. It seems strange that a government, which claims it is interested in Canadianization, would drop that particular provision which was more important to the Canadianization of Canadian industry over all, not just oil and gas, than any facet of the budget of October 28 or the mini-budget of last April.

It is sad that the government would state that its goal is Canadianization, while it cancels or fails to carry on a very innovative and important program which would achieve that aim. One can be forgiven for perhaps suspecting that the goal is less Canadianization than simple nationalization, because that is the thrust of the October 28 budget, to provide a special tax which Petro-Canada could put in place so that it might buy out oil companies. There was nothing in the budget, however, to promote or encourage ordinary Canadian citizens to become involved.

Yet, the budget of the predecessor to the Minister of Finance introduced a program which would not have been costly to the treasury. This program would have resulted in a modest deferment of taxes by a segment of our society which heretofore has not had that opportunity. For the rich and for those who can afford the high-prices lawyers and accountants, there are innumerable tax deferral systems in which one can get involved, whether they be MURBs, films, oil and gas or various real estate investments. The tax deferral opportunities to those who can afford the high-priced lawyers and account-

ants are considerable. The program we proposed was designed to give ordinary Canadians, Canadians who have modest incomes, the opportunity to participate in the future growth of this country by buying equity positions in Canadian companies and receiving a modest tax deferral. And it would only be a deferral. The government ultimately would collect; there is no question about that. Yet that program was turned down by the government.

I think it is fair to ask why a government, which claims to be interested in Canadianization, would not adopt this policy introduced by the previous government. There is also the matter of the failure of this government to proceed with the energy tax credit provisions introduced by the hon. member for St. John's West in his budget, the lack of which will increasingly be felt this year by more and more Canadians.

● (2030)

It is obvious to everyone in this country, with the possible exception of a few slow learners in Energy, Mines and Resources, that the National Energy Program is not going to fly. It will have to be changed and changed dramatically. Most reasonable people have already acknowledged that. As I say, it is taking a while for Energy, Mines and Resources to come around to that point of view. Presumably they want to find a face-saving way of doing it. They will put the policy in place and then make the changes, or use some other political manoeuvre. The reality is that it is going to change.

The other reality is that this government is going to impose much higher energy costs on Canadians. When it finishes making its changes, Canadians will be faced with much higher heating oil costs and fuel costs than they previously expected. The failure of the government to provide the energy tax credit which this minister's predecessor wanted to provide means that those at the low end of the sale, those who are stuck with the high heating oil bills, will find their income distribution will change very significantly. That will not be very pleasant.

I strongly recommend that the Minister of Finance re-examine his decision not to proceed with the energy tax credit proposed by his predecessor. It may be well and good for him and his colleague, the energy minister, to claim they are doing such a good job in terms of their energy policy. However, I believe he is starting to realize, and I am sure his officials are telling him and others are beginning to recognize, that the government simply cannot stay with that national energy policy. As I said, it will have to be changed dramatically. Therefore, the government should re-examine its decision not to protect the low-income scale along the lines proposed by the minister's predecessor.

There is another point I wish to bring to the minister's attention. Hopefully as this portion of Committee of the Whole proceeds, we can get his views on this subject, determine his thinking and see whether we can convince him to re-examine his decision not to proceed, and possibly even decide to introduce that energy tax credit.

Finally, before I resume my seat and allow my colleagues to proceed, I want to say that we have no particular interest in unduly delaying this legislation. It is our hope to proceed expeditiously. A great deal will depend on the willingness of the minister to be forthcoming with information and opinions as we proceed. If there is that kind of co-operation, there is no reason why we cannot handle this stage of the bill with some expedition.

Mr. Waddell: Thank you, Mr. Chairman, for recognizing me. I hope you will not mind if I speak while wearing my kilt. I believe it is traditional dress. I am returning from a Burns supper where we celebrated the great immortal poet of Scotland. I thank the hon. member for Kingston and the Islands for acknowledging my kilt.

An hon. Member: It's a skirt.

Mr. Waddell: It is not a skirt, it is a kilt. I was asked what is worn under the kilt, and I propose to answer that question tonight. However, hon. members will have to wait 20 minutes until I have finished my speech. I will then answer the question about what is worn under the kilt.

I now want to talk about the National Energy Program and the bill before this committee. You need to be a wily Scot to analyze this bill and realize where all the money is going. This is indeed a very difficult situation. I say to the Minister of Finance that what we have is a capital strike. The hon. member for Calgary Centre did not mention when he spoke that we have a strike against the government.

Those who lived in British Columbia under a New Democratic government know what it was like. I say to the Minister of Finance that this government did not invest in forestry when we tried to do new things in forestry. We tried to do new things in mining, and it did not; it kept the money back. That is now happening with the National Energy Program. There are a lot of problems with that program.

The public in this country seriously believes that we should control our own energy resources. The public believes we should control them and not the foreign multinational companies. When you try to do that, you find the people suddenly saying they will move their rigs to the United States and not explore here any longer.

The companies give you the same old argument, "Just give us more money and we will find more oil." But that claim is not true. Since 1968, the oil supply in Canada has been going down. That is well known. It is the same situation in the United States. The rigs will come back to Canada because there is more oil here than in the United States. There is a lot of gas in Canada. The companies used the money they got from the government to find that gas, under pressure from the government. The government caved in last year on the prebuild of the pipeline in order to export the gas. This has been the traditional pattern in Canada.

I am now going to get into the bill and I hope the minister will learn something from my remarks. The strange thing is that the Canadian companies which he sought to help Canadianize, are now turning against him and are moving their rigs out of the country. It is rather a shame, but they are acting

just like the foreign multinational companies. Those who sit in this corner ask what is the use of replacing David Rockfeller with Conrad Black? They act in the same way. They want to maximize their profits against the long-term energy interests of the Canadian people.

Unfortunately, that is what some Canadian companies are doing. Some have problems with cash flow. Some small Canadian companies find the 8 per cent wellhead tax difficult. I do not sympathize with some of them; they have made a lot of money. They think they have a God-given right to make millions and millions of dollars, but they do not have that right. We need that energy for the ordinary people of this country.

Some companies have justifiable complaints. It would have been better if the government had not proposed this wellhead tax, but had concentrated instead on a fair system of taxation for the country. The government is in the midst of a strike by the industry. I predict the government will back off and give in to the hon. member for Calgary Centre and his Conservative friends in the oil industry and the multinational oil companies. They will give in because Liberals traditionally give in. If you are going to have a socialist program, you have to be prepared to go the other way, and I do not think this government is prepared to do that. I wish to refer from an article by John Twigg in the Regina *Leader-Post*.

Talking about the government's National Energy Program, he said, "While there are some moderate incentives for activity by Canadian companies and for preferred activities such as heavy oil, tertiary production, tar sands and frontier and gas substitution, the underlying price structure is clearly inadequate. As well, the tax measures are merely grabs of revenue from the provinces and companies with too little reform—" I underline this. That is what is lacking in this bill, "—too little reform of the lucrative deductions in the federal tax system and no new taxes on the refining sector which has emerged as a profit centre for the oil companies."

What the government is doing with its National Energy Program, putting on the wellhead tax of 8 per cent and the gas export tax, is forgetting one of the areas where the large multinational companies make money, what they call the downstream, the wholesaling and retailing of gas. That is where they make their big money.

I predict this government will not only cave in on the National Energy Program, but will cave in soon on the oil and gas bill. It will change that. It will cave in on the tax after the Ontario election. With regard to the price of oil and the great Liberal promise of cheaper oil than the Clark government's promise of $4 for 1980; $4.50 for 1981; $4.50 for 1982 and $4.50 for 1983, the government will cave in and the price will be raised in order that it can make a deal with Alberta. All those people in Ontario and Quebec who voted for this government because they thought they would get lower energy prices will be sold out. I think the government should come clean about that and tell the Canadian people now that it is going to put up prices. I can tell the Minister of Finance that the ordinary working people in my riding are prepared to pay more for oil and gas, but they want a fair deal. They do not want all the profit to go to the oil companies which have been making a lot of money; they do not want the money to go into the Alberta Heritage Fund and they do not want it to go to the federal government because they do not believe the federal government knows how to use it.

• (2040)

In western Canada, that is a generally accepted feeling. The western Canadian people do not want the Minister of Employment and Immigration to deal with the western development fund because they know where that will go. That is the problem. Canadians know if they pay more for oil and gas that it will come out of their own pockets. Nothing will go back to the ordinary people. There will be no financial benefit for the low-income people and that is the problem with the proposal to increase energy prices.

Before I sit down I want to talk about two programs which are the real "people programs", namely, the program to insulate houses and the program to help people to convert from oil to gas, both of which are in the National Energy Program. They are good ideas in principle but the government is not going about them in the right way.

You cannot have a program for people to convert from expensive oil to cheaper gas when you are going to sell out all the gas to the Americans. There is a new book out by Bruce Wilson called "The Energy Squeeze". The Walter Gordon committee which studies economic policy said that we do not really have that big surplus of cheap gas that we think we have, and that we are going to sell it out like our oil. I finally found Joe Greene's speech, the former minister of energy. In 1971 he said this: "Canada's total oil reserves were 469 billion barrels at the end of 1970 while natural gas reserves were 726 trillion cubic feet. At the 1970 rate of production these reserves represent 923 years supply for oil and 392 years for gas."

Mr. Chairman: Order, please. The Chair hesitates to interrupt the hon. member, but according to Standing Order 55(2) speeches in Committees of the Whole House must be strictly relevant to the item or clause under consideration.

Mr. Baker (Nepean-Carleton): I thought he was doing fine.

Mr. Chairman: I just draw that to the hon. member's attention.

Mr. Knowles: Mr. Chairman, I hope you have not forgotten the tradition, though, that on clause 1 of a bill a general discussion, provided it is on the bill, is still in order. Certainly, when we had discussions about getting into Committee of the Whole, that was the understanding among House leaders.

Mr. Chairman: It is a question of judgment. The hon. member is talking about a statement of a former minister of finance as to the oil reserves of the country. In terms of the taxation measure before us, the Chair would simply call to the hon. member's attention that a good deal of tolerance has been

exercised so far. But we do have rules and we should try to observe them.

Mr. Waddell: Mr. Chairman, let me tell you how it is relevant. I will put it to you and I will put it to the Canadian people. In 1971 the then minister of energy was saying that we had lots of oil. He based that on industry estimates. But two years later he said that we only had 18 years' supply of oil. By that time, we had sold out most of our oil. This time the government is telling us we have lots of gas, and we are selling out all our gas. The government is bringing in a program in this bill to pay people up to $800—which is not a bad idea—to convert from oil to gas.

Mr. Blenkarn: Where in the bill?

Mr. Waddell: It is in part of this bill. It is part of the clauses dealing with conversion.

Mr. Blenkarn: What clauses?

Mr. Waddell: If the hon. member would look at the different clauses in the bill—

Mr. Blenkarn: I have looked very carefully.

Mr. Waddell: What the government is saying is that it wants to pay people to convert to gas. What I am saying is that we had better have some cheap gas there so that when people convert, they can use it. It seems to me that makes a lot of sense. What the government is also saying is that we should aid people in insulating their homes.

The government is telling us that it is continuing with CHIP and so on. If the government really wanted to deal with this aspect, it would not say to people, "We will give you a grant up to $800". The government would go to the provinces and tell companies such as Quebec Hydro to go to people's houses to tell them how to convert their furnaces. These people would not have to pay anything right now. They would pay a little bit over a period of time. That is what Mr. Berube, the Quebec minister of energy told them. That is what he wants to do and it seems to me to be very rational. He wants to have the program so that low or middle-income people do not have to pay out money. They could have a professional person from hydro look at their houses. There would be no rip-offs. People could be advised about what to do with their furnace. They could convert and pay so much on their hydro bill. But the government on the other side, and the Quebec members especially, want to give the money directly to the people because the government thinks it is a better political pay-off. This means we will not have the best system of converting.

If the government really wants a conversion program, why not take chunks of a city, even take the whole of Toronto, for instance, and convert it? Let us get serious about energy conservation. Let us take a whole area and insulate every house. I talked to a carpenter this weekend. He told me that this government's program is a joke. He said the new houses that are being built would be blown down if a big wind came because they are so poorly built. What we have to do is to make really tough changes in building codes. We must make sure that every house in Canada now is built properly in order to be completely energy efficient. This program only goes a little way toward that goal. Really, it is nothing.

Drilling expenses are difficult to explain when one looks at this bill. There are clauses and clauses of income tax deductions. You would need a Philadelphia lawyer to explain them to people. But the Canadian people should keep the following in mind: for drilling in the north this government has given, out of a dollar invested, 93 cents. The government is going to give grants to Canadian companies. I have demonstrated through speeches in the House how Imperial Oil can practically call itself a Canadian company even though it is 70 per cent foreign-owned, provided that it becomes a member of a consortium with Petro-Canada. If a company has 70 per cent control of the consortium, it is classed as Canadian owned. It is a sham like much of the National Energy Program. It is rhetoric and it is a sham.

When the Canadian people consider that 93 cents in every dollar is paid by the Canadian government and only 7 cents is paid by investors, one wonders. Why do we not pay the extra 7 per cent and take control of the drilling? I do not know how the government will deal with this. I pose the following question to the minister: how will the minister propose to help northern drilling when the industry is on strike? I have quotes from a number of sources which say, "We are not going to drill in the north unless you change the National Energy Program." Under the provisions of this bill companies will receive traditional depletion allowances.

● (2050)

How do I explain to my constituents that a company like Dome Petroleum, that great Canadian company, is actually only 37 per cent Canadian-owned because it has sold most of its stock to the Americans, and that in spite of those hundreds of millions of dollars Dome received from that government over there, it does not pay any income tax? Go to your constituents outside and say that we pay an average of $1,500 in income tax but Dome does not pay anything, yet makes millions and millions and under the new government program, has depreciation allowances amounting to 93 cents out of every dollar! This government is going to face that situation. It is giving these people everything in order to drill and to encourage the private sector. Robbie Burns said:

Oh wad some power the giftie gie us
to see oursels as others see us!

I wish others could see Canada in the sense of giving away so much money. In spite of giving 93 cents on every dollar to the industry, the industry is on strike and refuses to build.

I want to ask the Minister of Finance before I sit down what he proposes to do if, in spite of these generous tax allowances in this bill, in spite of the fantastic allowances he gives them, the companies, as they have said, will not drill in the north because they are not satisfied with the National Energy Program? Who is going to drill to find that oil, given that the Minister of Energy, Mines and Resources has said that for 60

per cent we will rely on the tar sands, which is tied up in a dispute with Alberta—who is going to drill in the north and off the east coast at Hibernia? Mobil said today and Chevron said yesterday that they would not drill. Who is going to drill and who is going to find that oil so that Canadians down here will have supply? I wonder if the minister would answer that question for me. Mr. Chairman, I do not think my time is up.

The Chairman: The hon. member for Vancouver-Kingsway has one minute left in the time allotted him.

Mr. Waddell: I would ask the minister to reply to that question when he gets the chance. Who is going to do the drilling if these companies will not do it? If he is prepared to give them this generous tax allowance of 93 cents on every dollar, why does the government not add the extra seven cents and set up Petro-Canada to do it? What does the government propose to do, other than back down? Does it propose to stand up to these companies and say we are not going to accept these strikes?

The Chairman: Order, the hon. member's time has expired.

Mr. Thacker: Mr. Chairman, I was wondering as I listened to the hon. member for Vancouver-Kingsway if we were referring to the same bill. I have looked through Bill C-54 and I do not see any part which discusses the National Energy Program or anything about the 8 per cent tax or the pricing of oil. He seemed to make an urgent call for the government to go all the way. In fact, in my opinion the NDP has gone all the way with the government for a long time. As a result, it has gone so far I can see why the NDP, as a matter of party policy, is in favour of abortion on demand!

There is no doubt that Bill C-54, being 224 pages long is just grotesquely complicated as a matter of income tax law. I recall when tax reform went through. The matter was debated and finally passed. Then the horrendous nature of tax reform came home to people who had to live with it, the solicitors and tax accountants. The joke went around that not one member of Parliament understood what had been passed.

I can now say having been here and having tried to work my way through Bill C-54 that I very much doubt whether anybody understood what happened. To emphasize the point, sir, I would like to read clause 66.2(6) as follows:

> Where a non-resident person is a member of a partnership that is deemed under paragraph 115(4)(b) to have disposed of a property described in subsection 59(1.1), his share of any amount that would be an amount referred to in clause (5)(b)(v)(A) or subparagraph (5)(b)(vi) or (xi) in respect of the partnership for a taxation year of the partnership if section 96 were read without reference to paragraph (1)(d) thereof shall, for the purposes of this Act, be deemed to be an amount referred to in clause (5)(b)(v)(A) or subparagraph (5)(b)(iv) or (xi), as the case may be, in respect of the non-resident person for the taxation year of the non-resident person that is deemed under paragraph 115(4)(a) to have ended.

An hon. Member: That's clear.

Some hon. Members: Oh, oh!

An hon. Member: Explain.

Mr. Thacker: That is crystal clear. It is so obvious.

An hon. Member: If the Minister of Finance can't explain it we will get Jean-Luc to do it.

Mr. Pepin: It is very simple.

Mr. Thacker: We need without any shadow of a doubt a total review of the tax law. It is simply too complicated.

There is no doubt, for the minister's benefit, that in 1971 a number of general charging sections were brought in, but as a result of pressure groups, of which most of us were members at one time or another, these have been chipped away so that in several cases in this act the exceptions have actually overtaken the general rules, and there are so many exceptions that the general rule might as well be changed.

A disturbing aspect which I have certainly shared first-hand in my capacity as a solicitor is that the present complication is causing people to fiddle, to cheat, to go well beyond avoidance, into the area of evasion. They really do not have the respect for our tax system in the nation that they should because most people take a simplistic view. They feel the government comes up with a program, sells it to the people in a promise during an election campaign and that there should then follow a taxing bill which matches the selling job. We learn as politicians, of course, that you can cheat the people. You can promise them a program for which they do not have to pay immediately. We do that by going out and borrowing through Canada Savings Bonds. We borrow from our own people to give them a program they do not have to pay for! We then go out and issue treasury bills. We know in terms of Canada Savings Bonds there is about $17 billion outstanding which we borrowed from our own people. In treasury bills it is $20 billion, plus or minus a few. We have even been able to take the ultimate step. As a nation and as a government we have gone to the international marketplace and borrowed $9 billion or $10 billion. We have done this so that we do not have to increase taxes to our own people. Clearly that has misled the people and is causing trouble right now.

It is clear from tax statistics that the Income Tax Act is not progressive. The bulk of people come within the high tax ranges of individual taxation. For example, the new tax statistics for 1978 point out that of some 14 million returns, if you as a citizen earn $10,000 only 43 per cent of the population makes more than you. If you earn $20,000 only 13 per cent make more; in short, if you make $20,000 in our society you make more than 80 per cent of the taxpayers of Canada. If you make $25,000 only 6 per cent earn more than you, and if you earn $30,000 only 2 per cent of the taxpayers are in a higher bracket than you. If you happen to make $40,000 you would be above the top 99 per cent of taxpayers in this country and only 1 per cent would make more. If you hit that magical $50,000 bracket that we as members want to be in, at that point only .2 per cent of taxpayers will earn more money than you and you will then be above 99.8 per cent of the taxpayers of the nation.

• (2100)

Another fact I would like to put on the record is that tax expenditures have become quite enormous. Even dealing with tax expenditures we should not have to get into these very complicated tax amendments which try to raise money in all sorts of ways which, to the ordinary person with common sense, should be unnecessary. The hon. member for Vancouver-Kingsway pointed out the massive tax expenditures under the old Dome Petroleum program, which the Liberal government in a previous incarnation introduced and which really meant that there was a tax expenditure of over 100 per cent for every dollar invested. Even under the existing program it is some 93 per cent.

However, let us look at the accumulated tax expenditures relating to RRSPs and registered pension plans. Over $20.5 billion have accumulated since 1979. Under the Canada Pension Plan $4.8 billion have accumulated. Incidentally, we do not have that $4.8 billion. That has been spent on ordinary operating budgets, so it is really just a bookkeeping entry. With respect to preferred tax treatment of income debentures and term preferred shares with which we deal in our tax law, $400 million have been lost as a result of that tax expenditure.

Marital exemptions have cost us $1.355 billion. Non-taxation of capital gains on principal residences has cost us $2.5 billion. I want to make that point in some later comments with respect to farmers and the capital gains tax. Transfer of income tax room to the provinces in respect of shared cost programs has cost us $3 billion at the federal level, and that is money we presumably could have had we not gone into it.

A major point which deals with this bill but also income tax in general, relates to the reverse onus clauses which we find in the Income Tax Act. There is now a feeling that the taxpayer is guilty until he takes steps to prove himself innocent. The general population out there in Canada has some real fear of tax administrators, tax assessors and tax collectors, who are able to get away with all sorts of statements and mistreatment of ordinary taxpayers. This leads to a great deal of lack of respect on the part of taxpayers, and there clearly is a feeling of guilt among people who come into accountants' offices or solicitors' offices and a feeling that the obligation is on them to prove themselves innocent. I believe the Minister of Finance should give some very serious attention to that, as should his colleague, the Minister of National Revenue.

A development which has affected us in the west a great deal is that income tax files have been moved to Winnipeg. In the past all files were held in Calgary. If a solicitor dealing with a tax problem wanted to deal with an assessor, he would simply get on the telephone, arrange an appointment and discuss the matter. It could be negotiated and solved right there. Now he puts in a call to Calgary and is told that the department is sorry but that a certain file has been moved off to Winnipeg. So the assessor in Calgary has to put in a requisition form to get the file out of Winnipeg and back to Calgary. Ordinary citizens who go to see chartered accountants learn that those accountants have filed their returns for them. Months go by. All of this causes agitation and concern. In addition, interest is charged if the taxpayer happens to owe a few dollars to the government. That should surely be examined and rectified.

Estates cause a very serious problem and, as my colleague, the hon. member for Moose Jaw, so aptly pointed out, time delays in obtaining income tax clearance certificates on estates are enormous. I want to associate myself with the comments of the hon. member for Moose Jaw because this clearly is a problem, at least in Alberta.

Some of the clauses in this bill are good clauses which I am sure everyone can support. While the spousal deduction amounts to another tax expenditure, in terms of equity and fairness most people would have to support it. Given the unfairness of the system we have and given the much too complicated tax system, until we have an over-all view—and I am hoping the minister or his parliamentary secretary will take a serious look at forming a new task force of some sort to take a genuine look at the Income Tax Act—clearly the spousal deduction is good. Citizens have to be careful with that, however, because if a small businessman is making less than about $17,000 and if he transfers much of that income to his spouse, then one or the other will be in trouble in terms of getting the maximum deduction under the Canada Pension Plan. I think the department should feel an obligation to put out some information to the taxpayer taking advantage of this to make sure either he or his spouse retains enough income in one to get the maximum Canada Pension Plan deduction. If people do not get that, they will find they will be in trouble when they retire.

The energy substitution grants of up to $800 are good in principle, but the minister should answer specifically the question as to whether the grants will be payable in the event of a partial conversion. For example, in many homes people have oil heaters, but they either do not want to get rid of the ones they have now because they were just recently purchased or they want to wait until the technology with respect to heat exchangers has improved. Meantime, they would like to put in a couple of electrical wall units. Will those qualify for a grant under this legislation? I would appreciate an answer to that.

Another advantage is brought about by the extension of the "cash" method to farmers. I think the government should be commended for that.

As far as it goes, the Small Business Development Bond is quite satisfactory, but we need to know whether it will be extended beyond the three-month period. I think most members on this side of the House would take the position that it should be and in fact must be extended.

The major defect in this bill is not what the bill contains but what it does not contain with respect to capital gains taxes. We all know that the Liberal government made a campaign promise, in the light of the Crosbie budget, of some specific tax relief for roll-overs on farm capital gain. The Liberals promised to move the valuation date from 1971 to 1974. The budget did not have that provision, and I want the minister to tell us specifically why it did not.

I would like to argue to the minister that capital gains tax is really a misnomer in the farm industry at this point. In fact, it has become a tax on capital per se. The reason is that there was no indexing with respect to the value of farmland, so since 1971 the value of farm land has gone up, but the bulk of that increase has been the result of inflation. When we work the calculations out and apply even a modest inflation factor, the capital gains tax takes more than that and is actually biting into the capital per se. The reason is simply inflation. As a result of its policies and its borrowing internationally and through Canada Savings Bonds—in effect, turning on the printing press—the government has created more money than there are material goods, and the value of those goods has therefore gone up. Unfortunately, the bulk of that money, at least in the area with which I am familiar, has settled on land. It has not settled out on boats, cars or trucks necessarily. It has settled on land. Land which normally would sell for $100 an acre in 1971 now sells at about $600. This is just for ordinary dry land. Often it will cost $1,000 an acre for irrigation land. The 1971 valuation date is too early. In 1971 land values in the west were at a low point. The 1974 value would actually be a much closer valuation to what the agricultural productivity of the land is because the other factor the minister needs to understand is that the price of land in the west is in no way related to its agricultural productivity.

● (2110)

If we applied the inflation factor to that, we would have it covered completely. So there are only two simple little moves which need to be made. While naturally I would like to have the capital gains tax taken off completely, the government could go a long way by advancing the VD value to 1974 and indexing the inflation factor from that date. What is happening is this: if I were a farmer who wanted to will my land to my son at the 1971 value, I could do that because we can get a tax roll-over. But the 1971 value would no longer produce enough money to permit me to retire in Lethbridge and buy a home there, because the inflated value in Lethbridge has gone up, and to have a nest-egg for my retirement. Second, if I want to transfer that farm to my son for, say, $300 an acre when the VD value is $100 an acre, that causes a problem because I could get from my son $300 an acre which would give me enough money to buy my retirement house, and then we could elect, for tax purposes, to roll it over to his name at the 1971 value. That would mean, however, that he would ultimately have to pay the capital gains tax. But he is not going to buy that deal and he will say to me, "Dad, I've paid you $300 an acre, how can you give me that land for $100 an acre?" If I died the day after or if I had to sell it, my son would have to pay the capital gains tax. So we are locked into a dilemma.

The third situation which could arise is that I as a farmer might want to leave my farm to my son as an economical unit, but I had two other sons who had moved away to become politicians and I had a daughter who had married and was living somewhere else. How could I transfer the farm to my son at the 1971 value and still give my other children a fair share of my estate? It has become quite impossible. As a result, people have been listing the land and selling it to the highest bidder. Often those are people with cash from the cities and industrial areas who wish to protect themselves from inflation. They are prepared to put their money into land with no thought of productivity. They just want to put their money into a safe place. As a solicitor in Lethbridge I did innumerable deals through my firm—

The Assistant Deputy Chairman: Order, please. I am sorry to interrupt the hon. member, but I have to advise him that his time has expired.

Mr. Blenkarn: Mr. Chairman, one of our major concerns with respect to this bill is its excessive complications. The hon. member for Lethbridge-Foothills has alluded to them. We have a bill here which adds enormous complications to an already very complicated Income Tax Act. It is the view of many of us that the tax reform measures proposed by the Carter commission which are now in our Income Tax Act of 1971 need complete reform. We would expect the minister to speak on this clause with respect to tax reform.

The bill before us is exceedingly complicated. Clause 12 amends section 12 of the Income Tax Act. Let me remind hon. members that section 12 reads:

There shall be included in computing the income of a taxpayer for a taxation year as income from a business or property such of the following amounts as are applicable:

And then it goes on with paragraph (a) right through to paragraph (o). This particular bill extends to paragraph (v) with one change after another. When an ordinary individual, or indeed a chartered accountant or a lawyer, is looking at this act, he must try to understand it. The act is now virtually incomprehensible to almost all except the most experienced. When looking at the problems of the ordinary taxpayer, the ordinary small businessman, we must realize that in this Income Tax Act we have created a horrendous problem. It is small wonder that a great number of people—some studies say nearly as many as 50 per cent of the population—who file income tax returns must receive some assistance in filling them out. But when you look at the complications contained in this act, you realize that a person whose source of income is in any way complicated may be required to hire not only one firm of chartered accountants but many. Indeed, they are faced with the problem that no matter how many experts they hire, they cannot in any way be assured that the experts understand the act.

I am only a country lawyer from Mississauga who has been involved for a considerable period of time in dealing with the corporate problems of many people and I want to say with absolute certainty that I have a very difficult time understanding this statute and understanding some of the complications that the minister has brought to us in Bill C-54.

Before I go into some of the problems in the few minutes allowed me, I will repeat what I said at second reading of this bill, namely, that the bill is an effort to bring into force in law some of the suggestions made in the November budget of 1978; to reinforce some of the defeated measures in the

December 11 budget of 1979; to make as part of the law some parts of the "Minnie Mouse" budget of April 21, 1980, and to try to incorporate, if at all possible, and make sense out of, some of the suggestions of October 28, 1980.

The delay has made things impossibly difficult for most taxpayers, even for chartered accountants, for people in the lending industry and for people in business in general. The delay has been such that measures which might have helped to spur on the economy, have not done so. In that respect, it is important that the minister pay attention to our concern about the provisions covering the Small Business Development Bonds. The minister will know that this feature in our tax bill is really a reincarnation of the income bond which was allowed prior to the change in the act contemplated in 1978. What happens with an income bond is that the lender is able to lend money to a corporation. The corporation pays the interest in terms of a dividend rather than in terms of interest. The dividend is, of course, not deductible as an expense in business but is received by the lender as a tax-free remittance. That is how Petro-Canada was able to finance the purchase of Pacific Petroleum. It was immediatly after the purchase of Pacific Petroleum that the minister made the changes in the November, 1978 budget which prevented the use of income bonds, or term preferred bonds as they are sometimes called, as a method of financing. The concept was reincarnated in the budget of the hon. member for St. John's West on December 11 which was defeated by these fellows who now occupy the treasury benches. It was defeated, of course, because it was not appropriate, but it was reinstituted in the statement of April 21 and reinforced in the statement of October to give some benefit to business.

● (2120)

During 1980 a number of small businessmen approached lending institutions with the objective of trying to finance some improvement or addition to their capital assets through the use of Small Business Development Bonds. I know of no small business which has been able to negotiate a Small Business Development Bond. I know of some which have been able to negotiate options on Small Business Development Bonds, but I do not know of any small business which has been able to use this provision which allegedly benefits small business.

In fact, if a small businessman approached the Bank of Nova Scotia or another lending institution, he was told, "If the statute goes through, then your interest rate will be reduced and you will be able to use the interest as a dividend. We will get it "taxfree" and you will not be able to deduct it. You can take advantage of the provision only if it goes through, but we do not know what will happen. In the meantime if you want the loan, sign at 13, 14, 15 or 16 per cent, and if it goes through, maybe we will give you a reduction." Until now I know of no small business which has been able to negotiate a Small Business Development Bond.

When this clause comes up, I will specifically ask the minister whether he can give the details of any small business anywhere which in fact negotiated an absolute Small Business Development Bond without regard to whether or not the statute went through. I suggest that he cannot and that everyone who managed to get something got an option deal. Because it was only an option deal and because they could not be firmly in place on the deal, most people were unable to use the provision which was boasted about as being useful to help small business.

We have had a charade. The Minister of Finance stood in the House and said that he is helping small business. He gave people the hope that they could do something about high interest policy of the government. Let me stop here for a moment. When the last government was defeated, the interest rate charged the chartered banks by the Bank of Canada, or the Bank of Canada rate, was 14 per cent. That was the rate when we were fighting an election a year ago. The person who now occupies a treasury bench as the Minister of Industry, Trade and Commerce said on a television show that if interest rates went that high, he would resign. Now the Bank of Canada rate is 17 per cent! While he had an unfortunate accident and came into the House with a cane, he has not resigned. Perhaps he has tendered his resignation and it has been refused.

Perhaps the Deputy Prime Minister and Minister of Finance will be able to explain whether the Minister of Industry, Trade and Commerce has offered his resignation. If he has not offered it, why not? If he has offered it and it has been refused, why is the Minister of Finance prepared to accept and indicate that the Bank of Canada rate should be 17 per cent? A year ago he was traipsing around the country promising low rates of interest. At that time the Bank of Canada interest rate was only 14 per cent. How can he now say that it has to be 17 per cent and that it is low?

Let me leave that subject for now because it is somewhat off the topic. The real issue is whether small business should be able to borrow money or obtain funds to create new productive assets at a rate of interest which makes some sense. With all the programs of the Minister of Employment and Immigration—LIPs, grant programs, give-away programs, make-work programs or get a new community group to study the programs—the government refuses to recognize that small business creates most of the employment in the country and that small business is being totally tarred and feathered by the high interest rate policy of the government.

What does this bill do except provide that the Small Business Development Bond will expire on April 1, 1981? Perhaps that will be less than two months after the bill passes this House and the other place. What does the bill say? It says that unless one has done the work and unless all the improvements the loan is for are in fact in place, then one cannot write off the interest. One cannot write off the Small Business Development Bond payment scheme out of the surplus account of one's company on the basis of the dividend to the lender. The Small Business Development Bond is not that big a deal. With interest rates running from 19 per cent to 24 per cent for small businesses today, the Small Business Development Bond would perhaps allow small businesses to borrow, in after tax dollars,

at a rate somewhere around 13 per cent. Even that is a dickens of a lot better than asking small businesses to pay 20 per cent; even that will create a great deal of employment.

In the bill before us we have misrepresentation and deceit. The government said that it will do something for small business. It said that it will allow businesses to use the Small Business Development Bond scheme, the same kind of scheme it allowed Petro-Canada to use when Petro-Canada bought Pacific Pete. The government will allow small businessmen to use that scheme and they will be well off, but they will be cut off on April 1, 1981, and will not be able to use it from then on.

The government offered a possible solution to the excruciatingly, exorbitantly and deceitfully high interest rates imposed on businesses; then it said that it cannot be used. In other words the government tries to get political marbles out of the deal and winds up teasing or pretending to do something but does nothing for small business. The deal is not all that great. Instead of paying 20 per cent, the small businessman might get away with paying only 13 per cent on the market. But that in itself would be something; it would give him some hope and would offer some employment. It would help to get the country rolling again.

● (2130)

Sir, before we got onto this portion of the bill I had an opportunity to speak to members on the treasury benches. I suggested to them that if they really wanted to accomplish something in this bill, what they might do is extend the provisions of the Small Business Development Bond to December 31, 1981. We brought in that provision. We suggested it to them in this House on motions under Standing Order 43 on a number of occasions. We expressed our concern over the Liberal high interest policy. They talked about the Tory high interest policy which was 14 per cent. They said it was terrible and impossible. But 17 per cent does not bother them. They do not mind 17 per cent. But if they wanted to do something in this bill at all they would immediately stand up and make an amendment to this statute, now, and extend that particular provision to December 31, 1981. I want to say this to you, as chairman of this committee, that if they really wanted this bill to go through and if they really wanted to demonstrate that this provision in the Income Tax Act will make some sense, then they would stand in their places immediately. I am finished and propose an amendment to this legislation to extend the date of the Small Business Development Bond to December 31, 1981.

The extension to that date would give small business the opportunity to go out into the marketplace, buy the production machinery it needs and make the new investment it needs to make. How can a man start a business, buy his equipment or get organized when he must pay 20 per cent to the bankers? Can we not give him a little break? Can we not reduce the interest rates he must pay? Can we not do something in this bill to get Canada going again?

Everything in the budget of October 28 was to turn off progress. There was not a thing in that budget which would expedite the development of Canada, make Canada grow again. Can we not do something in this bill? Can we not do one thing in this bill to make Canada grow again? Can we not be a little more reasonable with respect to the Small Business Development Bond?

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. member but, as I have indicated his time has expired.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, speaking on income tax amendments is probably the most important function of a practical nature we have as members of this House. Our primary duty here is the watching of the expenditures of money to make sure that the tax system which collects that money to pay for government expenditures, is done wisely and prudently.

The previous two Conservative speakers, or maybe three, have mentioned the Small Business Development Bond. I can take that as an example of what I mean by being prudent. This should be the aim of the tax collectors of the federal government, and this particularly applies to the Department of Finance which lays down these amendments to the Income Tax Act in consultation with the Department of National Revenue. As has been made abundantly clear by the hon. member for Mississauga South, using this Small Business Development Bond as an example, it was a fiscal device to try to reduce the interest rates which were suicidally high in Canada because of a theory held by the Department of Finance and the Bank of Canada. So the government which preceded this government—the Clark government—tried in a small way to get at this problem on the fiscal side by reducing interest rates for at least somebody in the country. It picked on the small businessman, whether a farmer or a small businessman. It said, "We will give to you, the small businessman, the same kind of loophole in the tax law which exists for big companies like PetroCan, or any other company which is busy taking over someone else, if you call your interest a dividend."

Under our definitions in the tax law, the lender of that money is not charged tax. Therefore, he can reduce the rate by about half, plus a little bit for his own profit. This was a reasonably major effort to get interest rates down for the small businessman. Where it failed, of course, was not having included the farmer, whether incorporated or not. It should also have included all those in the export business, incorporated or not and it should have been applied to the ownership of homes, to be consistent and fair.

But what happened to this bill which we have before us? This bill simply says that the Small Business Development Bond will only be available to March 31. For the last two months the banks have been saying to small businessmen who tried to negotiate loans under this type of provision, "We will not lend money for a program which will end March 31." Small businessmen trying to negotiate loans under this type of provision have been made equal to big business in the borrowing of

money at lower interest rates. In effect, the government wipes that situation out. So, the chaps who went ahead and took up options on the basis of the Small Business Development Bond are stuck now with this 15 per cent or 20 per cent interest rate.

I would suggest to the minister, Mr. Chairman, and to his officials that this is a perfect example of where the present government zigged when they should have zagged. He knows this country needs lower interest rates, whether they be in B.C., the Northwest Territories or in the Atlantic provinces, whether they be in Quebec, Manitoba or Ontario. Big business, small business, the little people are all being wiped out in tens of thousands by this high interest rate policy in the United States and Canada. Quantitatively it is wrong. I made that pitch on a previous occasion when I gave the figures on the rough comparative cost of using the interest rate technique to fight inflation versus the value of the dollar. I am simply repeating what previous speakers on this side have said, "For heaven's sake, stand up as a representative of the people and say this measure will be extended." Under the rules, of course, we cannot make a motion to add to the possible financial obligations of the government.

I would like to return to my main argument, Mr. Chairman. One of the things I said in my earlier speech, which the minister remembers well—it got him mad enough to get up and answer anyway—was that the main purpose of the Minister of Finance should be to get the maximum amount of taxes that he can. Comparing the present level of taxation in Canada with that in the United States, ours is counterproductive.

I will give you a classic example of this, Mr. Chairman. If you want to get more money out of the tax system today, reduce the taxes. Then people will go ahead and do some business. They will take out these development bonds and develop something. With that development comes jobs and with those jobs comes wealth. On that wealth the tax collector will collect.

● (2140)

Some people call this the theory of potential, but in its simplest terms, it is merely a way to get more money out of the tax system at a certain level, by reducing the rate, than can be obtained by increasing the rate. This theory does not apply to all things and all subjects, but it does apply in certain instances. About ten or 12 years ago the government, in its wisdom, increased taxation on cigarettes which were being used by roughly 30 per cent or 40 per cent of the population. The tax was increased to such a high rate that the people who lived along the American border smuggled in truckloads of cigarettes from the American side and distributed them without paying any tax to anybody. As a result, the government very wisely backed up and reduced the tax which stopped the smuggling and, as a result, it received more money.

The same situation exists today with regard to jewelry, which is the newest wrinkle in smuggling. With the rising prices on jewelry and an ad valorem luxury tax of 10 per cent, it makes such a difference that an article of jewelry which can be smuggled easily has increased tremendously in value over this last year or so. According to the police the amount of this smuggling has increased to between $100 million and $400 million per year.

Jewelry is of interest to many people, and that interest goes beyond the very rich right down into the middle class. All one need do is ask the secretaries around here what they would like for Christmas, and they certainly let it be known. I would suggest, as in the situation with the cigarettes, that if the government wishes to get more money through jewelry, it should search for the right level of taxation so that we may be competitive with our main opposition in this field, the Americans. The smuggling will then stop and the government will make more money. All the ladies, and their husbands or boyfriends will be happy, and the government will make more money. That is the simple logic of the ordinary layman.

On the question of the development bonds, such logic is much more important because the government will lose millions of dollars by letting small businesses take advantage of this loophole in the tax law, whereby one can borrow money and pay interest as though it were a dividend. The number of jobs and the amount of wealth which the government will probably produce over the next five years or ten years by this move will be far beyond anything it will lose by reducing the tax. Nearly all the tax economists in the English-speaking world accept that principle. That is why the minister looked so stupid in the House when he took away this one little thing in the Crosbie budget which helped small business move toward fiscal equality with big business and which moved toward developing and stimulating the economy while at the same time giving more money to the taxpayers. This is not new economics. It is the oldest economics of the world.

When I heard the parliamentary secretary to the minister reading his speech the other night with the passé comments that he receives from the department, I was struck not just by the embarrassment in which he found himself when he learned that his whole speech was out of order, but by his repetition of this passé doctrine we are so sick and tired of hearing from the Department of Finance. I suggest that the parliamentary secretary should check with his officials, who are right in front of him, and they will tell him that what I am saying is true. But those officials should not make ministers look stupid by encouraging them to make such comments in the House. That is why I have always defended ministers of finance.

I have made my point very clear with regard to the Small Business Development Bond, but I could also add comments about the Farm Credit Corporation, the export operations of this country which we should be trying to increase in order to take advantage of our dollar and the building of homes which is almost at a standstill in some of our larger cities where prices are too high and rent controls exist. These things are the real needs of the people. If the government wants more money for the tax collector from these segments of the economy, it will get more money from those particular items which are marketable products by reducing the tax rate. How much the tax rate should be reduced, no one knows, but the government should feel for the point where it stops receiving more money,

and when it stops receiving more money, then it should level the tax off.

I am putting this forward, as I have done in the House many times before, as a classic example of the utilization of quantitative analysis through which the government may find out what is happening, rather than relying on this theory which we learned in school 40 years ago.

This bill has a number of clauses which should be praised. I am glad that at long last the remuneration for spouses has been included in the Income Tax Act. This has been requested by small business people and farmers all the years that I have been in public life. Credit should go to the budget of the hon. member for St. John's West of one and a half years ago who first introduced that provision which has been retained by this government. Even though I can accuse the minister, I believe wisely and correctly, of being forced to look stupid as the result of some of the statements he made in that budget speech when he should have been zigging rather than zagging on taxation, on that provision, I want to make it very clear that every husband is damned grateful.

The next item is small but crucial, and that is that the SIN number, the social insurance number, has now been mentioned in the Income Tax Act. No longer will instructions be given to banks, credit unions or trust companies to take out 25 per cent of the interest which holders of small denomination bonds with cash coupons must pay to the income tax department and which can only be refunded to them if they file an income tax form.

Most of the holders of $100 or $200 bonds are children, housewives or older people with a little bit of pin money who like to go down to their financial institution once or twice a year to obtain their $2 or $3 in interest. Yet, the people in National Revenue and the Department of Finance who would skin a louse for its tallow stuck in the provision that 25 per cent of their bond dividends must be paid by these old people and these children, knowing very well that they would never have to pay income tax. The government stole this money from these people, but at long last it has corrected the situation, and it should receive credit.

I might say, in all fairness, that there was no such provision in the Crosbie budget. I am appreciative of the fact that it is in this budget. I cannot find in this Income Tax Act a provision which applies to common-law spouses and which was in the Crosbie budget. Does the minister not know that there are a large number of common-law relationships in Canada? The number of these relationships cannot be measured at 1 per cent or 2 per cent. I do not know the correct percentage, but I do know that when I walk through any part of Canada, I am told of the unfairness which a man, who is probably paying alimony to his previous wife and who now has a common-law wife, must face because he cannot claim her as a tax deduction, even though she is carrying out all the functions of a wife. That provision was in the Crosbie budget. I have been through this bill twice. Maybe I have poor eyesight, but I have looked through this 200-page bill, and I cannot find it. Why discriminate against a person who is not divorced from his wife by not allowing him to use this common-law wife as a deduction? Is this part of the reluctance on the part of the government to treat women as equals, or is it something more realistic, namely, that the income tax people in the Department of National Revenue do not give a hoot about justice or equity? They are looking for every last penny they can find. They think they have a good, valid and moral reason because the couple living common-law are living in sin. I question whether the income tax people should concern themselves with this type of delicate question. I use that as an example of the other side of the story.

● (2150)

I have a list of 13 subjects I would like to raise with the minister. In some cases I hope that even in this last minute he will do something. Some of these are very important, but I will have to let them go.

Finally, there is something I have been raising in this House for seven years. Under the definition in the Income Tax Act and the Family Allowances Act, an orphan is not defined as being a child if that orphan is under 16 years of age. The minister in charge of social welfare agreed that is a discrimination against orphans. In 1978 the minister promised in the House to do everything possible to change it.

Who is holding it up? It must be the Department of Finance, Treasury Board or National Revenue. This bill does include a definition of a child, if they are eligible for family allowance from January to December. Why not include the word "orphan" in the definition of the word child. If a person is an orphan, he has lost both his father and mother. Why should he be discriminated against under the family allowances legislation and the child credit legislation just because he has no parents? The minister has admitted this discrimination. The previous minister of social welfare knew about it. Everyone knows about it, but nothing happens.

If this government has any principles of fairness and ethics, it will look at this question of orphans and consider including them in the definition of a child. It will get rid of these definitions and regulations which do an injustice to the orphans of this country.

Mr. Domm: Mr. Chairman, in the few minutes remaining in tonight's session, I wish to deal with my concerns regarding Bill C-54 as they pertain to the business community in Canada. During this session of Parliament, members of the opposition have probably spent more time on what appears to be a disregard for the stresses and strains placed on the business community in Canada through measures like Bill C-54 than on any other subject. Members of the opposition like to feel that members of the government have had some business experience. We would also like to feel that their business experience would be reflected in the legislation they bring before this House.

We went through an election campaign in 1979 and another in 1980 in which members opposite pledged themselves to

bringing legislation into this House which would address the problems of the small businessman in Canada today.

During those election campaigns they made a commitment to the people of Canada to bring in legislation that would prohibit the growth of government, would increase the revenue of government for purposes of social welfare and social planning by spending less on government bureaucracy. What they have done with the introduction of Bill C-54 is bring in legislation to raise more revenue for government to cover increases in the bureaucracy, increases in government overhead expense. This government continues to spend, through increased taxes and bills like C-54, 25 per cent more than it takes in each year.

Surely members opposite believe in the free enterprise system. They believe as we on this side believe that the marketplace can function best with the government out of it, yet by creating an atmosphere which allows them to function without continually being interfered with. They have allowed the growth of government to exceed any increased percentage in the gross national product. They promised the people of Canada they would not do that. Since they have broken their promise and have increased the size and cost of government, they have no alternative but to bring in a bill like C-54, which in turn will increase revenues through increased taxation in order to cover the cost of government.

My experience in this House of Commons is not as long as my colleague who just spoke. He has 13 points he wishes to raise while this bill is in Committee of the Whole. I only have 11. I will try to deal with half of one in the remaining couple of minutes.

Let us take the example of a small businessman who looks at page 28 of this bill which deals with a 3 per cent inventory allowance at year-end, when he determines his business tax. When the 3 per cent inventory allowance was first conceived, interest rates in this country were 6 per cent or 7 per cent and inflation was not much higher than that.

What has happened since that was first conceived? Inflation in this country is now running in excess of 11 per cent and interest rates to the small businessman are running in excess of 20 per cent, even from the government lending institutions. Therefore, the 3 per cent inventory allowance on page 28 of this legislation is totally inadequate. When a businessman carries over that inventory at year-end, there is no way a 3 per cent inventory allowance will cover the cost of that inventory as a hedge against inflation, which is the reason it was introduced in the first place.

I ask the Minister of Finance if in the process of reviewing this bill he will consider increasing the inventory allowance to cover increased inflationary pressures in excess of the present insignificant 3 per cent allowance, bearing in mind that in the last 60 days, since this budget was brought in by the Liberal government on October 28, interest rates in Canada have gone up 39 per cent and the dollar is the lowest it has been in 47 years.

We still have the same Minister of Industry, Trade and Commerce in this House who promised that he would resign if interest rates went above 14 per cent. They have now done that and he has not kept his promise. We have an uncaring finance minister and a promise broken by the Minister of Industry, Trade and Commerce.

I would like to move on if time will permit. If time does not permit, I will make my remarks at the next opportunity.

Progress reported.

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under S.O. 40 deemed to have been moved.

AIR TRANSPORT—PROPOSED SERVICE BETWEEN OTTAWA AND NEW YORK CITY

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, on January 20, 1981, I asked a question of the Minister of Transport (Mr. Pepin). The thrust of that question dealt with the importance of establishing as soon as possible a daily direct air service for passengers travelling between Ottawa International Airport and New York City for the benefit of commercial and other users. The question arose for two reasons. First, there seems to be a long delay in the process of resolving the question before the Canadian Transport Commission and the federal communications commission in the United States. An official from the Department of Transport indicated that the delay in the U.S. would be for a period of a year and a half which, quite frankly, seems to be quite a long time. Second, Air Canada, for some reason or another which is not apparent in terms of providing service to the travelling public, has filed an objection to the applications made by two competing Canadian carriers, First Air and Air Atonabee.

You might ask why there is a requirement for this kind of direct service, Mr. Speaker. For many years there has been growing concern in the national capital area about the necessity to provide a diversified employment base for the people who live here, particularly for our young people coming out of the school system, to provide an economic base for assessment for municipalities and local government generally. There has been concern that the area was becoming historically dependent upon the presence of the federal government, a tendency we cannot deny, and that because of restraint policies which have been applied generally it is not likely to provide uninhibited growth of employment opportunities.

Something else has happened in the meantime. Into this economic milieu in Ottawa-Carleton have come the high technology industries in abundance. The cities of Kanata and

Nepean are gradually, inextricably but surely becoming the high technology centres of Canada. There is a feeling that we should do everything possible at the local government, provincial government and federal government levels to encourage other industries to settle here as well. There have been meetings with representatives from the cities of Kanata and Nepean, representatives from the townships of Osgoode, Rideau, Gloucester, and representatives from the local chambers of commerce. Out of all of these meetings has come the importance of quickly establishing an air service of the kind I have described, at least as a first step toward completing this industrial component. We regard this just as important as having our educational systems respond.

Two carriers have applied. Air Canada—which does not intend to provide the service itself—has for a legal reason decided that it would intervene to oppose the application. This is not the first time. The Parliamentary Secretary to the Minister of Transport (Mr. Bockstael) is here. He knows. It was pointed out by the member for Winnipeg-Assiniboine (Mr. McKenzie) that the situation had occurred in Winnipeg. It was done simply to preserve something Air Canada had, and is not using.

An editorial in the Ottawa *Citizen* for Tuesday, January 13, 1981, summed it up as follows:

> Air Canada is supposed to be in the business of flying people, not grounding them. Yet that is exactly what it is ready to do in its opposition to applications by two regional carriers to provide an Ottawa-New York air link. Air Canada's attitude is curious—while it has no legal rights to the route itself, it doesn't want anyone else to use it.

● (2205)

I think it is curious, indeed, and we are entitled to an answer. We are entitled to know as well what the stance of the government is. The Minister of Transport wrote a letter which I received today in which he said that under the Air Canada Act of 1977 the governor in council may give the company directions of a general nature. The point I want to make to the minister is this: please have the government give directions of a general nature. Have the company stand aside from its objection, because as sure as God made little apples, the presence of Air Canada in this matter before our Canadian Transport Commission is going to slow the process. The whole regulatory process takes on the dimension of not being a contest between two air carriers, First Air and Air Atonabee, but of involving a third right. It becomes complicated and it interferes with the minister's other responsibilities, to indicate to that commission that the government itself has an interest in diversifying the economy in this area.

I would ask the minister whether he will intervene in this matter in accordance with the powers of the act of 1977. Have Air Canada withdraw its application for a service which it does not intend to use. Allow the two contending parties to come before the CTC quickly so that a service, which is generally recognized in the national capital community can proceed; so that what businessmen have told us can come to pass; so that what municipal officials have told us is essential can come to pass, and so that we may have a direct air link between a commercial centre like New York which is important and which has been demonstrated as important in all the submissions which have been made.

I know the Minister of Transport has a personal interest in this because he represents a seat within the national capital. All of us who represent seats within the national capital have that interest. I ask the minister through his parliamentary secretary, who is kind enough to be here tonight, to answer my question. Will the minister intervene and, if so, to what extent? Can the time be shortened in which an application can be dealt with? Will he ask the minister or inform us whether he is prepared to reconsider the advice he gave me by letter today, and give the company "directions of a general nature" in respect of its attitude toward this application by two Canadian carriers to provide a service which Air Canada does not seem to want to provide? I think the service would be of benefit to this area, to the whole region of Ottawa-Carleton. Thank you, Mr. Speaker.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the minister has asked me first of all to convey his regrets that he is not able to be present for this debate. The question of a direct Ottawa-New York air service is, of course, of utmost interest to him as it is to the hon. member for Nepean-Carleton (Mr. Baker).

The central point in considering such a service is the fact both Canada and the U.S. must work within the terms of the existing bilateral air agreement. Under the agreement the New York-Ottawa route has been allocated to a U.S. carrier. If Canada wanted a Canadian carrier to operate the route, approval of the U.S. authorities would be required.

Naturally the minister was pleased to see two Canadian carriers, First Air and Air Atonabee, take the initiative and apply to the Canadian Transport Commission for the route.

● (2210)

It is his hope that the regulatory process in both Canada and the United States can be dealt with as quickly as possible.

With respect to Air Canada's intervention and the applications before the CTC, I understand the minister has had the opportunity to explain his position more fully to the hon. member since his question last week. Since Air Canada is fully entitled to take this action under the existing regulatory framework and since the intervention is not likely of itself to delay the CTC's final decision, the minister does not feel it would be appropriate for him to tell Air Canada to withdraw its intervention.

In conclusion, the minister has asked me to stress his close personal interest in such a service and to assure the hon. member that he is exploring all available options to achieve it as soon as possible.

BANKRUPTCIES—CALL FOR INCREASE IN GUARANTEED INSURANCE COVERAGE

Mr. Joe Reid (St. Catharines): Mr. Speaker, I wish tonight to bring to the attention of the House and focus in a very direct manner on the absolute necessity of increasing deposit insurance. On January 15, in reply to a direct question, the Minister of State for Finance (Mr. Bussières) stated, and I quote:

—I have asked the Superintendent of the Department of Insurance to weigh the possibility of having the Canada Deposit Insurance Corporation review the current $20,000 ceiling. That study is under way—

The words "review" and "study" have become watchwords for inaction. The Minister of State for Finance told the House that he has asked the Superintendent of Insurance to weigh the merits of an increase in this $20,000 ceiling. I submit that the evidence as to the need for an increase has long been available. Inflation alone has reduced the value of the dollar, from the time that $20,000 figure was first introduced, to half its value. Since the time that figure was fixed, such programs as the Registered Retirement Savings Plan and the Registered Home Ownership Savings Plan have been introduced, and these have added to the level of deposits by Canadians.

Just as an example, the average Registered Retirement Savings Plan at maturity is worth $27,000, $7,000 over the limit. Last year the United States government increased its deposit coverage from $40,000 to $100,000 in response to needs comparable to those in Canada. The minister has in his files requests—and I have seen some of that exchange of correspondence—for an increase in the amount of deposit insurance from as far back as 1974. Many of those requests came from the industry itself.

What was the response? The response was that the premium costs for the relatively small number of depositors involved are not justified. That means it has taken an event like the collapse of the Astra Trust Company and the resultant tragic losses to hundreds of Canadians of their life savings before the government would begin to think about such an increase. The question now is how many more bankruptcies must take place and how many more Canadians must suffer financial loss before the government will take action.

It is the responsibility of the government to protect investments and deposits by Canadians in trust companies and institutions which have been given approval. The individual depositor should not have to feel, as many say they must, that they must be accompanied by their lawyers, who can translate the Canada Deposit Insurance Corporation Act, so that they will know whether they are insured or not insured.

Seals on doors declaring membership in the CDIC have been used to give depositors a sense of security, when in fact little security exists. People have invested $50,000, $60,000 or even more, only to find out that under today's circumstances, $20,000 is the limit of their protection, and whatever is in excess is lost, as was the case with respect to Astra Trust. This raises a related issue concerning funds being transferred and shifted into totally uninsured mortgages, or whatever, without the circumstances being fully explained to the depositor.

● (2215)

The government must more closely monitor institutions upon whom it bestows its charter of trust, not only for the sake of the thousands who have deposits and investments within them but also because of the vast majority of companies whose reputations have been tainted as a result of the Astra Trust fiasco.

It is time to do something which will, first, prevent these events from occurring in the future and, second, ensure that those who use federally approved and insured institutions are adequately protected.

I return to the issue of public confidence. You cannot encourage or expect a positive response from people who feel that even if the government says it monitors and will insure their savings, those assurances appear to be without real value.

I therefore put it once again to the minister that the evidence has long been available supporting the demand for increasing the basic insurance coverage. Astra Trust has only served to magnify that need. I therefore ask that the minister provide us with an answer with as little equivocation as possible. First, in the minister's response of January 15, he stated that actuarial studies were required to ascertain whether the increase should occur according to specific criteria which would establish the amount. My question is: Have those studies been carried out and, if not, when will they be carried out and when will the results be known? If, by any criteria, the figure of $20,000 was valid in 1967, a substantial increase is warranted today.

Can the minister provide in his response some assurance to the financial institutions to allay the worries of depositors and to restore once again the confidence of Canadian financial institutions?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): The winding up of Astra Trust Company has been cited as a reason why the $20,000 limit on insurance on deposits in one institution should be increased. In this regard, I should like to point out that the Astra Trust situation is not typical in Canada. Astra is the only federal trust company to fail in more than 50 years, and it appears that its problems were not related to insured deposits but rather to other activities carried on by the principal shareholders of the company. Nearly all the certificate holders and depositors of Astra have been paid in entirety by the Canada Deposit Insurance Corporation because very few persons had amounts in excess of $20,000 due to them. Persons who did have deposits of an insurable type over $20,000 due to them stand to recover a substantial portion of the amount in excess of $20,000 when the remaining assets of the company are distributed on completion of its winding up.

Apart from the Astra Trust situation, a number of representations have been received by the government to the effect that the limit on deposit insurance should be increased. The level of coverage provided under the deposit insurance plan has been kept under regular review by the board of directors of the Canada Deposit Insurance Corporation, and up to date it has

been thought the existing limit is adequate to provide for the savings needs in the form of deposits of the vast majority of people.

The hon. member has cited the growth in the funds accumulated under Registered Retirement Savings Plans and RHOPs as a reason for an increase in the $20,000 limit. I should mention in this connection that, to the extent that contributions under such plans are put into insurable deposits, such deposits are treated separately from other deposits with the same institution, for purposes of the $20,000 limit.

Any change in the limit would require an amendment to the legislation governing the Canada Deposit Insurance Corporation. The government plans to introduce proposals for revisions to the Trust Companies Act and the Loan Companies Act in the near future, and this will provide an opportunity to consider the question of increased limits for deposit insurance.

The Acting Speaker (Mr. Blaker): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.20 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, January 27, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

REVIEW OF INTEREST RATE POLICY BY STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I move a motion under Standing Order 43. The Bank of Canada interest rate has floated at 17 per cent now for nearly two months. Forward positions indicate that interest rates will not significantly decline in the foreseeable future. A year ago, those now on the treasury benches campaigned on the promise that they would reduce interest rates. The rate was then 14 per cent; it is now 17 per cent. They have abandoned their promises. I therefore move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House immediately order its Standing Committee on Finance, Trade and Economic Affairs to undertake an immediate review of the high interest rate policy of this government and of the Bank of Canada, and for this purpose the Governor of the Bank of Canada and the Minister of Finance appear before it to explain their actions and what they will be doing to solve the problem.

Madam Speaker: Is there unanimous consent for this motion?

Some hon Members: Agreed.

Some hon. Members: No.

* * *

AWARDS AND DECORATIONS

SUPPORT FOR AWARD OF ORDER OF CANADA TO CANADIANS INVOLVED IN ESCAPE OF AMERICAN HOSTAGES FROM IRAN—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise on a motion under Standing Order 43, the intent of which I have discussed with the Secretary of State for External Affairs (Mr. MacGuigan). One year ago six Americans escaped from Iran with the help of Canadian diplomatic and military personnel. Most of the Canadians involved in the successful return of the American house guests were subsequently awarded their country's highest honour, the Order of Canada. Two persons, however, Mrs. Zena Sheardown and Mrs. Pat Taylor, whose role in sheltering the six Americans was critical, were not awarded the Order of Canada. To redress this injustice I move, seconded by the hon. member for Provencher (Mr. Epp):

That this House go on record as strongly supporting the nomination by the Department of External Affairs that Mrs. Zena Sheardown and Mrs. Pat Taylor receive the Order of Canada for the courageous and indispensable role which they played in the rescue of six Americans from Tehran.

Some hon. Members: Hear, hear!

Madam Speaker: I gather there is unanimous consent for the presentation of this motion. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

CANADA MORTGAGE AND HOUSING CORPORATION

CALL FOR REINSTATEMENT OF HOME REPAIR AGENCY—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I too rise under the provisions of Standing Order 43 on a matter of great emergency. Recently CMHC officials informed the national anti-poverty organization that their contract as a RRAP home repair agency on the northern peninsula of Newfoundland was cancelled without notice. Since this program has successfully upgraded some 400 homes on the west coast, and over 140 east coast applicants desperately await home repairs and can provide labour while unemployed, I move, seconded by the hon. member for Cowichan-Malahat-The Islands (Mr. Manly):

That the minister responsible for CMHC immediately reinstate the NAPO-RRAP for at least six months in order to complete home repairs and solve administrative problems; and further, that CMHC extend RRAP in a more flexible, decentralized way, offering training for local workers in order to assist economic recovery in depressed rural areas and Indian reserves across Canada.

Madam Speaker: Is there unanimous consent to this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

EXCISE TAX

REQUEST FOR EXTENSION OF TIME FOR PAYMENT—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under Standing Order 43 to draw to the attention of this House an injustice arising from the federal excise tax on natural gas and which is being underlined by the presence in Ottawa today of the 18 directors of the Alberta Gas Co-ops Federation. Under present regulations the excise tax must be paid within 30 days from the end of the month in which the gas is used. Most gas utilities do not collect revenue or make calculations of gas sales until approximately 75 days from the end of the month in which the gas is used, and cannot comply with existing payment regulations. In fact, at present many gas utilities must borrow money at excessively high interest rates to pay the tax. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

● (1410)

That the government accede to the request of the Alberta Gas Co-ops that all gas utilities be allowed 90 days following the end of the month in which the gas is used to calculate, collect and remit the excise tax to Revenue Canada until the tax can be eliminated completely.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

CAFETERIA AND LAUNDRY WORKERS—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, I rise under the provisions of Standing Order 43. As the Supreme Court of Canada on December 18 recognized the equal contribution of a woman to the success of her partner, awarding Rosa Becker half the assets accumulated by her common law partner of 19 years, and as the Treasury Board has finally decided to honour recommendations of the Canadian Human Rights Commission giving the female-dominated library science group of federal librarians salary equalization adjustments so that their pay indicates their work has equal value with that of the male-dominated historical research librarians, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House urge the government to act on the directions of the Canadian Human Rights Commission and immediately implement a long outstanding "equal pay for work of equal value" settlement with its federal cafeteria and laundry workers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE MINISTRY

SPEECH OF MINISTER OF AGRICULTURE—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The Minister of Agriculture (Mr. Whelan), in his speech to dairy farmers at Moncton, New Brunswick, on January 20, 1981, stated:

—so it seems sad to me to hear some citizens of this country talking about not wanting to share their regional resources or their tax revenues with the other parts of the country.

It is clear that the minister was referring to the people of British Columbia, Alberta and Saskatchewan, even though they have in fact shared their oil and gas wealth and tax revenues to a greater extent than any province at any time in confederation and have always paid the extra tariff charges to support manufacturing in central Canada. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the Prime Minister direct the Minister of Agriculture to stop sowing the seeds of dissension in other parts of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATURAL RESOURCES

REAFFIRMATION OF PROVINCIAL OWNERSHIP—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The National Energy Program has fostered and is continuing to foster apprehension in Canada. Much of this apprehension is caused by the repeated suggestion that loss of provincial ownership of resources is at stake. To reduce such apprehension I move, seconded by the hon. member for Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet):

That Parliament, through appropriate action of this House, reaffirm that natural resources within the boundaries of each and every province shall remain the property of the provinces; and furthermore, that the final address to Her Majesty on constitutional patriation shall contain within the proposed amending formula a section affirming that no existing natural resource ownership rights shall be taken from any province without the express consent of the affected province.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CAPITAL PUNISHMENT

CALL FOR STUDY BY STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In a poll conducted recently in the riding of Peterborough, Ontario, 5,927 respondents answered the following question: "Do you support capital punishment for premeditated first degree murder?" Of these respondents, 5,168 or 87.2 per cent answered in the affirmative. Therefore I move, seconded by the hon. member for Victoria-Haliburton (Mr. Scott):

● (1415)

That this House urge the government to respond to Canadians and refer this subject of capital punishment to the all-party Standing Committee on Justice and Legal Affairs for its recommendations to be made to Parliament, or follow the example of the Conservatives and pledge support for a free vote in this House on the subject of capital punishment.

Some hon. Members: Hear, hear!

Madam Speaker: Does the House give unanimous consent to this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—ALLEGED REPUDIATION OF STATEMENT OF SOLICITOR GENERAL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Prime Minister. It goes to the heart of the parliamentary system and concerns the Solicitor General who on Friday, as a minister of the Crown and appearing as the Acting Minister of Justice, a position he holds by virtue of an order in council, gave an undertaking on behalf of the government which later, according to the Minister of Justice, "we decided, the Prime Minister and I, that we were not to accept".

Since the Prime Minister has repudiated the minister, has he asked for the resignation of that minister, or has that resignation been offered to the Prime Minister?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker.

Mr. Clark: Madam Speaker, this House can not function if the word of hon. members can not be accepted. Particularly it can not function if we cannot accept the word of ministers with

respect to bills which they are piloting through the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: By his answer the Prime Minister has indicated that the word of the Acting Minister of Justice in committee, on a bill he is piloting, is absolutely worthless. He has thrown aside the ability of this House and the public of Canada to trust the word of a minister.

My question to the Prime Minister is this. Since we have an energy bill before the House of Commons and in a committee, does the Minister of Energy, Mines and Resources, who is piloting that bill through the committee, speak for the government, or will his word be repudiated by the Prime Minister? There are finance bills which are coming through. When they are in committee does the Minister of Finance speak for the government on those questions or will he be repudiated by the Prime Minister?

Some hon. Members: Question!

Mr. Clark: The Prime Minister has abandoned the traditional standards of this House.

Madam Speaker: I must ask the Right Hon. Leader of the Opposition to put his question.

Mr. Clark: Madam Speaker, my question is: since the Prime Minister has abandoned the traditional standards on which this House has customarily relied, what new standards has he put in place in order to tell us which word of which minister in this House can be trusted and accepted?

Some hon. Members: Hear, hear!

Mr. Trudeau: Madam Speaker, there are no new standards; the same standards continue to apply.

Mr. Clark: Madam Speaker, if the same standards apply then the Solicitor General of Canada, as Acting Minister of Justice, should resign and have his resignation placed before the Prime Minister and this House.

Some hon. Members: Hear, hear!

Mr. Clark: During the time in which the Acting Minister of Justice made the statement which has been repudiated by the Prime Minister, he was serving in that position by order in council, by the direct instruction of the Government of Canada, and he was flanked by the advisers of the Minister of Justice. I wonder whether the Prime Minister can tell us if everything else the Solicitor General said on that occasion was a mistake too. Was everything else he said to be distrusted and thrown aside? Has the Prime Minister repudiated everything the minister said? How does the House of Commons know what is repudiated and what is not?

Mr. Trudeau: Madam Speaker, the Leader of the Opposition is making an emotional argument about something which happens frequently.

An hon. Member: It only happens to you!

Mr. Trudeau: The member opposite says it only happens when we are on this side. Well, Madam Speaker, they changed their minds with respect to Petro-Canada and we did not make a great fuss.

Some hon. Members: Hear, hear!

Mr. Trudeau: Was the former prime minister talking about his government's policy when he took the position on moving the embassy to Jerusalem? Was he taking an official position and was he repudiating himself and forcing himself to resign?

Some hon. Members: Oh, oh!

• (1420)

Madam Speaker: Order, please.

An hon. Member: Dictator.

Madam Speaker: Order, please. Hon. members should allow the Right Hon. Prime Minister to answer the question.

Mr. Trudeau: Madam Speaker, it was not the Solicitor General who was at fault here. I believe, quite frankly, that when this government presented the amendments to the provinces last summer, including a provision for the protection of property, this was our position. This was the position of the Minister of Justice as he negotiated with the provinces throughout the summer.

Mr. Nielsen: It was his position four days ago, too.

Mr. Trudeau: Therefore, there is nothing untoward or surprising about this turn of events. The point is that the Minister of Justice and the Solicitor General at different times were trying to obtain increased consensus for the bill.

Mr. Dick: When is Broadbent going to join the cabinet?

Mr. Trudeau: The difference is that when we talk of increased consensus, we are trying to obtain the support of more provinces or to bring the opposition party onside. When the Leader of the Opposition changes his mind, all he is attempting to do is get his own party onside.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: Madam Speaker, the Prime Minister continues his dances of evasion at which he is a renowned expert. Will the Prime Minister answer this simple question: When does a minister speak for the Government of Canada on a bill which that minister is piloting through a committee of Parliament, and when will that minister be repudiated, as the Solicitor General was repudiated by the Prime Minister, the Minister of Justice and the Leader of the New Democratic Party the other day? When can we trust the word of a minister of this government?

Mr. Trudeau: Madam Speaker, it would seem to me that rather than talk of dancing, the Leader of the Opposition should have listened to my previous answer. The minister was speaking for the government when he made that offer on Friday.

Mr. Clark: Commitment.

Mr. Trudeau: Yes, and, I repeat, that was our position last summer. But it did not bring the Tories onside. They seem to want this amendment, but they do not want the whole charter.

Mr. Clark: When can you be trusted, Pierre?

Mr. Trudeau: The Leader of the Opposition asks when I can be trusted. I did not ask him that question when he took his position on Jerusalem or on Petro-Canada; I said that it was wrong.

Mr. Lawrence: If I remember rightly, you would not take a position on that issue.

Mr. Trudeau: If the Right Hon. Leader of the Opposition believes that the position taken by the Solicitor General was wrong, he may make his arguments. But we changed our mind on the matter, and it is as simple as that, as the Leader of the Opposition has changed his mind on several matters.

ALLEGED BREACH OF COMMITMENTS BY MINISTER

Hon. Jake Epp (Provencher): Madam Speaker, my question is for the Right Hon. Prime Minister. The Prime Minister has said that these flip-flops happen frequently; I imagine he was referring to his government. But the situation which we have now is that an undertaking was given by the Solicitor General who was acting as the Minister of Justice, and a clause was passed on that undertaking. That clause was then changed when we moved to another clause because of the undertaking. So there was a very definite—

Madam Speaker: Order, please. The hon. member knows that he cannot refer to the proceedings of the committee in question and, therefore, he cannot refer to the fact that a clause was passed. If the hon. member has a question concerning policy or matters which do not refer to the proceedings, he may proceed with that question.

Mr. Nielsen: This concerns Parliament.

Mr. Epp: In view of the fact that certain decisions and actions were taken because of commitments made by a minister under oath, on what basis does the Prime Minister feel he is justified to breach or flip-flop on those commitments? The Prime Minister has said it is because of objections by the provinces, but at the same time he overrides those objections and is willing to impose a referendum, is not willing to impose an amending formula, and there are many other parts of the charter which are opposed as well. How does the Prime Minister square that double standard?

• (1425)

Right Hon. P. E. Trudeau (Prime Minister): On the first part of the question, Madam Speaker, I think the wisdom of the rules of the House is justified in that I do not know about the clause and what was given in exchange, as he says—

An hon. Member: You will find out.

Mr. Trudeau: I will find out when the committee reports, but I think the substance of the question is more serious and I will attempt to answer that seriously. Our position has been, Madam Speaker, that when we brought the resolution before the House we had at least the New Democratic Party onside and we had—

An hon. Member: They sold out early.

Mr. Trudeau: —and we had the Premier of Ontario and the Premier of New Brunswick onside. In other words, we all thought that this action was necessary and important at this time. Since then we have heard many witnesses in committee, and the position taken by the government and expressed when the Minister of Justice brought in his amendments was that any amendment we could bring in which would increase the support and augment the consensus behind this resolution would be accepted by the government. But we would not accept an amendment, no matter how desirable it would be, if it were going to diminish the support we have now.

Our position on that was that these amendments would be discussed at the second stage.

An hon. Member: That is leadership?

Mr. Trudeau: The important thing is to get the resolution through. That is leadership, Madam Speaker.

Some hon. Members: Oh, oh!

An hon. Member: Sixty-four per cent.

Mr. Trudeau: I think the hon. member opposite is really off base when he talks about waffling. We hear that the Conservative party—

An hon. Member: Are you going to waffle?

Mr. Trudeau: —is in favour of a charter—

Madam Speaker: Order, please. I am afraid I have to interrupt the Right Hon. Prime Minister. I would ask him to answer the question that is asked in the House—

Mr. Baker (Nepean-Carleton): He is doing his best.

Madam Speaker: —rather than answering the interjections that come from other members. The hon. member for Provencher.

Mr. Epp: Madam Speaker, I want to put a supplementary question to the Prime Minister. He said that many witnesses appeared before the committee and that is true. Invariably, they wanted property rights. Many Canadians want the guarantee of property rights—

An hon. Member: Most of them.

Mr. Epp: —included in the charter of rights. I want to ask the Prime Minister why it was in view of the testimony of the Minister of Justice when he said, "We decided, the Prime Minister and I, that we would not accept"—

Madam Speaker: Order, please.

Mr. Clark: When did he say it, Madam Speaker?

Madam Speaker: I was not there, but I believe that the hon. member is now quoting proceedings from the committee and that is not allowed in this House at this time.

Mr. Lawrence: It is a policy question and an important question.

Mr. Epp: Madam Speaker, I should like to ask the Prime Minister, in view of the statements made at various times and by his minister that they needed the support of the hon. member for Oshawa (Mr. Broadbent) and the NDP and the support of Premier Blakeney and the NDP—

Some hon. Members: Order, order!

Mr. Epp: —could the Prime Minister answer this: Why was that pressure so extreme that he was, in fact, willing to override—

Mr. Lalonde: His name is not Peter.

Mr. Epp: —the wishes of the majority of Canadians who wanted to see property rights included?

Mr. Trudeau: Madam Speaker, in so far as the federal government and jurisdiction is concerned, property rights are now contained in the Bill of Rights passed when the Right Hon. John Diefenbaker was Prime Minister.

An hon. Member: So is the preamble.

Mr. Trudeau: In that sense, Madam Speaker, property rights are protected now.

Some hon. Members: Oh, oh!

Mr. Trudeau: They are in so far as federal jurisdiction is concerned. I understand that the position of the Tory party—

Mr. Clark: That is not what Bob Kaplan said.

Mr. Trudeau: —is that they do not want to impose the charter on the provinces.

An hon. Member: What is the position of the Grit party?

Mr. Trudeau: That is the position of the Tory party.

An hon. Member: What is the Grit position?

Mr. Trudeau: But we have those rights federally now. They do not want to impose that on the provinces. It is hard to see what they are complaining about. They were proposing an amendment which, if passed by us, would go against the will of several provinces.

An hon. Member: It was accepted by your minister.

Mr. Trudeau: The hon. member mentioned the Premier of Saskatchewan. He might mention the Premier and government of Prince Edward Island. As he knows, the attorney general of Prince Edward Island was in this city lobbying against the clause on property rights.

Mr. Lawrence: You are getting senile.

Mr. Epp: All you wanted was—

Mr. Trudeau: I will make an offer—

Madam Speaker: Order, please. The hon. member for Provencher is allowed one supplementary question, not a second one from his seat.

* * *

HAZARDOUS SUBSTANCES

TESTING OF CHEMICAL SPRAYS—POTENTIAL HEALTH HAZARDS

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is for the Minister of National Defence. Over the past few months this House and the people of Canada have been patently misled about the amount and degree of chemical warfare testing in this country. First we had the 1953 tests in Winnipeg, then the tests off Vancouver Island in the mid-sixties, and now we have the Gagetown tests. Will the minister now come clean and tell us how many more tests like Gagetown occurred, when they occurred and how they occurred? Will he also tell us if there are any more tests like this going on today?

● (1430)

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think I already answered the question of the hon. member for Selkirk-Interlake yesterday when I told him that on the basis of our information, no further tests have been made to spray chemical products in the air, over bases or over public areas, and that I have given very strict instructions so that in future no project may be carried out without the minister's formal authorization.

[*English*]

Mr. Sargeant: Madam Speaker, if the minister had answered that question yesterday, I would not have asked it again today.

Yesterday the minister did admit to this House that he had known since last September of the existence of the Gagetown report and tests. Given the seriousness of the potential health hazards, why did the minister cover this up at the time? Did he inform the Prime Minister and the minister of health so that the proper precautionary steps might be taken, and if not, why not?

Mr. Lamontagne: Madam Speaker, you have to put this incident in a proper and realistic perspective. These tests were done in 1966 and 1967. They were performed over a small area of a large base, namely, Gagetown, which comprises 250,000 acres. The tests were done on 400 acres. According to Mr. Hellyer, the minister at the time, they were strictly routine tests. I do not think the minister or even the Prime Minister should be advised of everything taking place on all of the bases across Canada. The product was commercially used. It is still commercially used, and we had no reason to think there would be any harm to the health of the people.

Mr. Sargeant: Madam Speaker, the minister has just admitted to this House that the tests were routine at the time. That would indicate to me that there is a possibility of considerably more tests and more hazards to the health of the Canadian military personnel involved. The minister also says there is no evidence as to the seriousness of the effects. How does the minister respond to the 2,000 Americans who are now suing Dow Chemical and the other manufacturers of Agent Orange? How does he respond to charges of proof that dioxin is one of the most deadly chemicals known to man? Has the minister sought any information from other sources, particularly the American government, as to how to deal with these potential health hazards caused by Agent Orange and other chemicals containing dioxin?

Mr. Lamontagne: Madam Speaker, I think the hon. member is making presumptions. I do not want to get involved in a legal argument with the United States government or the veterans' association of the United States. As I said before, I am ready, along with the minister of health for New Brunswick—the product is still being used in New Brunswick—and our own health minister, to collaborate fully in any kind of investigation into that product and how it could harm people.

* * *

THE CONSTITUTION

PROPOSED RESOLUTION—INQUIRY RESPECTING SUPPORT FOR PROPERTY RIGHTS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Prime Minister. Yesterday Canadian Press reported the Parliamentary Secretary to the Minister of Justice as saying that the government was considering breaking its commitment to support the inclusion of property rights in the constitution because the continued support of the NDP was very important to the government. May I ask the Prime Minister whether the government has received the assurance from the NDP that as a result of breaking that

commitment it will have the continued support of the NDP for the government's constitutional package?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the hon. member has the sequence wrong.

An hon. Member: The parliamentary secretary.

Mr. Trudeau: My understanding is that the Minister of Justice said Friday that he would not support that amendment. I understand the Leader of the NDP made his "threat" on Sunday. I can tell you, Madam Speaker, what our position was; I said it a moment ago. Any amendment which will bring us greater support, I will accept. Any amendment which will erode the support, including that of the NDP, I will not accept.

Mr. Beatty: Madam Speaker, the Prime Minister, of course, is wrong. It was the Acting Minister of Justice who, on Friday, said the government would support the amendment. It was not until yesterday evening at eight o'clock that the Minister of Justice indicated that he was betraying the commitment that was made.

In view of the statement just made by the Prime Minister that any amendment which would win increased support from Canadians he would support, and in view of the fact that the government is prepared to change its position for the support of 32 New Democrats, will the government listen to the voice of 64 per cent of the Canadian people who are asking the Prime Minister to bring the Canadian constitution back to Canada unamended, and to make substantive changes here in Canada and not in the parliament of Westminster?

Some hon. Members: Hear, hear!

Mr. Trudeau: Madam Speaker, the first part of the hon. member's question I would have to defer to the Minister of Justice, who has left the House temporarily.

An hon. Member: He is over there.

Miss MacDonald: He said yesterday he would answer last night.

Mr. Trudeau: I understood him to say that it was on Friday that he indicated that he could not support the property rights amendment.

As to the other part of the question, Madam Speaker, it seems to me its very phrasing indicates that if we went this course we would not get greater support for the resolution. On the contrary, we would be destroying the resolution.

Some hon. Members: Oh, oh!

Mr. Trudeau: I see an hon. member waving at somebody in the gallery. I do not know what his point is, but I am telling him that if he is suggesting that we withdraw the resolution in order to get his support, I say no, we will not do that.

Mr. Beatty: Listen to Canadians for a change.

Mr. Trudeau: We would amend the resolution to get his support, as we did with the NDP and as we did with some of the provinces.

Some hon. Members: Hear, hear!

SUGGESTED CHANGE OF POSITION BY MINISTER OF JUSTICE

Hon. James A. McGrath (St. John's East): Madam Speaker, perhaps I can help the Prime Minister by directing a question to the Minister of Justice, because he does not seem to fully appreciate what is going on here or the import of this question. The minister has indicated, and it is now a matter of public record, that he and the Prime Minister on Friday decided that they could not accept the Conservative property rights amendment. That was the same day that the Solicitor General, as Acting Minister of Justice, gave the exact opposite commitment in committee when he indicated that he would accept it.

Mr. Nielsen: On behalf of the government.

Mr. McGrath: We moved to another clause when that commitment was made and we agreed to withdraw.

Madam Speaker: Order, please. I think it would be wise just to proceed to the question; the preamble is too long and the hon. member is getting into proceedings of the committee.

Mr. McGrath: Madam Speaker, I certainly do not want to transgress the rules of the House.

Some hon. Members: Oh, oh!

Mr. McGrath: But I say to you with great respect that this goes beyond the committee; this goes right to the heart and soul of Parliament. That is what we are talking about—

Some hon. Members: Hear, hear!

Mr. McGrath: —as well as the accountability of this government to Parliament and whether or not we can accept the government's word. That is what we are talking about, Madam Speaker.

Did the minister meet with the Prime Minister on Friday within minutes after the solemn undertaking was made to the committee by his colleague acting on his behalf?

An hon. Member: It was Thursday.

Mr. McGrath: Can he tell us from where the opposition came, because there was no opposition coming forward until the weekend? The Leader of the NDP himself did not speak until Sunday. Where did the opposition come from? What caused him to change his mind on Friday?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, on Friday night, probably nine or ten hours after the meeting, I was talking by telephone to the Prime Minister in light of the developing opposition. We recognized that I could not have

communicated with the Solicitor General. The conditions which were approved by cabinet were, as the Prime Minister said, that if it would enlarge our support we would go along with it. By Friday afternoon that was not so. It was indicated to the committee and we received some information to that effect. This was confirmed on Sunday, 48 hours later, by the Leader of the New Democratic Party. On Monday night the attorney general for Prince Edward Island was before the committee. On Monday afternoon the Premier of Prince Edward Island was objecting to it.

Mr. Clark: This was Friday.

Mr. Chrétien: As we were not, according to our directive, improving the consensus, we concluded that if we did not get unanimous support in the committee we would not go along with it. It was quite evident there was no unanimity. Therefore, on Monday we decided that, unfortunately the consensus was not developing. We could agree because we agreed in July—and I conceded to the provinces in the summer—that I would not impose this on them.

Mr. McGrath: Madam Speaker, my supplementary is to help the House try and get through that bafflegab. If he and the Prime Minister changed their minds because of opposition from the provinces—and he cited the attorney general of Prince Edward Island—can he tell us why the double standard? I recall the Premier of Saskatchewan coming before the committee and objecting in the strongest terms to the unilateral provisions of section 42, yet nothing has changed there. Why deny Canadians property rights while imposing upon them an amending formula which will deny their provincial rights in their legislatures?

● (1440)

[*Translation*]

Mr. Chrétien: Madam Speaker, the committee has yet to reach section 42. We will get to it soon if the opposition is prepared to get down to business and pass the amendments. The committee has now been sitting for four or five months and we are still on section 7. I think many sections have to be adopted between 7 and 42, and I have already indicated that we will be moving amendments to that section when we get to that stage of the resolution. We will settle that problem then. All I am saying, as I clearly explained in committee this morning, is that had the committee been unanimous—

Madam Speaker: Order, please. The hon. minister is now repeating what he said in committee this morning, and that is out of order because obviously we cannot entertain that question in both places. Therefore, I would urge the hon. minister to abide by the rules of the House.

Mr. Chrétien: Madam Speaker, I am quite prepared to abide by the rules, but I am answering the question put to me and if my reply is out of order, I suggest the question was out of order as well and I am prepared to discuss it again at 3.30 this afternoon.

* * *

[*English*]

HAZARDOUS SUBSTANCES

TESTING OF CHEMICAL SPRAYS—REQUEST FOR INVESTIGATION INTO POTENTIAL HEALTH HAZARDS

Mr. Edward Broadbent (Oshawa): Madam Speaker—

Some hon. Members: Oh, oh!

Mr. Nielsen: Changing the subject.

Mr. Dick: Here's the culprit.

Madam Speaker: Order, please.

Mr. Broadbent: I have a question for the Minister of National Defence.

Some hon. Members: Oh, oh!

Mr. Friesen: Self-defence.

Mr. Broadbent: Madam Speaker, the Conservatives are obviously upset because we managed to get a lot of amendments accepted by the government and they are losing out.

Some hon. Members: Oh, oh!

Mr. Broadbent: My question to the Minister of National Defence concerns a very important health matter. American authorities have recognized the harmful effects of Agent Orange, contrary to what the minister of defence is implying. We have been misled in this House a number of times about the frequency of use of other chemicals of a military nature being tested in Canada. Finally, considering the erroneous information of different kinds related to the subject matter that has been presented to this House, will the minister now consider establishing an independent commission under the Inquiries Act which will have the full authority to investigate all the health implications of these tests, so that we can finally get to the bottom of this very serious health problem?

Hon. J. Gilles Lamontagne (Minister of National Defence): I would first say, Madam Speaker, that I have never misled this House on the issue mentioned by the hon. member for Oshawa. I have always tried to state the truth regarding spraying, whatever kind it may be, certainly with regard to the two incidents since I have been minister. With regard to the one in Winnipeg, the truth came out in a report that was published. Everything was made clear and there was no question of a health hazard in connection with that spraying.

With regard to the second one in Oromocto or at the Gagetown base, this is another matter which the hon. member does not understand. The first was a harmless spraying over a portion of Winnipeg. The second was over a very small area of a large military base in places where there were no humans.

They did not spray humans, they sprayed vegetation. This is still being done in forestry areas for other purposes in the province of New Brunswick.

With regard to the hon. member's comment that U.S. authorities have said this chemical is dangerous and condemn it, I would like him to tell me why the issue is not being settled between veterans in the United States and the U.S. government, which did not admit to any damage being done by such products.

Mr. Broadbent: Madam Speaker, the minister has sat on a report he has had on this subject since last September. The report indicated very clearly that experts in the United States have clearly argued that these substances are profoundly dangerous to human health. He has admitted in the last couple of days that this is apparently a routine procedure.

Mr. Lamontagne: Was.

Mr. Broadbent: He says was, in the past. Apparently they have changed it. Perhaps there is some consciousness that there are dangerous implications. Considering that the matter in the United States has not been settled and is now before the courts, with a considerable amount of medical information on the side of those who are fighting the case, why does the minister not establish an independent inquiry in Canada which will make available to the Canadian public, particularly those who might have been affected, all the health implications of these tests?

Mr. Lamontagne: Madam Speaker, I stated very clearly yesterday, and I repeat it for the hon. member for Oshawa, that if he is concerned about a health hazard as a result of these incidents, I am ready to co-operate fully with the New Brunswick health department and our federal health department and to investigate the whole issue as much as the hon. member wants.

* * *

THE CONSTITUTION

PROPOSED RESOLUTION—COMMITMENT RESPECTING PROPERTY RIGHTS

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Prime Minister. The Prime Minister and the government knew there were some objections to an amendment on property rights well before the commitment was made in committee. The Prime Minister and the government knew full well that the Conservative party was not supporting many aspects of this resolution. The Prime Minister said today that the commitment was made in order to broaden consensus. Knowing that it would not broaden consensus, why did the Solicitor General, the acting justice minister, make that commitment? Is the Prime Minister really trying to make us believe that it was put forward to broaden consensus which the Prime Minister knew perfectly well did not exist?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the federal Conservative party seems to attach such importance to this matter—

An hon. Member: You're damned right we do.

Mr. Trudeau: The hon. member says, "You're damned right we do". I say that if they want that amendment so badly in the constitution, and they want it so badly that it should bind all the provinces as well as the federal government, then let them come and support us and maybe I will give up the support of the NDP.

Some hon. Members: Oh, oh!

Mr. Fraser: Madam Speaker, I remind the Prime Minister that the Conservative proposal is to put these provisions that we have been suggesting and working on to the provinces. I come back to what my question to the Prime Minister really was; he has not answered it. He now says he was trying to broaden the approach. Knowing there was no consensus, why did the Prime Minister permit the Solicitor General to go ahead and make a commitment which was not made on the basis of getting support from us for anything, broadening consensus or anything else, but was clearly made as a consequence of some decision in government? The Prime Minister cannot have it both ways. He cannot be saying it was to broaden consensus when he knew it would not broaden consensus.

Mr. Trudeau: Let me make it clear, Madam Speaker. I thought I said earlier that this government supported the property rights clause. We presented it to the provinces last summer. I personally would have liked to see it in the constitution. It was opposed by many of the provinces.

An hon. Member: By Ed.

Mr. Trudeau: The hon. member for Oshawa was not a party to the negotiations last summer. The negotiations last summer were with the provinces, not with the NDP. We still hoped at that time to get support for the people's package. In the people's package was a clause concerning the protection of property rights. There was a last attempt on Thursday and Friday by the Solicitor General, since it was the federal Conservative party that willed so strongly against the will of some Conservative premiers of the provinces to have this in the package.

● (1450)

Mr. Clark: A commitment given under oath.

Mr. Trudeau: There was a disposition to get the Tory party onside. It did not have this effect so we changed our mind. I put it again today; if putting property rights into the constitution will obtain us the support of several of the Tory premiers and of the leader of the Conservative party for the resolution, then I will go back to cabinet and see if we will not change our mind again.

Some hon. Members: Oh, oh!

[*Translation*]

TRADE

REPORT OF TEXTILE AND CLOTHING BOARD—GOVERNMENT POSITION

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Seven months ago the Textile and Clothing Board presented to the government an exhaustive study on the textile industry problems in which it recommended that the quotas negotiated with several countries be extended for nine years. Considering that in the same report the board was asking and urging the minister to take immediate steps concerning the shirt industry in Canada, that no decision has been taken after seven months and that over 700 workers are without jobs, I would ask the minister whether he intends to intervene at the earliest opportunity and make public the government position about the report of the Textile and Clothing Board?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, when I tabled the report of the Textile and Clothing Board I stated that the intention of the government was to make an attempt to reply to the recommendations of the report in March. I am endeavouring to achieve that objective within the time limit specified when I tabled the report. I am fully aware of the difficulties experienced by the shirt industry and I am still looking into this problem to find out whether it is necessary to take emergency action even before announcing our general policy.

* * *

[*English*]

NATIONAL ENERGY PROGRAM

INQUIRY RESPECTING REFERENCE OF PROGRAM TO SPECIAL JOINT COMMITTEE

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is further to the exchange yesterday between the Minister of Finance and the hon. member for Calgary Centre on the question of referring the National Energy Program to a special joint committee of the Senate and House of Commons. My question is addressed to the Minister of Energy, Mines and Resources. Since the National Energy Program acknowledges almost a total revolution in energy development in this country, I am sure the minister is encountering a great degree of uncertainty among consumers, industry and provinces as to the impact of this program.

Since the National Energy Program is the subject of at least five separate pieces of legislation, will the minister add his support to the fairly positive response of the Minister of Finance in allowing this program to be considered by a special committee of the Senate and House of Commons?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the way I read it in *Hansard*, it seems to me that the Minister of Finance rejected that suggestion yesterday.

[*English*]

Mr. Wilson: Madam Speaker, I read *Hansard* too and I felt there was a generally positive response to the proposal put forward by my hon. friend. The minister has acknowledged that the National Energy Program will totally change energy development in this country. Changes of this magnitude usually result in a great degree of disruption for different elements of the economy and society. The risks to our security of supply, our balance of payments, the economic development of the country and the total fibre of the country are stretched to very great limits. Surely the people of Canada must be able to assess this risk. There are major disagreements as to the impact, so would the minister explain why it is not in the general interest of a clearer understanding of the National Energy Program to have a discussion and consideration of this total program in one place, in one forum, not spread among five different forums as a result of the different pieces of legislation?

Mr. Lalonde: Madam Speaker, there is one forum where this matter is considered, and that is called Parliament. The matter has been debated extensively in this House. The National Energy Program has been debated extensively in this House during the budget debate, six consecutive days when the pricing issue was debated, as well as during the consideration of the oil and gas act, the Income Tax Act amendments which are before the House at the present time, and before the parliamentary committee where Bill C-48 is being considered. There has been no shortage of places or avenues for debate and discussion of this subject and the hearing of witnesses. In addition, the National Energy Program has been the subject of discussion and debate in the media and before provincial and federal boards. So there has been ample opportunity for the expression of views on this particular subject. I fail to see what the suggestion of my hon. friend would achieve in advancing the debate any further.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—NOTIFICATION OF POTENTIAL HEALTH HAZARD

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question today is for the minister responsible for CMHC and it pertains to some remarks made last week in the House by the Minister of National Health and Welfare concerning people who have experienced difficulties as a result of the installation of UF foam. She said at that time they could contact their physicians, her office or the Department of Energy, Mines and Resources if they were experiencing difficulties. A constituent at that time telephoned me to indicate

she had been suffering from these symptoms for two years after her home was filled with foam, and her physician was completely unaware of this problem and the symptoms that result.

In light of that I would ask the minister whether he would undertake to notify every physician in Canada of the potential hazards of this substance? Will he also provide testing equipment in every region in Canada so people experiencing difficulty can have access to this equipment? In addition, would he contact every contractor who has installed this material in order to obtain the names of individuals whose homes have been affected, so those people can be circularized by the government and if they are experiencing problems be told where they may obtain information. Finally, Madam Speaker—

Madam Speaker: Order, please. We have had about three questions in one and the hon. member is going on to a fourth one. I will allow the minister to answer those questions which have been asked.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I will be happy to bring the member's representations to the attention of the minister, who is not here today. I might repeat, though, an answer I gave earlier in the House. I think his questions are somewhat premature as we are awaiting the final report on the status of the UF material.

Mr. Skelly: Madam Speaker, there was only one other point in that regard. I doubt the representations are premature since people are experiencing very serious difficulties with this material already. The previous speaker, the Minister of National Health and Welfare and the Minister of Consumer and Corporate Affairs are fairly competent at putting off this matter. I am just wondering if the minister responsible for housing would take the bull by the horns and do something. The fourth point is, will the minister ensure that there is a financial program in place to help people whose homes have to be rehabilitated because of the government's encouragement of the use of this very serious and damaging insulation through the RRAP and CHIP programs, affecting approximately 100,000 homes in Canada?

Mr. Cosgrove: Madam Speaker, with respect, I believe the question is really a repetition of the same question which has been asked on three occasions. I do believe the question in substance is premature and I would have to wait for the report of the Minister of National Health and Welfare.

* * *

● (1500)

EXTERNAL AFFAIRS

REFERENCE TO BIRTHPLACE IN PASSPORTS

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is directed to the Secretary of State for External Affairs. The Canadian passport, presumably by international convention, has a heading indicating the birthplace of the citizen. This information can and has led to some discriminatory treatment at some foreign borders. Would the minister consider taking some steps to have this information deleted from this document?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I recognize that the fact that such information is required does occasionally cause difficulties for Canadian citizens, but for the vast majority it greatly facilitates their admission to various countries of the world because, under international standards for passports, that information is required. Therefore, while I will re-examine the question in the light of my hon. friend's comment, I would not want to encourage him to think that a change in the policy is likely.

* * *

BUSINESS OF THE HOUSE

Mr. Pinard: Madam Speaker, I have had consultations with the House leaders of the opposition parties and I am pleased to report that we have come to an agreement concerning the second reading stage of the access to information bill. I therefore ask for unanimous consent to the following House order:

That on Thursday, January 29, 1981, the business first taken up under government orders shall be the second reading stage of Bill C-43, an act to enact the access to information act and the privacy act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof;

That, during debate on the said stage of the said bill, no member shall speak for more than 20 minutes;

That private members' business shall not be taken up on the said day; and

That no later than 10 p.m., on the said day the Speaker shall interrupt proceedings and put forthwith and successively every question necessary for the completion of the said stage of the said bill without further debate or amendment.

Madam Speaker: Hon. members have heard the proposed House order. Does the House agree to that order?

Mr. Baker (Nepean-Carleton): Madam Speaker, there have been consultations with respect to that matter which we did discuss and agree upon. The question which I have in my mind is whether there will be any change in that now as a result of what occurred in the question period. Is it indeed the government's intention to carry that out and not change the business in the middle of the day?

Mr. Rose: Madam Speaker, on behalf of my House leader and of my party, I should like to confirm that I have been informed by the hon. member for Winnipeg North Centre that that is in fact the agreement. We will be pleased to participate in the debate on the grounds outlined.

Madam Speaker: Does the House accept the said motion?

Some hon. Members: Agreed.

Motion agreed to.

PRIVILEGE

MR. BAKER (NEPEAN-CARLETON)—STATEMENT MADE BY MR. KAPLAN

Hon. Walter Baker (Nepean-Carleton): I rise on a question of privilege, Madam Speaker. I wanted to have the freedom of information matter in place before rising on a question of privilege, but since I did not take part in the question period I cannot rise on a question of privilege which applies to me as a participant in the question period. However, I can do so as a member of the House, and it is on that basis that I do so. We have found ourselves in a different position here with respect to what might be called the grease or lubrication which makes this place function appropriately, that is the matter of trust, integrity, honesty and forthrightness which should exist when ministers of the Crown take a position as part of the parliamentary process and that process is reported here in the House of Commons.

Last Friday, a minister, acting under the provisions of PC 18-824, an order which was tabled in the House of Commons and which gives him the authority, made a statement on behalf of the government, acting as minister in a committee. Therefore that matter is here now before us in the House of Commons. The minister gave an unequivocal undertaking on amendments with respect to property rights which were proposed by one party and which were accepted by the minister because they were put by this party, amendments which were repudiated the next day on some other ground, a ground that is now characterized by the Prime Minister (Mr. Trudeau), who is not part of those proceedings, as the wish to expand the level of acceptance. On sheer numbers alone, Madam Speaker, that is a shocking statement when the comparison is made between the 32 members of the rump—

An hon. Member: The red rump.

Mr. Baker (Nepean-Carleton): —of the red rump, whose support they were seeking, and this party, and more than that, the large group of Canadians.

Ministers do not speak idly anywhere, and I suggest that ministers do not remain silent in the House of Commons when, in effect, they have been repudiated by the Prime Minister and by the government. It is the minister's duty to this House to rise in his place to explain precisely what happened, and because he is a law officer of the Crown, one of the ministers who has responsibility with respect to the law, certainly in this matter under that order perhaps he has the duty to consider his own place within the administration and whether or not he can be or should be accepted now as Solicitor General.

An hon. Member: Tell him, Pierre.

Mr. Baker (Nepean-Carleton): The only way in which this government can recover itself with respect to this breach is for the Prime Minister to ask for the resignation or, failing that, for the Solicitor General (Mr. Kaplan) to tender his resignation immediately.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): As Acting Minister of Justice and acting in the capacity of Attorney General of Canada, he is not an ordinary line minister. He carries responsibilities on his shoulders which are far beyond those of an ordinary line minister. It is now apparent that either he was acting under instruction or he was not. If he was acting under instructions, they have been repudiated. If he was not acting under instructions, then he should not hold the portfolio, even of Solicitor General, let alone that of Acting Minister of Justice.

Madam Speaker: Order, please.

Mr. Baker (Nepean-Carleton): The veil of silence is something we cannot take—

Madam Speaker: Order, please. I just want to remind the hon. member that he should not be commenting on what took place in the committee and referring to instructions which the minister might or might not have had. I can accept the argument which the hon. member is making about what took place in the House and what he thinks should follow as a consequence of what happened this afternoon, but the hon. member knows that he must limit his argumentation solely to what took place in the House and not refer to the committee.

Mr. Baker (Nepean-Carleton): Madam Speaker, I am trying to do that within the purview of the case because the matter was raised by members of Parliament on this side of the House in questions to the Leader of the Government, the Prime Minister. We are at this point now that on one of the most crucial matters that we could ever discuss in this House of Commons, we have had a flip-flop of monumental proportions. The House, and perhaps the country, have been deceived, and I think that if the Solicitor General sits silent and makes no explanation, he should not occupy that position. He would do us all and himself a favour by resigning, or he should stand in his place and tell us exactly what happened. But this place cannot operate if a position taken by the government in the House or elsewhere is taken on one day and denied on the next. We cannot operate that way.

I leave the matter now and reserve whatever rights I may have following a statement which I hope will be made by someone with respect to what did occur.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I will be very brief because the answers which were given by the Prime Minister (Mr. Trudeau) and the Minister of Justice (Mr. Chrétien) were totally responsive to the questions which were asked, and set out all the facts. With respect to my silence, under the rules this is the first opportunity I have had to rise since the matter was raised at two o'clock. None of the questions was directed to me, and this is the first order of business following the question period. So the hon. member is greatly exaggerating the implications of a member remaining in his place and obeying the rules.

● (1510)

I was authorized by the government and under the order in council to represent the Minister of Justice in his regrettable

absence last week. I did so. The spirit in which we are approaching the preparation of the joint address, and in particular the charter of rights, is one in which we want to seek the broadest possible support. We are willing to accept sensible resolutions from both parties, provided the resolutions improve the charter, but Conservative members are playing games with us.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Kaplan: They are putting forward an amendment designed to give Canadian people the impression that they stand for the right of enjoyment of property.

Some hon. Members: We do.

Mr. Kaplan: Yet, they have made it very clear that that charter of rights is not to apply. It is not to be binding and available for the citizens of Canada. It must be submitted to the provincial governments. We view that as an unsatisfactory state of affairs in this country.

It has been referred to as a checkerboard in which the arsenal of rights and freedoms provided for all Canadians, or prepared by the government for all Canadians, should only be binding from province to province.

An hon. Member: What did you say last week?

Mr. Kaplan: Our approach, and I believe the continued approach of the Minister of Justice, will be to try to encourage the participation of all members, to take any amendments which will strengthen the charter and will add support to it. As was indicated, following the meeting it appeared that the amendment, however well-meaning we were in the position we took, would not increase the support for it; in fact it would reduce the support for it.

Mr. Beatty: By 32.

Mr. Kaplan: The Leader of the Opposition (Mr. Clark) characterized my position as a statement under oath. It was far from it. It was a negotiation which was taking place in the committee. It was a give and take effort, which is the spirit in which I approached that responsibility to improve the bill of rights and to increase support for it.

Some hon. Members: Hear, hear!

Hon. David Crombie (Rosedale): Madam Speaker, I rise on a question of privilege in relation to the remarks just made by the Solicitor General (Mr. Kaplan). I gather there is some—

Madam Speaker: Order, please. Is the hon. member rising on the question of privilege introduced by the hon. member for Nepean-Carleton (Mr. Baker), or is he rising on a new one?

Mr. Crombie: Madam Speaker, I am rising on a question of privilege flowing from the remarks made by the Solicitor General.

Madam Speaker: I would say that probably the hon. member wants to intervene on the question of privilege raised by the hon. member for Nepean-Carleton, and I recognize him now.

Mr. Crombie: Madam Speaker, I will try to be brief. I have some difficulty trying to raise the question which bothers me without transgressing into the area which Your Honour has already admonished us not to, that is, the proceedings of the committee.

The Solicitor General indicated that hon. members opposite to him were playing games in the committee. That is somewhat the basis of my question of privilege. Throughout all the discussions since Thursday and Friday, and today the questions in the House, the undertaking about which people have remarked that the Solicitor General gave, was an undertaking to me. It is a matter of public record for anyone to read.

After I made an intervention at a particular meeting, the Solicitor General—

Madam Speaker: I gather that particular meeting is the committee; I was not there either.

Mr. Nielsen: Wait until you hear it.

An hon. Member: This is absurd.

Madam Speaker: Even if the hon. member does not mention the committee, he cannot refer to the proceedings. Now that is exactly what he was doing, although I have not read the proceedings. So, I ask him to speak about what happened in the House this afternoon.

Mr. Crombie: Madam Speaker, I apologize for that. It is a serious matter to me and I simply want to get out the entire story as I understand it because I was not here on Friday and Monday.

Mr. Epp: Here is a press report; here is another one.

Mr. Crombie: Let me go by press reports then. The facts of the matter are that the Solicitor General gave an undertaking—it is a matter of public record—with respect to a motion that we include property rights in a charter of rights. It was a solemn undertaking to me as a member of that committee and as a member of this House.

When the Solicitor General speaks in this House on matters outside the House and when he uses the words "playing games", not only am I personally offended by that, because it was an undertaking I felt was given to me, but I have refrained from making any comment publicly until I heard from the Solicitor General. The first thing I hear from the Solicitor General is that I am accused of playing games.

Mr. Collenette: That is not what he said.

Mr. Crombie: I would like him to withdraw it.

Madam Speaker: The Right Hon. Leader of the Opposition (Mr. Clark).

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I will defer to the Acting Minister of Justice if he wants to withdraw it.

Mr. Kaplan: Well, I do not.

Mr. Clark: He does not want to withdraw the accusation against a member of the House.

Mr. Collenette: Because he did not make one.

Mr. Clark: Madam Speaker, I just want to be clear about—

Madam Speaker: Order, please. Has the Right Hon. Leader of the Opposition asked the Solicitor General (Mr. Kaplan) to withdraw his remarks?

Mr. Crombie: Madam Speaker—

Madam Speaker: I am speaking to the Right Hon. Leader of the Opposition. Will he repeat what he said? I did not hear it.

Mr. Clark: Madam Speaker, I indicated that I would be prepared to defer to the Acting Minister of Justice, if such he still is, if he would withdraw the accusation he made against the hon. member for Rosedale (Mr. Crombie). The Solicitor General (Mr. Kaplan) has indicated from his seat that he does not intend to withdraw the accusation, so I will not defer to him and I will continue.

The only point I rise on is really a point of clarification. The hon. member for Nepean-Carleton (Mr. Baker) indicated that he was raising a matter of privilege that we may want to pursue at a later time.

[*Translation*]

And in my opinion, it is a really important matter for the parliamentary institution. I should like to be sure that we will be in a position tomorrow or later to pursue the question raised today about the possibility for Parliament to take the word of the Liberal government, because it is fundamental to our parliamentary system. We cannot take the word of a minister in that capacity one week, if it is no longer valid the following week. Parliament would be unable to enact or implement legislation. It is a basic issue.

[*English*]

The reason we have raised the question now is that I asked in my questions to the Prime Minister (Mr. Trudeau) whether or not there was to be some new set of standards by which we would know when we can accept the word of a minister of the Crown. The Prime Minister responded in a political way, which is fair in this House, and made reference to campaign promises which might be departed from, such as the opposition he once articulated to the imposition of wage and price controls. It is one thing when a party leader and a party abandon or reverse themselves, as they did on the question of wage and price controls. It is quite another thing when a minister of the Crown—sworn to oath as a minister to tell the truth and to speak for the government and sent before a parliamentary committee to steer a bill through that committee on behalf of the government—serving as an acting minister of the Crown and authorized by order in council, gives representations on which members of Parliament act. Without getting into the specific deliberations of the committee, that is what happened.

A representation was given by the minister on behalf of the government, after he had been introduced as the spokesman of the government and the Acting Minister of Justice. There was a response to that; it changed the behaviour of members of the House of Commons serving in the committee. We accepted his word and we were misled. Madam Speaker, that is precisely what happened. It raises the question now as to when the word of any minister of the Crown is word that the House of Commons can accept.

● (1520)

When will we be faced again with a situation where something is said on Thursday or Friday and then repudiated on Monday night as a result of deliberations, pressures, we know not what, having to do with perhaps other parties, the New Democratic Party and its alliance with the Liberals? Perhaps there were other pressures which were brought to bear. This House cannot function, Madam Speaker, unless we can accept that ministers of the Crown speak the truth, speak for the government when they are guiding matters of government business through a committee of the House of Commons. We cannot function now in a situation such as has been created by the repudiation by the Prime Minister of the Solicitor General in his capacity as Acting Minister of Justice.

The question does not stop here, Madam Speaker. My colleague from Nepean-Carleton raised a very good point when responding to the House business announcement and the request by the government House leader for the agreement of this whole chamber to designate Thursday as a day when we can proceed with the access to information legislation. We voted on that quickly. But will there be a repudiation of what the government House leader said? We have before the House of Commons now, and again in committee—I will only deal with the dispatch of business to that committee by this Parliament—bills and very important legislation dealing with oil and gas matters in this country. The Minister of Energy, Mines and Resources (Mr. Lalonde) appears, speaking for the government, before that committee. He gives testimony. Can we believe him? Can we believe what he says? When we vote on a particular bill and go through it clause by clause, can we be sure that the statements made by the minister, which cause members of Parliament to vote one way, will not be repudiated the day after? That is the question which is before us.

We now have had a shadow passed over the capacity of this House to believe the word of a minister of the Crown. And it is not simply a question of one man's reputation, although that is always at stake here. It is a question of the ability of this Parliament to work and to function. We cannot function if one minister speaking for the government one day says one thing, and another minister, speaking on the same question for the

same government the next day, says the opposite thing. We cannot function as a Parliament that way. There will be no progress here, no trust, and no legislation. There will be no respect here. This Parliament cannot function that way.

It is a matter which arose today. It is a matter which we will want to pursue later. I rise now simply to underline the basis of the privilege which, in my judgment, goes to the very root of this Parliament, to our ability to trust ministers, to our ability to transact business, and to our ability to function effectively as the House of Commons. It is a fundamental question and one which I would want the assurance of the Chair we will be able to pursue after we have had the opportunity to consult precedents and the laws of Parliament which apply to this situation.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I should say that the issue involves first a question of fact and then a procedural question. About the facts, I have nothing to add to the reply given by the Right Hon. Prime Minister (Mr. Trudeau) during the oral question period or to what the Solicitor General (Mr. Kaplan) has just said in replying to the point of order or the so-called question of privilege raised by the hon. member for Nepean-Carleton (Mr. Baker). I believe that the facts have been well outlined by members on this side of the House. While the official opposition may not agree with these facts, as everyone knows such disagreement cannot justify a question of privilege.

As for the procedural question, I respectfully submit that it was very difficult for the hon. member for Nepean-Carleton, the hon. member for Rosedale (Mr. Crombie) and the Leader of the Official Opposition (Mr. Clark) to abstain from referring to the committee proceedings as it is quite obvious, Madam Speaker, that their intervention in the House today is based on a definite situation which occurred in committee, which led the committee to vote on a question of privilege and reject it. On the other hand, Madam Speaker, by allowing a debate on this question of privilege, we are obviously—

Madam Speaker: Order, please. The hon. minister himself is now referring to the committee proceedings. I would ask him to refrain from doing so.

Mr. Pinard: Madam Speaker, I simply wished to refer to the rule which prevents us from referring to committee proceedings. That is why I used the word "committee". What the members opposite did was to base a question of privilege on what occurred in a committee. This is quite irregular as we are not supposed to refer in the House in any way to committee proceedings in the absence of a report, and I am simply stating that there is absolutely no other fact resulting from the oral question period today which would justify the Speaker ruling that there has been a breach of privilege affecting all members of this House. I have noted that the Leader of the Official Opposition often says that it is essential to ensure the orderly operation of this House, and I quite agree with him. However, the best way to do so is to start by not raising unfounded questions of privilege.

Madam Speaker, both the experts and our own procedure make it very clear that questions of privilege should be used very rarely. Beauchesne says specifically a question of privilege ought rarely to come up in Parliament. In this case, there has been an attempt to raise an unfounded question of privilege based on what occurred in committee, which is a waste of the time of this House. The Leader of the Official Opposition has given us notice that he might obstruct further the proceedings of the House by saying that he wants to reserve the right to raise the same question of privilege later on.

I respectfully submit, Madam Speaker, that if you rule today that there is no basis for a question of privilege, this question should not be raised again unless new facts warrant it and justify the request made by the Leader of the Official Opposition, who wants to reserve the right to raise unfounded questions of privilege at any time and delay unduly the proceedings of the House. I submit that this is an abuse of our parliamentary rules and will truly prevent Parliament from operating in an orderly manner. If he is sincere when he says he will make every effort to ensure the orderly operation of Parliament, he should first of all refrain from imputing motives to ministers on this side of the House, and in this case to myself, as he did when he tried to question the agreement reached yesterday among House leaders. For his information, even if we changed our mind, the arrangement could not be changed because an order of the House was made today and such an order cannot be changed in parliamentary procedure. That is quite elementary.

Second, the best way to ensure the orderly operation of Parliament is to refrain from imputing motives to hon. members opposite when in good faith we have concluded an agreement which benefits both sides of the House. Third, it is also to refrain from raising unfounded questions of privilege, wasting the time of the House and thus preventing Parliament from discharging its responsibilities.

Given all these considerations, Madam Speaker, I suggest that there is no question of privilege because the point is based on what happened in a committee and that the Leader of the Official Opposition has no reason whatsoever to doubt the agreement which was reached by the parliamentary leaders and which, in any event, has since been made an order of the House that must be respected.

Madam Speaker: I will take the question under advisement and I want to say to the Right Hon. Leader of the Opposition that although the Chair may take a question under advisement he is not allowed to do so.

If the question of privilege has not been explained to the satisfaction of the Chair this afternoon, I do not believe we can raise it again tomorrow unless the Right Hon. Leader of the

Official Opposition finds an issue to raise a new question of privilege. If after reading the *Votes and Proceedings* tomorrow I feel I need additional information then perhaps I will ask one hon. member or another, or even the Right Hon. Leader of the Official Opposition, to provide me with further details. But I can take the question under advisement. Anyone raising a question of privilege on a given day may not continue on the same subject the following day.

In my opinion, therefore, the arguments have been made to the Chair. I will study them, take them under advisement and make a ruling later.

Mr. Clark: Madam Speaker, simply to make myself clear, I was seeking the right to consult the Standing Orders and parliamentary precedents relevant to the situation described here today during the question period. In fact the Chair seemed to suggest that we think there is indeed a question of privilege and that we have not had an opportunity here in the House to produce all the evidence, to refer to all precedents which may be available. I took the floor simply to indicate that in all likelihood, after a review tomorrow, we will want to continue debating the question. You have stated that if you have reason to believe that there is in fact a question of privilege, we will be allowed to continue tomorrow. If we were able to establish precedents in support of the rules we want to quote, perhaps we might do so tomorrow before the question period and raise the question of privilege if need be.

Mr. Pinard: Madam Speaker, the remarks of the Leader of the Opposition are utterly unbelievable. According to him, he has been trying for half an hour to give you notice of his intention to rise on a question of privilege on some other day. That is unacceptable. The question of privilege has been thoroughly debated and you have stated yourself that you might need additional information after reading *Hansard*. Fair enough, we accept your ruling. But I think it is pretentious on his part to claim that all the time we have wasted this afternoon was nothing more than notice from the Leader of the Opposition of his intention to seek information and consult the Standing Orders of the House before rising to speak.

In my opinion, Madam Speaker, we have had a full debate and the issue cannot be reopened unless it is on your own initiative.

● (1530)

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, as you will recall in my remarks at the outset, I reserved on the matter as well. So there will be no doubt as to why I reserve, this is a question of privilege, and I wanted to prepare for your consideration an appropriate motion which usually follows such matters. I think it is only appropriate as well that all members of the House read the "blues" which you, Madam Speaker, have allowed us to do, and quite properly so. That is my understanding of what you have suggested. It is a common parliamentary courtesy for which we thank you.

I just want to make sure, Madam Speaker, that you understood that I had a reservation as well.

Madam Speaker: I can tell the hon. member that I noticed that there was no motion attached to the intervention made by the hon. member or by any other hon. member. This often happens. It is a technicality, and I am sure that I would not reject a question of privilege solely on that technicality. Arguments have been presented this afternoon. A question of privilege may not be deferred. If the hon. member would now like to make a motion, I will receive it, and then I will defer my decision on the question of privilege which has been raised.

Mr. Baker (Nepean-Carleton): Madam Speaker, I could build a motion of privilege on my feet, but I have been involved now as House leader, on one side of this House or the other, since 1976. I want to say, with respect to the Chair, that it is not unusual for there to be even consultation among various members in the House from both sides as to what might be an appropriate approach. I would be the first to argue that without a motion before you, Madam Speaker, you could not make a judgment. But since you have indicated that you are prepared to reserve anyway, then I suggest, if it is not inappropriate for you to reserve on the basis which has been set out, that we look into the appropriate form of the motion to be put, in order that you will have before you tomorrow what you regard today as being necessary to complete the proceedings, given the fact that you, Madam Speaker, have reserved on the matter.

Madam Speaker: I have reserved so that I may consult the precedent and reflect on the arguments which have been presented to me this afternoon. That is my intention. I really believe that the question of privilege has now been exposed to the Chair. The Chair will now look at the precedents.

The Right Hon. Leader of the Opposition (Mr. Clark) has said that he wishes to look at the precedents. I would suggest to him that this is the role of the Chair. I will look at the precedents and determine whether there is a basis for a prima facie case of privilege. I will rule on the matter later. If hon. members have another question of privilege arising from the deliberations of this House at some other date, relating to the subject today, then they may raise it at a later date. But I cannot allow discussion on the basis that this is merely a notice of a question of privilege and that tomorrow we will discuss the question of privilege. That question of privilege was exposed this afternoon. It is on the basis of the discussion which we have had today, looking into the precedents and referring to the rules, that I will rule later on this question of privilege.

Mr. Clark: Madam Speaker, I want to be absolutely clear that your statement is not precluding me or any member of this House from making available to you, before you rule tomorrow, any arguments or precedent that we think might well be drawn to the attention of Chair. Am I correct or incorrect?

Madam Speaker: No. What I am saying now is that I have heard the arguments and that I will rule on the basis of the arguments that I have heard. If, as has happened sometimes in this House, someone has a document which the Chair has not seen and it cannot judge on the basis of what was quoted from that document, then the document is sent to the Chair. I guess that would constitute a supplementary or an additional argument, which takes the form of the document given to the Chair so the Chair may review it.

What I am saying is that there will be no more discussion on this question of privilege tomorrow. The arguments are being heard today.

MR. TAYLOR—BEHAVIOUR OF PRIME MINISTER

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a new question of privilege. When a number of members of this House reach a decision in a committee and that decision is changed by one man, I feel that it affects the privileges of every member of this House.

Madam Speaker: Order. It is clear to me that the hon. member is speaking about the same question of privilege. Is he raising a new question of privilege?

Mr. Taylor: Yes.

Madam Speaker: I would ask the hon. member to be more explicit. The hon. member has referred to "a committee" and "a man"; I must have specifics.

Mr. Taylor: Madam Speaker, it is a new question of privilege, and I start by saying that when a number of members in a committee reach a decision which is then changed by one man, my privileges as a member are affected.

Madam Speaker: Order, please. The hon. member is referring to proceedings which took place in committee.

Mr. Taylor: No, I am not.

Madam Speaker: The hon. member is saying "a committee".

Mr. Taylor: Any committee.

Madam Speaker: I do not understand, and I gather that other people do not understand. Would the hon. member be very precise if he is referring to a committee as to whether it is a general matter with regard to a committee or a specific occurrence in a committee?

Mr. Taylor: I want to refer to the committee, and I will be very precise. I feel that my privileges have been affected. The people of Canada and, I believe, the hon. members of this House, are sick and tired of having a dictator such as the Prime Minister of Canada (Mr. Trudeau). I want him to resign. That is what the people want because he is affecting the privileges of every member of this House.

Mr. Nielsen: Let's have a referendum on that.

Mr. MacEachen: Not another one.

Mr. Taylor: The Prime Minister is making our work ineffective if he can change a decision reached by a majority of the members of this House. That is completely unparliamentary. It is the type of thing which goes on in Russia, and it should not go on in Canada.

Madam Speaker: The hon. member has not convinced me that he has a question of privilege. He has made some remarks on behaviour of which he does not approve, and it is perfectly within his right not to approve of the behaviour of the Prime Minister (Mr. Trudeau) or of any other member of this House. But if the hon. member is raising a question of privilege, he must be very clear as to what way his privileges have been breached, and he has not exposed that to me. So I feel that he did not have a question of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

TRANSPORT

Fourth Report of Standing Committee on Transport—Mr. Dionne (Northumberland-Miramichi).

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,451, 1,572, 1,676 and 1,702.

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

[*Text*]

SECURITY—SERGEANT ROBERT HUTCHISON

Question No. 1,451—**Mr. Cossitt:**

1. Is Sergeant Robert Hutchison a member of the Canadian Armed Forces and, if so (a) on what date did he first enlist and what are the various branches in which he has served (b) has he been a member of the security section and, if so (i) did he assume such a position in 1973 (ii) was he trained in security at Camp Borden among other places?

2. Was he posted to the Canadian Embassy in Prague in July, 1979, and, if so (a) on what date did he arrive in Prague (b) what was a full description of his duties during his stay in Prague (c) was his immediate superior Colonel Spencer?

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3. Did he request that he be returned to Canada in November, 1979, due to a health problem of his daughter and, if so, did he decide to reconsider such a request as a result of being asked to remain in Prague by the Canadian Armed Forces?

4. Was he advised in January, 1980, by Colonel Spencer that the Canadian Ambassador to Prague had decided to have him return to Canada and, if so, what were the reasons given for such action?

5. On what date did he, his wife and daughter leave Prague for Canada and was it on or about May 10, 1980?

6. On return to Canada was he interrogated on or about May 22, 1980, by the security and intelligence unit of the Department of National Defence and, if so (a) was he questioned on the subject of whether or not he had in any way been in liaison with Russian agents while in Prague (b) did he volunteer to submit to a lie detector test and was this test followed by further interrogation (c) on or about May 23, 1980, was he given a further lie detector test and additional interrogation and was he requested to return on May 27, 1980?

7. (a) On or about May 27, 1980, did he tell Commander Vallevand that he had given SIU all possible information and specifically, did he state that he and his family were being harassed and request that it cease (b) on the same date was he given a further lie detector test on orders of Captain Roberts of SIU (c) on the afternoon of the same date was he forced to sit in a small room for over an hour and, if so, for what purpose (d) on the same date did his wife contact legal services of the Canadian Armed Forces asking for assistance and was she refused legal aid and, if so, for what reason?

8. (a) Since the return to Canada of Sergeant Hutchison and his family, has their telephone been bugged or tapped in any way and, if so, what are all the details (b) has a military police vehicle been parked in front of their house on a number of occasions since they moved in on May 15, 1980, and were the most recent occasions the evenings of July 11 and July 12, 1980, and, if so, what was the purpose (c) was he informed on July 10, 1980, by Captain Richardson that the investigation would be carried on until November, 1980?

9. During all of the above incidents, was he frequently asked during interrogation whether he was a Russian agent, whether he had connections with the Russian or Czechoslovakian intelligence and, if so, what are all the details on which the Canadian Armed Forces have based such questions?

10. If there is no evidence that Sergeant Hutchison did collaborate with Russian Intelligence, for what reason is he being frequently interrogated, etc. and will the Minister of National Defence order a full investigation into all aspects of this situation?

11. Was Sergeant Hutchison at one time visited by an RCMP officer named McLean since he returned to Canada and did an approximate two-hour discussion take place and what was the purpose of the discussion?

12. Is there in existence a written memo signed by Anne Scott, a Canada Customs inspector, concerning Sergeant Hutchison and, if so, is it dated June 11, 1980, and does it state in part: "Superintendent Hatherall called the office to inform us that the Military Police had a lookout on Sergeant Hutchison, he was involved in some dealings with the (blank)" and, if so, on what basis did Superintendent Hatherall make such a call?

13. (a) Is there in existence a report headed "Rough Report" by J. Smith in regard to Sergeant Hutchison and compiled by a Canada Customs official and does it state in part, "... suspected that he might have been in liaison with the Russians" and that he was a "cagey, conniving type of person and that he might be up to something" (b) subsequently was he charged $479.68 (Canadian) duty by Canada Customs for alleged items brought back from Europe (c) was he charged for two stereo speakers purchased for 489 German marks on the basis of $489 rather than actually converting to Canadian dollars (d) was he charged duty on other items without conversion of currency taking place and, if so, what were they (e) was he given the impression or told by Canadian diplomatic officials that any items purchased abroad prior to six months before his return to Canada would be duty free?

14. Does the Department of National Defence follow the policy that a person is not guilty until proven otherwise?

15. During his stay in Prague, was Sergeant Hutchison of considerable service to Canada or any member of the Western Alliance by the duties he performed there?

16. Is it the intention of the government or the Canadian Armed Forces to charge Sergeant Hutchison as an agent for a foreign power and allow him a court martial before which he could defend himself and (a) if so, on what date (b) if not, will any alleged harassment, character assassination, etc. against him and his family cease forthwith?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of External Affairs, National Defence, National Revenue and the Solicitor General as follows:

1. Yes.
   (a) April 13, 1964,
   Supply and Security Branches.
   (b) Yes.
   (i) Yes.
   (ii) Yes.

2. Yes.
   (a) July 20, 1979,
   (b) Administrative duties in the Canadian Forces Attachés office.
   (c) Yes.

3. No. In November, 1979, he told the Canadian Forces Attaché that he was considering asking for permission to send his family home but intended to remain in Prague himself. After discussions with the Attaché regarding this matter he reconsidered his situation and after a short interval advised the Attaché that he would like to remain in Prague with his family. His personal decision was accepted by the Attaché and the Ambassador.

4. Yes. Medical reasons.

5. Yes.

6. He was interviewed on return to Canada as part of a routine security debriefing.
   (a) No. He was questioned in regard to his dealings with Czechoslovakian authorities.
   (b) Yes to both parts of the question.
   (c) Yes to which he readily agreed.

7. (a) Yes.
   (b) No. He underwent voluntary polygraph examination.
   (c) No. He sat in a large comfortable furnished room awaiting the arrival of the case officer who was 32 minutes late returning from a meeting with his supervisors. While he waited, the room door was open, he was advised there would be a delay and was provided with reading material.
   (d) On or about May 27, 1980, Mrs. Hutchison contacted a legal officer in the office of the Judge Advocate General by telephone at which time she requested advice concerning a legal matter involving her husband. The legal officer explained that she was not entitled to be given legal aid by him because she was not a member of the Canadian Forces. However, the legal officer did state that her husband, as a member of the Canadian Forces,

might be entitled to receive legal aid but that it would be necessary for the member to contact the legal officer directly. The legal officer also explained that if she urgently required legal advice, she should contact a civilian lawyer, at which time she indicated she already had done so.

8. (a) No.

(b) No.

(c) No. He was informed that the investigation could continue until November, 1980.

9. No references were made to Russian agents.

10. Regarding instituting an investigation this has already begun. Sergeant Hutchison has instituted "redress of grievance" procedure within this department, and this automatically causes an investigation to be carried out.

11. The policy of the RCMP is to maintain the confidentiality of names of people they contact during the course of their inquiries. This policy extends to identifying members of the RCMP, the purpose and length of any ensuing discussion.

12. Yes, such a memo exists and Superintendent Hatherall made the call as a result of a telephone call from his immediate superior.

13. (a) Yes.

(b) Yes.

(c) Yes. As an explanation, the Inspector concerned asked Mrs. Hutchison if the two speakers were paid in Canadian or German funds, and the answer received was "Canadian". On this basis, the 489.99 was utilized as a value for duty. We now realize that perhaps the 489.99 D.M. could have been converted to Canadian dollar value and the bill paid in Canadian currency on the converted amount. A refund claim would be in order.

(d) Yes. As follows—one pair of headphones and $33.98 in lieu of D.M. 33.98 (same explanation as in (c) above).

(e) No members of staff of the Canadian Embassy in Prague recall a conversation with Sergeant Hutchison on Canadian Customs regulations. However, a copy of Revenue Canada's booklet "Moving Back to Canada" received by the Embassy from the Department of External Affairs on January 7, 1980, was circulated to all Canada-based staff including Sergeant Hutchison, who initialled the covering form as having seen this document. The booklet states in part "if you have been residing outside Canada for anything from the one-year minimum to just under five years, your personal and household effects must have been in your ownership, possession and use for at least six months before you re-enter Canada".

14. Yes.

15. His performance of his duties at the Canadian Embassy in Prague was considered fully satisfactory.

16. Only if investigation establishes that a charge is warranted. (a) (b) In view of the above—not applicable.

FUNDING OF CANCER RESEARCH

Question No. 1,572—**Mr. Howie:**

What amount of government funds has been allocated for research into the causes and treatments of cancer?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): In so far as the Department of National Health and Welfare is concerned: funds allocated for research into causes and treatment of cancer during the fiscal year 1980-81 amount to $2,630,140. This sum excludes salaries of professionals conducting intramural research.

In so far as the Medical Research Council is concerned: to date, for the fiscal year 1980-81, $5,100,000 has been committed to research and research training to causes and treatment of cancer.

CANADA COUNCIL TOURING OFFICE

Question No. 1,676—**Mr. Cossitt:**

1. Was Mr. Jean-Claude L'Espérance appointed general manager of the Canada Council touring office and, if so (a) on what date (b) what were his qualifications (c) did he resign on or about October 22, 1980, and, if so, for what reasons?

2. Did Mr. John Cripton and Mr. Michael Tabbitt leave the employ of the Canada Council touring office and, if so (a) on what dates (b) to the knowledge of the government, did they go into a private tour management business with Mr. Sam Gesser (c) have they sought any business from the council since leaving and, if so, what are all the details?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the Canada Council that the reply to the above question is as follows:

1. Yes.

(a) August 15, 1980.

(b) Mr. L'Espérance has extensive experience in the world of theatre and in the organization of tours. He had worked as stage manager for the Théâtre du Rideau Vert and le Théâtre du Nouveau Monde. He was assistant technical director at Man and His World in 1969 and in 1970. In 1976, he became General Manager of Kébec Spec where he was actively involved in establishing a touring network.

(c) Yes, the reason for resignation is personal.

2. Yes.

(a) April 25, 1980.

(b) It is general knowledge that Messrs. Cripton and Tabbitt, together with Mr. Sam Gesser, formed a private tour management business.

(c) This firm has neither sought nor received any business from the Canada Council. However, since leav-

ing the Canada Council, Mr. Cripton has received honoraria and expenses in the total amount of $725.50 as a consultant, to assist in the completion of certain projects (unrelated to his firm) with which he had been familiar as general manager of the touring office.

OLD AGE SECURITY BENEFITS

Question No. 1,702—**Mr. Herbert:**

Has consideration been given to making optional the receipt of old age pension benefits for persons between the age of 65 and 70 and, if so, what are the financial implications?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Provision exists now for delaying the date of receipt of Old Age Security as qualified persons can apply to receive the pension at anytime after the age of 65. Payments can be retroactive for a period of 12 months only. Persons who are eligible for a partial OAS pension may actually increase their potential OAS benefits by delaying application. This is already being done on an optional basis.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

Madam Speaker: Pursuant to Standing Order 54, I do now leave the chair for the House to go into Committee of the Whole.

• (1540)

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, January 26, consideration in Committee of the Whole of Bill C-54, an act to amend the statute law relating to income tax—Mr. MacEachen—Mr. Francis in the chair.

On Clause 1—

The Chairman: When the committee rose last evening Clause 1 of the bill was under consideration and the hon. member for Peterborough had the floor.

Mr. Domm: Mr. Chairman, I shall be addressing my remarks on the bill before us in regard to income tax, to the Minister of Finance. In the three or four minutes before adjournment last night I prefaced my remarks with an expression of the concern the people of Canada have about the direction the government is taking, through the implementation of legislation in this House, that is adversely affecting the business community in Peterborough and other areas of the country.

The Income Tax Act shows a lack of concern on the part of the government for some of the promises and commitments it made in the last election campaign. In this bill we had looked forward to changes that would bring about a positive direction in addressing the needs of the small business community, those entrepreneurs of Canada who contribute 28 per cent of the gross national product of this country. What I am suspicious about is that the government's policies on energy and finance as reflected in the income tax legislation are searching for the means to derive income to offset its excessive expenditures.

In the last election campaign the Liberal government committed itself to holding down growth in the public sector, in the civil service to a point that would not exceed the growth in the gross national product. It has betrayed that election commitment. It has sat idly and watched the cost of government soar above 12½ per cent in its short time in office, while the gross national product has only increased to something in excess of 11 per cent. That leaves the government with no alternative but to look to income taxes, corporation taxes and other means of levying these charges against the areas of our country that are moving gradually from a free enterprise system into a more socialistic form of government, with the emphasis on public ownership. This can only lead to disaster.

This government is so inconsiderate, as I pointed out last night, with its 3 per cent inventory allowance to the small business community that it has not taken into consideration that when this provision which appears on page 28 of the bill, was first conceived by the government the inflation rate was 6 or 7 per cent and interest rates were perhaps 11, 12 or 13 per cent. Since then, and since the budget three short months ago, interest rates have increased 39 per cent, and the dollar today is at its lowest level in 47 years. We all optimistically looked to the government to introduce measures in income tax legislation that would offer some relief to the business community to cover the high cost of inventory.

Another area of concern affecting the business community appears on page 33 of the bill in the clause which relates to cash accounting. Farmers have always been able to show as income in any given year only the amount of dollars that they received. That has now been extended to the fishing communities as well. I say to hon. members opposite that if they were sincere in the commitment made in the last election campaign to the small business people of Canada, that cash accounting clause would be extended to cover all entrepreneurs in Canada so that they would not be required to pay corporation or business taxes on sales in December at the end of their calendar year, on money that might not be received until well into the new year. In other words, businesses would not be required, as fishermen and farmers are not, to pay income tax until the cash was received. The government could have shown some compassion or concern about the lack of cash flow in the

business community today and could have extended the cash accounting clause on page 33 of the bill, to the small business community.

I should like now to discuss the Income Tax Act as it pertains to capital gains tax. It will never cease to amaze me that a government, which says it has credibility with the agricultural community of this country, can tell farmers of the second, third or fourth generation that when a farm is sold, the capital gains on the acquisition of a farm from the father—who in many cases received it from his grandfather—must be declared as a liability. This shows a lack of compassion and concern for the agricultural community—a lack of concern for the business community as well.

The Conservative government at least said that it would allow the transfer to a registered retirement savings plan of the capital gains derived from the transfer of a farm to a member of the family.

The Minister of Finance comes from an agricultural community. I would ask him what is to happen to a lot of young farmers today who are being driven from the farm by such measures? They lose the farm because of the necessity of paying capital gains tax. Often this is not paid at the time of the sale but some years ahead when they have to liquidate. In other words, they find themselves deeper in the hole because if they could keep the farm they might find they would eventually have to sell it in order to pay the tax. Sometimes they have to move off the farm because it is not profitable.

Another area which shows a lack of compassion in Bill C-54 relates to the volunteer firemen in small communities across Canada. The Conservative budget would have allowed them a tax deduction of $1,000 but this bill only allows $500 to volunteer firemen in communities where they offset a cost of municipal and provincial governments by offering their services to fight fires. The $500 is totally inadequate and shows a lack of compassion and concern for the local level.

Members of the government often talk about the Small Business Development Bond. What did they do about it when they took office? The people of Canada should know that this bond will expire at the end of March, but the government does not care enough about making that money available to the business community to allow it at least to flow for one calendar or fiscal year. I challenge the Minister of Finance to stand in this House and give us one example of a business that has borrowed on the development bond principle without conditions being imposed by the trust company, bank or lending institution—conditions providing that should the government not implement the policy, the small businessman will borrow at the going rate, will continue to pay the going rate and will not benefit from the bond issue. How much confidence can the banking institutions of Canada have in a government that offers a 90-day government bond issue as is done in Bill C-54?

I should like to ask the Minister of Finance now why this bill discriminates between men and women. Why should separated men not be allowed to claim child care expenses without first obtaining a legal separation, while women can? I thought the Liberal government considered all persons equal. Why does this government discriminate between separated men and women? I asked this government, and I asked the Minister of Finance what do they have against single parents by not allowing them to claim child care expenses?

● (1550)

I asked the Minister of Finance why this government fails to recognize common-law couples on income tax returns. What does the Minister of Finance have against common law arrangements? Does the Minister of Finance not realize that common-law marriages exist in Canada today? Does the Minister of Finance not realize there is a moral obligation on the part of both partners to such an agreement? Is there not a moral obligation on the part of government to recognize that these people exist? Are these people not citizens? Are these people not Canadians, and are they not entitled to equal treatment? What does the Minister of Finance have to say about that?

In addition, what does this government have against allowing a dependent spouse allowance? Why does the government discriminate on the basis of marriage? Is the Minister of Finance creating two classes of couples? Is he creating different classes of citizens just as he is doing with the metric system by allowing the citizens of Peterborough to opt out? But to the other 33 cities of Canada he tells their citizens that they must operate under the metric system. So he is creating different classes of citizens, just as we have different classes of provinces in the constitution. Even if the Minister of Finance stands up in this House and defends these positions, I do not know whether I can believe him. He has broken his election commitments. The commitments of the Minister of Industry, Trade and Commerce were broken. He said that if interest rates rose when he took office and he was in the cabinet, he would resign. The Minister of Industry, Trade and Commerce still sits in this House. He has never resigned.

Bill C-54 is totally irresponsible. It is not a credit to the government. It is a sham to this Parliament. If the government does not address some of its commitments made in the last election campaign, dealing with small business and the citizens of Canada, the day will come a lot sooner than it expects when the citizens of Canada might say that they know best and it is not the Prime Minister of Canada who knows what is best for Canadians.

Mr. Kempling: Mr. Chairman, I have a few points to make on Bill C-54. I am a practising small businessman, aside from being a member of Parliament. I thought that if I brought the practical view to the Minister of Finance he might find it useful.

I think there are some serious structural problems in the small business sector in particular. The small businessman is in a real financial bind. The manufacturer in marketing his product is saddled with unbelievable costs. For instance, the cost of travel in Canada is one of the highest in the world. He is pressed to pay wage levels equal to or higher than large industry, and he must deal with competition from outside

Canada. The small businessman is quite prepared to do this providing he has a quid pro quo, or providing certain structural changes are made. The large and growing service industry has similar problems, but they are cast in a slightly different way.

Competition tends to bracket the gross profit of the service industries within certain upper and lower limits. When costs beyond the control of the small businessman squeeze profit to the extent that the bottom line, or the net profit, shrinks below acceptable levels, then the businessman is in very serious trouble.

Most of these companies are either owner-operated or are private companies with a small number of investors. They cannot go to the market, so to speak, for venture capital. If there is a sustained downturn in the economy, in many cases they just cannot survive without some extraordinary financial assistance. Many go into bankruptcy, as current statistics prove. If you examine the expense items of the average small business, you will see a dramatic upward change in items such as municipal taxes, business tax, Bell telephone rates, bank interest charges, insurance rates, unemployment insurance rates, workmen's compensation, extended health care rates, and so on. These are charges which the businessman cannot control in any realistic way. Add to that the cost of heating a plant, transportation, and the unbelievable cost of travel, as I have mentioned, and you begin to get an idea of the dimension of the problem.

Observers on the outside could easily say that they should increase their investment. However, to that kind of a question the businessman answers, "Where do I get the money?" Most small businesses have very little leverage in the money market. With the ever-increasing push of inflation, the original investment in constant dollars is dramatically reduced in current value. The cost of borrowing money is at an all time high. The question is: where does the small businessman go for additional capital?

In fact the small businessman asks, "What did I do wrong? In good faith I have invested money in a business venture, I have employed people, I have paid my taxes and I have complied with the many regulations which have cost me untold hours of unnecessary work." Yet many small businessmen now face the possibility of becoming casualties through no fault of their own. The fault is both through poorly-thought-out government policy, and the bureaucracy which taxes and taxes beyond the ability of many small businessmen to pay.

As a remedy the ministry has suggested doing another study. There have been so many studies done that this is absolutely ludicrous. If anyone wants studies on small business, they need only talk to the Canadian Federation of Independent Business or other such organizations which will give them the results they have. The problems are known, the solutions are known, but nothing happens. We hear only that more studies will be done, more press releases issued, and more pious speeches will be made about how great the small business sector is and how important it is.

As I see it, there are some solutions. I am not one to stand up and lambaste the government without offering some solutions. Many times members opposite ask what we would do. I will give the minister some suggestions. Maybe he will like them and maybe he won't. As I see it, the solution to much of the paper work which comes through the average business is just to separate it. If it pertains to taxes, you have to pay your taxes. There is no way out of that. If it is other unnecessary things, I say buy a rubber stamp which says "non-applicable" and send whatever it is back to the appropriate department. Just tell them that you do not have the time.

If the Metric Commission comes to your retail store or plant and orders you to buy a new metric scale when you feel you do not need it, tell them where to go, and challenge them to take you to court and make their case before a judge, as they did in Peterborough. I understand there they padlocked scales and doors and so forth. I think it is time that the small business sector said, "No more. Do what you will, but we are not going to have any more".

I come now to the area of research and development. Does anyone in the ministry really know what closes down an R and D project in a small business? It is not the lack of ideas. It is not the lack of market sense. It is not the lack of ingenuity or inventiveness. It is simply the lack of money, Mr. Chairman. I know this is the situation because I have heard it from numerous businessmen with whom I have associated. They get a bright idea, they get it going, and then it is just closed down. The fellow who closes down the R and D project in a small business is usually the guy who handles the money, namely, the comptroller, the bookkeeper, the treasurer, or whoever he is. He just says, "Look, fellows, the way things are we just haven't got the money to complete this project".

Most of the products that will be sold in 1990 have not yet been put down on paper. They are ideas running around in someone's head. If the businessman finds the money that will allow him to produce, you may have a new product that will employ people and contribute to the economy. If he does not, that product or one similar to it will be imported from some other country which has a business sector less fettered by government than this one is.

● (1600)

I want to make another comment about nationalization and to read a quotation sent to me by one of my constituents. The quotation is from The *Metal Bulletin* of December 16, 1980. It is a speech given by Sir Richard Marsh, minister of power at the time of the second state takeover of the steel industry in Britain. He said this:

> Looking back, I regret the nationalization of steel as one of the most disastrous things I have done in my life. If I had not fought for the nationalization of steel, the British economy would not be in the mess it is in today.

I offer that as some advice to those who feel we must go on with Canadianization, nationalization, or whatever you want to call it. It is a dangerous route to follow.

Let me get back to some solutions I want to suggest to the minister. Small businessmen should be allowed to create a reserve for research and development from taxes payable to the federal government. It could be handled somewhat like an

RRSP investment that they could draw down to start a research and development project. The Small Businesses Loans Act should be amended to allow loans required to complete a research and development project. When these things start off, you never know where they are going to end. The Small Businesses Loans Act should be used to register a patent or purchase technology. It would be advantageous in the Canadian market. Small Business Development Bonds should be extended to cover a ten-year period rather than the five years now proposed. The regulation should be amended to allow it to be used as a form of refinancing for businessmen who are being bled dry by high interest rates.

The members of the New Democratic Party talk about the position of the banks in connection with the Small Business Development Bond. I do not care if it gives the bank a special tax position. I want to see more people survive in the troubled times we are facing. I want to see the small business sector have a measure of hope that it can continue to contribute to the economy of this country, to the labour market and the revenue required to operate this very diverse nation. We will in the course of this debate propose amendments which will try to achieve some of these objectives.

I want to say a few more words about regulations. I have heard the comments of the chairman of the parliamentary committee which looked into the regulatory system of this government. I am distressed at the continuous thrust of regulations and the desire of the bureaucracy to control everything. Can you think of anything more depressing than going to someone in Finance or Industry to get their approval for your project? It does not happen that way. You get an idea, you want to pursue it, you know the market, and you are looking for money. I hope the minister will take this thought of an RRSP idea for research and development and run it around in his mind because it has a great deal of merit. I can assure him of that.

I do not know whether anyone here has ever been confronted by a bureaucrat with a book of regulations, laying on you an error you have made. He tells you how big brother can fine you, and the sanctions he can impose against you. If you tell him you are not aware of the regulations, he says that does not matter. He will tell you that the governor in council passed a regulation on such and such a day and it was published in *The Canada Gazette*. You would think that all Canadians on Sunday morning, instead of going to church, get the latest issue of *The Canada Gazette* to see whether they are complying with all these regulations.

I hope, in looking at the report of the committee, that some consideration will be given to a method of appeal, a review board, or something of that nature. When these regulations come in, they would not then impact immediately upon the business community. There would be a time-frame which would give the businessman an opportunity to adjust, whether it be his inventory or whatever it might be. It does not need to be imposed on him right away. There should be an appeal route he can follow in order to redress what he may think is wrong.

I will give a recent example in my constituency. A small businessman had a $10,000 inventory of California bark brought in from the United States. It had passed through customs. He had paid the duty, sales tax and so forth. He had been selling this merchandise in the normal way until someone walked in from the consumer and corporate affairs fraud division.

This small businessman was told he could no longer sell the California bark because the Imperial measure is illegal and fraudulent. Can you imagine that? The official impounded the $10,000 inventory. It is ludicrous.

The small businessman said he would call his member of Parliament. The official laughed in his face, saying, "Those guys can't do anything. You are wasting your time. Your inventory is impounded." The businessman told the official that his supplier was just using up old inventory and the next shipment would be metric measure. The official said that did not matter, the $10,000 inventory was being impounded. When the businessman asked what he should do with it, the official told him that was his problem, not the department's, and walked away.

Immediately after the official left, a customer came in and asked to buy 15 cubic feet of California red bark. The businessman called me on the telephone to see what he should do. I told him to sell the whole works and, if the official came back, to tell him to take the case to court. I do not think a judge in a court in this land would convict someone of fraud for selling Imperial measure. That is bordering on stupidity.

That is only one of the problems that small businessmen face in the regulatory process. I commend the committee for the work it has done. I have not read the report yet. I look forward to being involved in it because I think I can make a contribution.

The small business community has much to offer. There is much it can do to alleviate unemployment and help the growth in our economy. Some mechanism must be found to relieve the problem of the high cost of money. Lowering the interest rate 1 or 2 per cent will not be of much help. We must look at their original investment in terms of constant dollars to see what that investment is today.

Where is the small businessman to get the money to continue to operate his business? He cannot afford to pay 17, 18 or 19 per cent interest. I know of many businessmen who do not lay off their employees when the market turns down. It is hard to believe the stability they impart to our economy. When the market turns down, they find something for these people to do. They know the value of good employees and how hard it is to find them.

Small business offers constant employment. It offers employees all the fringe benefits offered by large industry. Small businessmen need some relief in the form of low-cost capital, and I do not mean government loans. As I said, the Small Business Development Bond should be extended from five years to ten. The whole damned thing should be amended. It is not worth anything the way it is now written.

If the minister will accept the suggestion for research and development of an RRSP concept, allowing business to accumulate an amount of money to draw on in order to complete research and development programs, and allow the Small Businesses Loans Act to supplement that, he will be taking a dramatic step forward in assisting the small business sector of our economy.

● (1610)

Mr. Skelly: Mr. Chairman, I would just like to take a few minutes to make some remarks about some of the relationships between Indian communities and taxation legislation. I can certainly identify with the remarks of the preceding speaker concerning the impediments of the bureaucracy, red tape and regulations, and his example of a community which suffers to the nth degree because of this problem.

First, in relation to income tax I would like to raise some points. It is the understanding that the purpose of this legislation is to raise funds for the provision of government services, and the basic principle upon which the legislation is based is that it should ensure that the burden falls fairly, and through the progressive system the philosophy is expressed in that direction. But equally, the benefits should be distributed in an equitable manner.

In order to make my case today I would like to select one example of a community in my riding with which I am familiar. It is the Bella Bella Indian community and I want to explore some of the implications of the legislation. The reason I have chosen Bella Bella is that it is a unique case, but the circumstances would clearly apply to at least most other Indian communities in the areas I am familiar with, and most of the proposals I will put forward certainly would apply to many low-income Canadians in this country.

Just as a bit of background for a moment, the community of Bella Bella has a population of 1,200 people, living at a place called Campbell Island, 250 miles northwest of Vancouver. Historically the income of that community has been based on the fishing industry. Many Indians were fishermen in former times. Two very large canneries that consumed a very large amount of labour were based at Klemtu and Namu and there was a very large number of people involved in this seasonal activity.

I would just like to read some of the facts and figures relating to Indian communities very similar to Bella Bella, specifically in terms of employment data in those communities. Alkali Lake is rated to have between 80 per cent and 95 per cent unemployment; Babine Lake 50 per cent to 85 per cent unemployment, and so it goes on and on down the page. Soda Creek, for example, which is very near the Bella Bella area, has 65 per cent to 100 per cent unemployment.

When talking about the equitable distribution of services I will just take a moment to make a comment on education. About 60 per cent of Indian people have an education of grade nine or less. In terms of violent deaths, Indian communities lead Canada and any population group within Canada in the number of violent deaths. On and on the story goes, no matter what problem we may be discussing.

This community of Bella Bella of which I speak has a number of difficulties, but one of the problems I speak of today is that there are very few opportunities to earn income. The economy is based on the salmon fishing industry. Native Indians have had their boats removed, and major canneries which provided a major source of employment have been closed.

By and large the management of the fisheries in this area on the west coast is chaotic. There are very short periods of openings, and the mismanagement of habitat and what not has ensured that there are very few fish, and those fish available are not available for commercial income activities, but available only for spawning. For two years there has been no herring fishery in the area.

What is required is some initiative on the part of the government to become involved in helping these people balance the economy. The first suggestion which has been put forward is that those Indian communities should be allowed access to tree farm licences. In the off season when fishing is not the main activity, employment could be created by logging. For years they have been denied access, except on an experimental basis, to the timber in order to undertake logging and increase employment.

The next suggestion on how to improve the income-earning potential of many of these communities is that the government should increase its spending on salmon enhancement projects. At this time on the central coast where reduction in stocks is very severe, the government could do a great service to the people of this and other communities by increasing spending on salmon enhancement programs. Not only would this increase a very valuable resource in that area where it is badly depleted, it would provide substantial employment for Indian people in that region. This would be a very valuable activity in expanding employment opportunities as well as increasing a valuable resource.

Another area in which government spending could be improved, and in the long-term increase the income-earning potential of Indian people within this community, is in expanding educational facilities. It is very interesting that this particular Indian community has been battling with the federal government for years trying to get it to approve a school project. They operate a school district, but the Indian affairs department says Indian people are not entitled to the same kinds of benefits that other children in British Columbia enjoy because the guidelines are substantially lower. When that department takes our number of students and compares it to the number of students in a public school, it allocates 13,000 square feet less of usable space on a given population. Over a period of time all educational facilities are reduced in this sense. What there has to be before you can find the people to manage businesses and look after enterprises in these communities is an educational system so the managers can develop.

Again government spending on educational programs, particularly the one in Bella Bella at this time, is imperative if the next generation is to improve in these communities. It is vital that this occur.

I do not want to elaborate on the condition of housing. We have noted for a number of weeks the Prime Minister making very worth-while tours examining the problems of disparity throughout the world in terms of the North-South dialogue they are attempting to develop. But I would suggest one of the most eloquent visual things that could happen would be for the Prime Minister to take a trip to a number of Indian communities. The thing that jumps right out at you is the degree of housing. There has to be a massive infusion of money in order to bring Indian community housing up to an acceptable level. We have heard horror stories in this House about the lack of running water, homes that need rehabilitation, and on and on. Spending on housing is vitally important. Housing is at a level that would not be acceptable in other communities in Canada or to other groups. There would be people lined up for miles outside this door screaming if other people had to live in the kind of housing that Indian communities are asked to accept.

Let me refer to postal service. This community of 1,200 people operates a school district, seven businesses, including a store, a shipbuilding enterprise, and a bulk fuel plant, but has mail service only three days a week, and sometimes less because of weather conditions. The Post Office will never tell the air carrier when and how much mail is to be flown in, and quite often the mail is bumped. This band handles millions of dollars in administration. The school district handles large amounts of money and records, as do the other businesses, and the situation is absolutely chaotic. There is no bank in that community, consequently every transaction has to be moved back and forward. We have to ensure that the money we are spending on government service is spent in such a way that they obtain equitable services, especially in the area of postal service.

I was disappointed to hear the Postmaster General say that for 17 cents he was doing a great job delivering mail to such a remote community. By air service it is not that far away. I hope at a future meeting with officials of his department we can resolve this situation.

The most important area where government spending is vital, if it is going to build an income base or a good economy in the community and provide the people who live there with a decent standard of living, is transportation. No economy can be developed without reasonable transportation. There are two methods of transportation to that community, one is by water and the other is by air, and both are in a chaotic state right now.

At the present time the British Columbia Ferry System operate a ferry to and from Bella Bella on its way to Prince Rupert. In the summer, they curtail their activities because it is more important to carry tourists. The rest of the year, if there are less than 20 passengers, they will not stop and they will not allow freight to be carried to and from that community because it would compete with other forms of transportation. By and large, the government clearly discriminates against this community because other communities are entitled to carry freight on trailers.

• (1620)

I believe that a roll-on roll-off ferry should be built there so that those people can reduce the cost of freight, the cost of living and the cost of doing business in that community so as to create more viable businesses and to create business opportunities. For a number of years the provincial government of British Columbia has led these people to believe the ferry will be built, but it has never kept its promise. The federal government provides a subsidy to that province for an adequate ferry service, and yet we never see it delivered. I understand the Minister of Transport has currently under way a study evaluating transportation on the west coast, and this input is vital.

No money should be paid on that coast unless it is for specific guaranteed programs under which communities, such as Bella Bella, will have the same access as other communities of a similar size, such as Ocean Falls, to a roll-on roll-off ramp, the ability to carry freight, and regular stops. That is imperative. It is clear discrimination against an Indian community, and this government is a party to it. The federal government must supply funds and must ensure that adequate service is available to these people. It is the only logical way of guaranteeing the federal investment which is already being put in there. Without a transportation base, that investment is lost.

Government red tape, bureaucracy and regulations are best epitomized in the air transportation service to that community. There are two small islands there. One is Campbell Island, with a population of 1,200 Indian people, and the other, half a mile away, is Denny Island, with 50 people who essentially live off the Indian community. The Department of Transport was asked to do a site evaluation for an airport in the central coast region. The two sites were, of course, Denny Island with 50 people, and Campbell Island with 1,200 Indian people. What happened was that the government said that both sites are technically acceptable, but it will not make the decision; the responsibility is that of the province of British Columbia. The province of British Columbia said it was the federal government's responsibility—

Mr. Blenkarn: Mr. Chairman, I rise on a point of order. I have been listening carefully to the hon. member for Comox-Powell River and I find that he has yet to mention the Income Tax Act. He has spoken about the Post Office, about the ferry boat service, about bureaucracy in general—all points on which I agree with him—he has spoken about the herring fishery, but he has yet to talk about the Income Tax Act. If we are ever to get through this bill, we cannot continue to go on with member after member talking about everything under the sun but the income tax.

The Chairman: The hon. member's point is very well taken. The Chair has attempted to enforce the rule of relevance with, I might add, a singular lack of success on both sides of the

House. I invite the hon. member who has the floor to take note of the remarks of the hon. member for Mississauga South.

Mr. Skelly: Mr. Chairman, I am aware of the fact that my preamble is somewhat lengthy, but I would remind the hon. member that I did mention the income tax at the beginning of my remarks. However, in all seriousness I am coming to the point quickly. I would just like to mention some of the services which are required by people in order to earn their income. We are talking about legislation which removes taxation in an area, and our purpose is to provide services. I will come to the point in just a moment, but I beg your indulgence, Mr. Chairman, to allow me to continue.

I was speaking about the economy of this area and the problem which the government has in assisting people to build up the local economy. In this case the government has the responsibility to designate that airport. The hon. member for Burlington spoke at great length about small businesses. Let me point out that this community is attempting to establish small businesses and to employ people locally. Without an airport this will not happen, and the seven businesses which are in place will disappear.

The basic problem is that on the other island where there are 50 people an airport is already in progress and government funding may be allocated there. There is a great danger that in the future the 50 people in that community might find that bankruptcies will drive everyone away from that area. What we have is a government funded airport, and 1,200 people on another island being forced to depend on that. The hospital is located on Campbell Island and so is the RCMP, and the total population is being made to suffer because of the totally inadequate transportation system.

At the beginning of my remarks I intended to speak briefly on this subject. I listened to hon. members preceding me make speeches about small business. Having laid the groundwork, I will reserve my remarks relating to the Income Tax Act to other clauses. Thank you for your indulgence, Mr. Chairman.

Mr. Siddon: Mr. Chairman, I certainly noted your tolerance with respect to the previous speaker. I will try to be somewhat more relevant in addressing my remarks to some of the injustices and difficulties which my constituents have experienced with the income tax system. I wish to put forward in particular a few ideas which might emerge in the form of amendments as the committee proceeds to the clause by clause debate on Bill C-54.

However, I cannot help but observe, in reacting to the previous speaker, that here we have a party which is apparently intent on enhancing opportunities on behalf of small businesses and its members pretend to advocate increased government attention to small business, yet at the same time they are saying that ownership, and the enjoyment of ownership of property should be denied—

Mr. Skelly: Mr. Chairman, I rise on a point of order. I should like to call attention to the hon. member who has the floor that we do not pretend to support small business. In my area, the government of which he was a member—

The Chairman: The hon. member for Richmond-South Delta has the floor. The hon. member for Comox-Powell River had his opportunity to make a speech and he can do so again, if he wishes, later.

Mr. Siddon: I do appreciate the latitude which you, Mr. Chairman, granted the previous speaker. It is of interest to note that that party, which pretends to advocate support for small business, is intent on denying Canadians, along with their pet sheep across the way, the enjoyment and the ownership of property. They know full well, on a matter that is currently before the House and high in the minds of all of us, that the concerns of the provinces, including the province of Prince Edward Island, could have been accommodated by the same kinds of "notwithstanding" clauses or limitations which are inserted in the constitutional resolution in relation to a number of other special rights and privileges that have been granted.

I am also impressed by the implications of this tendency to nationalization on the whole of our country and its economy. That includes the income tax system. If the NDP and their pet sheep have their way, we will not need to have an income tax system. We will be able to dispense with this very tedious Bill C-54 as well as with the Income Tax Act because there will be no income being earned, the resources of the country will be allotted by the central government, no one will get any pay, and favours will be dispensed in the form of patronage to friends of the party in office. That is how it works in Russia. I have been there and seen it. Those who are good workers for the Communist party get all the breaks, and the rest live like serfs. There is no need to pay income tax or to concern oneself with an income tax act.

Before I leave this subject I would just like to quote a statement which the Minister of Energy, Mines and Resources is reported to have made in Alberta on the weekend. Apparently the minister said this:

> "Provinces don't own resources like your own home", Lalonde explained to one group at Bonnyville. "And provinces don't own the resources the way Libya and Saudi Arabia own theirs."

● (1630)

That can be coupled with the courtship between the party on my left and the party opposite in relation to the question of private ownership of property. I might go beyond including ownership of title to land by also including ownership of businesses, homes, automobiles and everything in our society. I submit that these members of Parliament are directing the country toward a new system of government in which we will not need an Income Tax Act and we will not have to spend long hours, as we are today, trying to achieve equity and fairness for the free citizens of this country, at least those who considered themselves to be free until the advent of the current constitutional debate.

Merely by reading clause 1 of this bill, one is struck by its complexities. I do not intend to go into all the complexities of the bill, as my colleague from southern Alberta did last night when he referred to and read from Bill C-54 some of its complicated jargon which puts innocent taxpayers at a tremendous disadvantage in dealing with the government. But in turning to clause 1, I should like to point out that there is an ambiguity in the wording which I hope will be amended. The form in clause 1 is changed from the form in the Income Tax Act where the exceptions were placed in brackets.

If one reads clause 1(1)(a), one learns that income includes "the value of board, lodging and other benefits of any kind whatever, except any benefit", and if one excludes subclauses (i) and (ii), "that was received or enjoyed by him in the year in respect of, in the course of, or by virtue of an office or employment". One could get the impression by reading it in that manner that all income was exempt from tax. We know that is not the case. But, if I read this clause as an innocent taxpayer, I would be led to believe, as a citizen of Canada, that I would be required to pay income tax on any other benefits of any kind whatever. Then I would presume that it would include, for example, my expense allowance as a member of Parliament, my honorarium for taxis, the clothing allowances which many employees receive, and the other allowances which are subsequently exempted somewhere in the act.

The point I am making is that innocent taxpayers cannot wrestle with all of the complexities of the act. Therefore the act is written to the advantage of the government in collecting revenue on the widest possible basis from innocent, ordinary Canadians who perhaps cannot afford accountants, who perhaps hire bad accountants, or who struggle to complete their income tax returns on their own with the short form return and perhaps some help from the department.

In the final analysis taxpayers often get stung due to their own inability to digest this complicated and legalistic language. Therefore the Minister of Finance, who is here this afternoon, can impose very significant powers. He has liberties at his disposal which border on the undemocratic and on being immoral. I am speaking of the concept of reverse onus of proof. The taxpayer is made to feel, perhaps without intent, that he is being accused of doing a wrong, that he is found guilty and that he must prove himself innocent. It is wrong, it establishes an adversarial relationship between ordinary Canadian taxpayers and their servants who happen to be employed in the federal Department of Finance as tax assessors.

Sometimes these tax assessors couple this with an attitude of arrogance. Their marriage to their position is measured by the number of dollars they can bring each year to government by way of additional tax revenues. They will not admit mistakes. I have seen cases very close to my own experience where individuals have been accused of earning money they never made. They have been accused and, subject to the outcome of a series of complicated and costly appeals, they have been found responsible for earning income they never actually received. The onus is placed upon the taxpaper to prove otherwise.

Then there are the tremendous confiscatory powers which the Minister of Finance enjoys in being able to withhold tax which should be returned to a taxpayer in a subsequent year when there is no fault found with his tax return. Those funds are confiscated and held by government to pay off the so-called taxes laid out through the process of assessment before it has been proven that the taxpayer has made an error in his return and should be responsible for remitting those taxes.

The Minister of Finance has the power to garnishee salaries, to take titles of homes, and to demand notes of credit from bankers before innocent taxpayers have been proven guilty of a violation or a transgression under the Income Tax Act. I think that is wrong, wrong, wrong.

This is Canada. It is a free country where we treat one another with dignity. Our citizens should not be put in a position where they are judged and made to feel like criminals until they have had a fair opportunity to prove that they did not receive certain moneys upon which the government is attempting to tax them, without the need of resorting to great legal cost or high-priced accountants.

I have a series of claims by constituents against the Surrey Taxation and Data Centre in the lower mainland of British Columbia. Most of these complaints can be summarized by reading a couple of quotations in a letter which I received from a constituent who has tried since the middle of June, 1980, to obtain information about his assessment because he did not receive his tax rebate after filing his 1979 tax return. He made over a dozen calls since last summer, and he received the following answers: the delay could be caused by the change in government; it could be a million reasons; it is now being assessed; it has now been carded. He received a different excuse each time. Having been told at one point that his return was being assessed, a week later he was informed that it was not being assessed. He was most infuriated, and when he asked to speak to someone in charge, he was told that there was no one, that all the information was in the computer. These are the kinds of problems with which constituents are faced.

I received another letter from an American citizen who was employed and lived in my riding in British Columbia for a year. Some $6,000 of his income was withheld by the Government of Canada. Last June he wrote a letter, of which I have a copy. It was addressed very carefully to the Surrey Taxation and Data Centre and asked what procedure he had to follow in order to have that withheld tax rebated, in view of the nature of our reciprocal tax treaty with the United States. He received no response to that letter. He wrote again in October, and still received no reply. It was the computer that was responsible; one cannot find a person at the other end of the telephone.

Finally he telephoned the Vancouver tax office in late November and he was told by a clerk that they had received his request of the previous June and that it would be processed in two or three months, that is, some time in February, 1981.

This was income on which he was taxed by the Canadian government for his 1979 tax year, and in the meantime he had to pay a tax on that same income to the United States government. This is most improper and most irresponsible of those government officials who do not feel any obligation to our own citizens, let alone those of another country who are our guests here in Canada.

After having had someone special look into that case, we have learned this individual has to apply using certain forms. No one thought to send him the application forms last June, or in October when he wrote again, or in November or December. Now he must remit application forms. I feel that is a tremendous imposition upon an individual.

● (1640)

I would like to speak for a moment about RRSPs and the registered retirement income fund option. The minister has received many representations from senior citizens who have put aside earnings in Registered Retirement Savings Plans over a considerable period of time. They want to have a more flexible pay-out provision. The minister well knows that the Consumers Association of Canada has been lobbying for some time in order to have a greater degree of flexibility granted to these senior citizens. They are entitled to draw those earnings out, accept whatever penalties are imposed, but should be able to draw them out at a rate which is consistent with their own needs.

You may know, Mr. Chairman, that under the present scheme the pensioner at age 71 must opt either to take an annuity payable at age 90 or take a stream of cash which is indexed so that, for example, if the pensioner had $100,000 accumulated in his RRSP, at age 71 he would receive something in the order of $9,000 a year, and at age 90 he would receive $22,000 a year. Many people come to me asking what good $22,000 a year is to a man hobbling on a cane at age 91, if he is still alive. He would prefer to have the option of using some of those funds earlier in his retirement so that he might enjoy them and be willing to pay whatever tax penalties are incurred at the point.

Others have suggested they would like to keep the money in the RRSP. They do not want to take it out at age 71. They may not want to take it out until age 75, when some other source of income has been exhausted. It seems absolutely unreasonable that the Minister of Finance to this date has not given a positive undertaking to all these appeals and to the Consumers Association of Canada, granting more flexibility with respect to the disposition of the RRSPs and the proceeds of those plans to the benefit of our senior citizens.

I do not have much time left, Mr. Chairman, but I wish to add a few words with respect to the Small Business Development Bonds. There are many people, entrepreneurial individuals, trying to build businesses in my riding, and elsewhere across the country, who have predicated their loans and their business plans on the expectation that the special rate of low interest under the Small Business Development Bond would be available to them in order to offset the high cost of interest.

There are cases where individuals have been carrying a line of credit for almost a year based upon the minister's initial mini-budget statements of last April. They have been amassing large amounts of deficit accumulated from high interest rates for bridge financing. They are now being told, as we approach March 31, that if they do not have the project completed by that date any subsequent commitments they have made, in terms of spending to complete the project, will have to be financed by some other means. I think this is heartless and cruel, Mr. Chairman. We have people who have sacrificed their livelihoods. They have bought property. They have gone to great lengths to have it rezoned. They have hired architects, contractors, and they have had estimates done. They have signed contracts and borrowed for bridge financing. But they are told that if they do not have the project more than a quarter or half complete by the end of March they will not be able to complete the project.

The whole basis for those types of entrepreneurial ventures, the whole financial viability, is predicated on a certain cash flow from the business and a certain outlook as to the expenses. The prospective business person is faced with a doubling of his interest charges, because he will not get a Small Business Development Bond, even though the banker has been willing to extend him credit, when he has no assurance as to whether expenses incurred in 1980 will receive the benefits of this bond.

To this day we do not have any assurance that expenses incurred prior to March 31 will receive benefit under this scheme. In fact, if this deadline date of March 31 is not extended and the enabling legislation has not been passed by that date, then I must say that the whole talk, the whole promise of a Small Business Development Bond program by the government opposite is a fraud—a plain fraud—F-R-A-U-D. To create the impression among the people of this country that they were to receive something when, in fact, the government had no intention in the first place of extending that benefit to them, is fraud.

There is no provision in the measure before us for any special consideration to farmers and fishermen—the latter being particularly important in my riding. Under the Crosbie budget there was a 10-cent, or a 10 per cent rebate on the cost of fuel. There is now talk by the federal fisheries officials in British Columbia that they will, in fact, impose a landings charge or a so-called resource rent. This will be an additional supplementary income tax upon fishermen. And this government has not chosen to help them with the cost of fuel. The fishermen do not buy that when it is placed in contrast to the benefits appreciated by the dairy industry, the milk producers, the butter industry and many other industries, through regional equalization grants and other types of financial assistance.

Here is a government which will tax the fishermen and it has chosen not to give them any special assistance in the area of fuel. By imposing a wellhead tax, a Canadian ownership charge and a self-sufficiency tax, the Minister of Finance has imposed a tremendous burden upon all people who consume energy, whether they be manufacturers, small business per-

sons, farmers, fishermen, home owners who must heat their homes, and those who operate transportation systems. The Crosbie budget would have imposed the same burden, only it would have been upon that discretionary use of fuel, the burning of gasoline by automobiles, through the purchase of gasoline at the pump. That, Mr. Chairman, is another defect in the budget and it is something which the minister ought to be addressing when he considers amendments to this bill.

I have had many requests from parents of handicapped children as to whether or not the government can provide some type of tax break for parents who must buy special aids for the deaf and the blind. I see you getting to your feet, Mr. Chairman, so I shall end at this point.

[*Translation*]

Mr. Lambert: Mr. Chairman, I would like to say a few words on capital gains, especially since the minister published a document on that topic last November. I would like to draw the attention of all members of the House to that publication because you will see what it means in terms of capital gains, what it implies in general.

[*English*]

Actually, Mr. Chairman, in my book capital gains is one of the biggest swindles that the government has ever perpetrated on the Canadian people. It is the built-in incentive for continuing inflation since there is no provision against artificial gain. The gain in the price of a commodity, such as personal property or real estate, is in itself a reflection of the loss of control of the economy by the government. Frankly, wherever there is percentage taxation there is a built-in incentive to allow inflation to continue.

In 1973 the former minister of finance acceded to the demand for the indexation of personal income as a hedge against the government benefiting from inflation of wages and salaries. He did this, of course, after he had said during the election campaign of 1972 that such a move would bankrupt the country. Then John Turner proceeded with a similar formula to introduce the indexation of personal income so that there was a constant dollar on which income taxes would be based. And that is what we should have as Robert Stanfield had advocated.

● (1650)

Mr. Chairman, I am speaking generally, as we usually do on clause 1, although why we do it I do not know. There are many references to capital gains in Bill C-54. Therefore I would like to put on record some views with regard to capital gains. In the course of my speech on second reading I spoke in extenso on the inequities of capital gains with regard to the sale of farm land for agricultural purposes. I believe that capital gains is a form of sheer robbery and a deterrent to continuing farm operation in this country, when that sector of the Canadian economy, according to comments made during the highly touted trips of the Prime Minister, will have to meet increased demand upon Canadian agriculture to provide food and other basic raw materials for the Third World. The paradox is startling.

What is the effect of this capital gains? A retiring farmer sold a parcel of land on the outskirts of the city of Edmonton within the past few weeks for $6 million, on which he will pay something like $2 million in capital gains tax. Obviously, this land is not for agricultural purposes and I agree that capital gains tax should be paid, but taxes were paid before 1972 on land which was being subdivided for other than agricultural purposes. As a matter of fact the tax rate was higher than it is now. But this was a business venture. The land was coming out of agricultural production and going into subdivision. If the land is to be subdivided, then it is fair game and should be taxed.

However, the capital gains tax has the effect of guaranteeing that that $2 million will ultimately be paid by the purchasers of the homes which will be built on that parcel of land. The government says that it worries about this situation. In Vancouver today a three-bedroom home is being sold for $175,000. Of course speculation in Vancouver is grist for the government's mill. These homes are not bought for residences. They are being bought for speculative purposes, and the tax on these homes is being loaded on every time there is a transaction. This tax is ultimately paid by the purchaser, just as the purchaser in effect always pays the real estate commission, which is loaded on top of the price. It is all a nitwit's game played for the benefit of the government.

If one looks at pages 8 and 9 of the minister's monograph, one will find Table I which shows that individuals in 1978, which is the last year for which there are complete statistics, paid on net taxable gains of $1,193,000,000 and that the corporations paid only on $795 million, making a total of $3,977,000,000 of net capital gains to which income tax is applicable at whatever level. It does not mean that that much has been paid in income tax. It is impossible to determine, as I have tried on numerous occasions, how much income tax is attributable to the capital gains tax, unless one were to take every individual return on which capital gains were acknowledged. The capital gains is usually translated into the taxable income and put at the marginal rate of the individual person or the rate that is paid by that corporation, whether it be a small business or a major corporation earning at the top rate. Therefore it is impossible to say how much tax was paid.

I judge that, if there were close to $4 billion acknowledged in capital gains in 1978, 50 per cent of that, because the losses have already been wiped out, which would be $2 billion, and at least $1 billion was paid on income in that year. We do not have the figures for 1979 and 1980 which had inflation factors of 10 per cent which will naturally affect the figure when added thereto. The 1980 statistics will likely show a downturn in capital gains because of the reduced economic activity and the lowering of certain markets.

I feel that the minister's documentation here is welcomed by the Department of Finance. I certainly hope that the tax accountants and hon. members in this House will examine it very carefully and that we will get a chance to ask questions of

the minister to see what effects this matter will have on risk taking.

I would now like to talk about a plan which I advanced years ago. The government talks about forced Canadianization and taxation on oil at the wellhead to provide capital for that government octopus called Petro-Canada, which has only shown its ability through its desire to build a huge skyscraper in Calgary and to load staff, *à la*-Crown corporation style, by hiring every Tom, Dick and Harry. How about an incentive for the ordinary taxpayer? I can see some hon. members here who would welcome such a provision. If we determine within a ball park what are the relevant research resources and development propositions and what are Canadian companies, one can then indicate that any Canadian citizen or bona fide Canadian company can purchase the shares of Canadian companies or in fact any company engaged in resource search development—

The Deputy Chairman: Order, please. It is five o'clock.

Progress reported.

• (1700)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for North Vancouver-Burnaby (Mr. Cook)—Regulatory reform—Task force report—Status of recommendations; the hon. member for Halifax West (Mr. Crosby)—Canadian National Railways—Investment in foreign shipping group; the hon. member for Winnipeg-Birds Hill (Mr. Blaikie)—World Health Organization—Canadian position on infant formula for Third World countries.

It being five o'clock the House will now proceed to consideration of private members' business as listed on today's order paper, namely, public bills, private bills, notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. Collenette: Mr. Speaker, I rise on a point of order. There have been discussions among the parties and it is a little bit awkward for me to propose this motion but I shall. I am sorry the hon. member for Nepean-Carleton (Mr. Baker) is not in the House at the moment but we had agreed to this and I am sure he has just been delayed. The hon. member for Winnipeg North Centre (Mr. Knowles) has also agreed to the following request.

The problem is that Bill C-227 standing in the name of the hon. member for Mississauga North (Mr. Fisher) is a bill that I introduced five years ago. As a result of the bill coming forward in the next little while, and as a result of a misconception that I was under when the bill was introduced on my behalf by the hon. member for Mississauga North, we have agreed to revert the sponsorship of the bill back to me as the member for York East. The hon. member for Mississauga North will concur with that in a moment. The bill is not to be debated today but will be debated some time next week.

I would point out that according to citation 401 of Beauchesne no notice is required for change of sponsorship of a private member's motion. I can assure hon. members that this matter has been discussed by the House leaders on the other side. If there is agreement of the House, then I would propose a motion so to change this sponsorship.

The Acting Speaker (Mr. Ethier): This can be done with the unanimous consent of the House. Is there unanimous consent?

Mr. Fisher: Mr. Speaker, I only want to concur in the statement made by the parliamentary secretary. It was a pleasure for me to introduce the bill originally. It sprang from his ideas, his experience and his concern, and I am happy to let him have the credit for that.

Mr. Collenette: Perhaps, Mr. Speaker, you could advise whether unanimous consent is sufficient or whether you want to make a House order so that the order paper can be changed when it is printed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

Items Nos. 17, 18, 22, 25, 27 and 29 allowed to stand by unanimous consent.

* * *

[*Translation*]

BRITISH NORTH AMERICA ACT

AMENDMENT TO INCLUDE HULL IN NATIONAL CAPITAL REGION

Mr. Gaston Isabelle (Hull) moved that Bill C-230, to amend the British North America Act, 1867 (national capital of Canada), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, it gives me great pleasure to debate this bill which has been on the order paper for quite some time. I realize that it may be one of the most challenging pieces of legislation ever debated in the House since its purpose is to change the national capital of Canada. Mr. Speaker, may I make it clear that I am not advocating dissociation between the name Ottawa and Canada's capital city. I think that the historical background of the capital of Canada is

properly reflected by the objective of Bill C-230. A cursory glance at the bill—of course I have no intention of reading the full text—reveals that essentially it has to do with section 16 of the constitution. If it were repealed, the amendment would read as follows:

It is hereby declared that the national capital of Canada and the seat of the federal government of Canada shall consist of the city of Ottawa, in the province of Ontario, and of the city of Hull, in the province of Quebec, and also of such surrounding area as prescribed from time to time by the Parliament of Canada.

To make everything crystal clear, Mr. Speaker, I would want this new capital to become what is designated as the National Capital Region in an act of Parliament of 1958, which contains a geographical description of the municipalities that are part of the national capital. I believe Parliament enacted that legislation in 1958, thereby creating a Federal District Commission known as the National Capital Commission. The region itself is mostly urban. It includes the city of Ottawa and its suburbs as well as adjacent territories and, on the Hull side, as far as Gatineau and part of the federal ridings of Pontiac and Hull.

Mr. Speaker, let us retrace the history of our national capital. In 1858, Queen Victoria asked that Ottawa be known not as the capital—if memory serves me right, I have not seen the word "capital" in the constitution—but as the seat of government. A linguist I am not, so I would not want to come up with unenlightened definitions of the expressions "capital" and "seat of government", but I am sure the subject lends itself to debate and especially reflection.

Mr. Speaker, if I refer to Hull, and that is the object of my bill, it is because the various governments we have had since 1899 have always been anxious to have a capital which would reflect the aspirations of Canadians, the unity of our country, its cultures and the duality represented by both peoples of Canada. To my mind, the National Capital Region is the striking example of what Canada is and of what the Canada of tomorrow will be, because I think that no other regions in Canada can generally get along as well as Hull and Ottawa do, although there may be the odd conflict here and there. Indeed they have opted for identical administrative structures, and here I refer to the Ottawa-Carleton Regional Community and the Outaouais Regional Community.

Mr. Speaker, if we examine the past and read history books, we find out that in 1899 the governments realized that the authorities of the city of Ottawa were unable to maintain and improve what was then known as the capital of Canada. That is why they created the Ottawa Improvement Commission which continued in existence until the advent of the Federal District Commission in 1926-27.

● (1710)

We had the Federal District Commission and then the National Capital Commission which, basically, have always aimed at embellishing and protecting the environment of the national capital. This is so true, Mr. Speaker, that a man who thought big and who had a vision of the future such as perhaps no politician has had since Sir Wilfrid Laurier, decided because of all this inertia, through his minister, the then Minister of Finance, Mr. Fielding, to hold a kind of plebiscite in the federal capital in order to ask the residents whether they would agree to a federal district which would become the Washington of the North. This was the dream of Sir Wilfrid Laurier. A plebiscite was held in 1906, but it was unfortunately defeated by no more than 600 or 800 votes, which means that 45 per cent of the people were in favour of this concept, and I would add that the people in Hull did not vote on this issue for the simple reason that they had not been invited to do so.

Since then, Mr. Speaker, the situation has evolved greatly. We have had the Holt commission, which published its report in 1915, I believe, and which had been created by the Conservative government of Mr. Borden. This commission was made up of six members including the mayors of Ottawa and Hull, who themselves advocated a federal district to administer the Canadian capital. All the successive mayors and elected representatives of Hull have always urged and implored the federal government to extend in some way the national capital on the Hull side.

Even King, in 1927, Mr. Speaker, was in favour of a federal district—and I say this for those who are not aware of it—and Mr. Pearson also advocated a federal district for the Ottawa-Hull region on television in 1964. In 1927, King also had a great vision of the future, and it can be said that the national capital region was always a priority for him. Indeed, one only has to look at what he left in the magnificent Gatineau park to see that the national capital was one of his priorities. He also decided to urge the improvement commission to do something for Hull. The Federal District Commission was created in 1927, and that is when things started to change for the Hull region. However, it took many representations, many pleas and many prayers until finally, around 1968-69, after many studies carried out by joint committees of the Senate and the House of Commons, a consensus was reached at the constitutional conference and the premiers agreed that the Ottawa-Hull region would from then on be known as the National Capital region. Since then, massive investments have been made on the side of Hull, not only to meet the wishes of the population, but also to accomplish what Canadian prime ministers have wanted for the Ottawa-Hull region since 1895.

If it had not been for the First World War, the fire that destroyed the Parliament buildings, the depression and the Second World War, Mr. Speaker, we would now be living in a federal district. Even the Joint Committee of the Senate and the House of Commons advocated some type of federal district for the Ottawa-Hull region in its recommendation 47 in 1972, which is not so long ago.

Mr. Speaker, we have to face the facts, and this is why I have introduced this bill to create a legal framework for what is now a reality. In fact, in 1972 or 1973, I believe, when the government introduced its reorganization project for departments and government administration, it replaced the word "Ottawa" in the acts governing the departments whose headquarters were in Ottawa, the Canadian capital, by the term "the region of the National Capital". This was in recognition of the fact that the National Capital Region was to all intents and purposes the capital of the country. If you go to Ottawa international airport and look at the airlines' advertising you will see that Air Canada, CP and other companies list their arrival and departure time under Ottawa-Hull. When I returned from Miami a short while ago on flight 172 to Baltimore and Ottawa I noticed on the sign "Ottawa-Hull". So it is only a normal occurrence that airlines, both national and foreign, should recognize an actual situation. That is why we must consider the capital of Canada as the National Capital Region, and I am not talking about making it a federal district, although I have mentioned it. Also, you will note that the 1981 telephone book, for those who have received it, reads in big letters Ottawa-Hull. And there are a host of similar things. The Auberge de la Chaudière—I do not want to give it any publicity but it is a magnificent hotel—gives its location in its ads in *Time* magazine as Ottawa-Hull.

There are many such cases. Since 1969 we have had a new Hull, an urban Hull which is spreading out to Gatineau, and I see the hon. member for Gatineau (Mr. Cousineau) might prefer to say that Gatineau is spreading out to Hull, but in any case, one thing is sure and that is that we now have an urban population within a five to six-mile radius which is part of the National Capital.

There have been many surveys, Mr. Speaker. The people of Hull have been asked many times by CROP and other opinion polls if they wanted to belong to the National Capital and the response has always been about 85 per cent in favour. That is why, Mr. Speaker, the law should reflect the actual facts. Now changing the Constitution certainly poses problems in some regards but as far as section 16 is concerned, we do not need a committee, we do not need anything. Just listen to the witnesses! I think that was done by the joint committee on the Constitution in 1972.

There was another committee on the National Capital of course which, for reasons that escape me, did not pursue its work. Still, things must change, otherwise someone later on in history will certainly bring up what has been an inconsistency dating back many years. I am not talking about the mayors of Hull who have always held the same view and who are quite contented. But ask the people on the street and the majority will tell you that they are very happy to live in the National Capital Region.

I still have many things to say, Mr. Speaker, but time is running short, and I know that my colleagues would like to speak on this subject. I hope they will not rise merely to hear themselves speak but have a genuine contribution to make to this debate. Unfortunately there are many members in this House who rise and have nothing to say. But I would like to hear their views if they really have some to express. I am sure that I have friends on both sides who, if they have been living here for some years, will understand what I am talking about. I do not want to take anything away from Ottawa, quite the opposite, I think it is a marvellous city. A million visitors come to the National Capital every year. These people do not come only to visit the Parliament buildings. They come to see the capital of their country. I think Ottawa is a beautiful city, an extraordinarily clean city. That is why it should share all its amenities with the other side, as it does with its suburbs. I am just as eager to see the area which is not Ottawa but within the national capital region, as shown on an official map of the national capital region included as part of the national capital, as I am to see the townships adjacent to Hull also become part of the national capital of Canada.

• (1720)

Besides, Mr. Speaker, I am convinced that those who really want their capital to reflect truly its status as the seat of the federal government would want it to symbolize the power and the unity of the country, to be the home and the soul of our nation as well as the image it casts to the world. In my opinion Ottawa-Hull is a microcosm of what tomorrow's Canada should be.

I hope that those who take the floor after me will have something to say on that subject at another sitting; I might find that they were completely mistaken.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I find myself in the opposite corner of the House and actually the physical distance between us would force my friend from Hull to use binoculars, because we almost need them in the House to see each other.

However, as a Canadian from the city of Edmonton, I am just as interested in the national capital of my country as the hon. member who lives in the neighbouring city of Hull. In my opinion, that is all he is, a neighbour who represents the citizens of Hull, Quebec.

From a geographic point of view, I entirely agree with the hon. member and those who find it would be more attractive for Ottawa to extend on both sides of the Ottawa river at the foot of the Gatineau hills, because it is an exceptionally beautiful area not easily matched elsewhere in Canada. Having lived here for 16 years, I will admit that I am sympathetic to the idea. However, the hon. member is a physician and I am a lawyer. Therefore I would like to consider the bill. Unfortunately, to start, the hon. member has fallen into a trap. He argues from the premise that the end justifies the means. Actually, although it might perhaps be advisable to have the entire area which consists of the city of

Ottawa, the city of Hull and the neighbouring townships, included in the national capital region, legally it is impossible.

Mr. Speaker, I am rather surprised that a legal argument which the hon. member could have used has been allowed to appear in the bill. Unfortunately, I do not agree with Judge Cartright who used to feel that the Queen and Parliament have the right to determine the location of the federal Parliament. The provinces are clearly involved in the matter and their consent would be required.

We could actually legislate that the national capital would from now on be called Ottawa-Hull. Since such is not the view of the province of Quebec because that would seem to lessen its influence over its territories, the Quebec government could immediately introduce a bill rather longer than this one, as the result of which the name of Hull would be totally eliminated because the Quebec government is responsible for setting the limits of the city of Hull. That does not take time. It is only a matter of dividing the whole into two, three or four parts and to assign them to neighbouring communities. This way Hull would become part of history. I suggest therefore that the bill introduced by the federal government would be altogether worthless. No!

[*English*]

I now want to turn to the desires expressed by many of the people I represent in Edmonton. Many if not all of my colleagues from other parts of the country, whether the east, centre or west, will say that the determination of what shall be the capital of their country belongs as much to them as to the people of Ontario or Quebec where the actual site is located.

If a plan were submitted with the consent of Ontario and Quebec, and with the general approbation of the country, that the capital be expanded to include the new area, I am sure most people would agree. I think there is a certain attraction to it. The proposer of this bill took us through the history of this matter. I am sure that when the matter was first considered 100 years ago, as indicated by the hon. member, there were certain arguments in favour of it. Some are still in existence today. I do not disagree with them. However, legally this House does not have the power to change the name and the location of the capital of Canada by passage of a bill in this House and the other place and then have it sent on for royal assent. That would be the greatest nullity ever perpetrated in this House.

In the province of Ontario there is the city of Ottawa, the city of Vanier, the village of Rockliffe, the city of Nepean, the city of Kanata, the township of Gloucester—

Mr. Simmons: The city of Gloucester.

Mr. Lambert: All of these are on the Ontario side. If the impatient young member from Newfoundland will listen—

Mr. Simmons: I was trying to help. It is the city of Gloucester.

Mr. Lambert: The hon. member is correct. I apologize. As of the first of January, it became the city of Gloucester.

Mr. Simmons: He learns after a while.

Mr. Lambert: That's right. And I am willing to admit it, unlike some other people. There are other municipalities on the Ontario side which are included in the area the proposer of this bill asks to be included in the area of the national capital. Those represent the boundaries; that is only as to name. Everything else that is south of the Ottawa River is under the control of the province of Ontario.

I need not go into all the municipalities, whether of a regional nature or otherwise, which exist on the Quebec side of the river. They are entirely under the dependence of the government of the province of Quebec. The people within those regions may be moved to amalgamate, something that has happened before. They may be moved to upgrade their status, as we have seen on the Ontario side with the growth of population in the cities of Nepean, Kanata and Gloucester. However, the boundaries are fixed by provincial legislation.

• (1730)

In his amendment the hon. member says it is hereby declared that the national capital of Canada and the seat of the federal government of Canada shall consist of the city of Ottawa and the city of Hull. If we adopt that, we will then be saying by act of Parliament that part of the national capital of this country shall be under the jurisdiction of yet another government within Canada so far as its location is concerned, and that to me is a nullity.

I think there is a very logical reason for suggesting that in this national capital region we have unity of assessment, the same type of health services, police protection, fire protection and transportation for the residents here and those citizens living on the other side of the river whose jobs are on this side. I suggest there are scores of thousands—perhaps hundreds of thousands—of people on both sides of the river who consider their lives totally interchangeable on either side. They will go to a supermarket in Ottawa one day, and the next they will go to a similar supermarket in Hull or in one of the other municipalities on that side of the river. They live in this region, and they are part of the region. There are intermarriages and all sorts of interrelationships between people on both sides.

I would not accept the example of Air Canada in this regard, which shows Ottawa-Hull in its timetable. That should not be a justification. After all, one used to be able to look at Air Canada's timetable and see Toronto and Hamilton joined together, and there is certainly a great deal of difference between Toronto and Hamilton, just as there is between Ottawa and Hull.

An hon. Member: Vive la différence.

Mr. Lambert: That is not a reason for advancing this idea in the House. The hon. member might, by way of resolution, suggest that the government set up another study, perhaps the ultimate study this time. Perhaps people have progressed far

enough that they have influence with the government in Quebec City.

[*Translation*]

And that is another story altogether. How can one think for just a moment that at this point the Quebec government would agree to part with one single square centimetre of Quebec territory along the Ottawa River, so that it would become part and parcel of the national capital? In my opinion, it would never agree to that. Even if people really wanted it, they would elect somebody else. After all, the people in Hull elected a PQ candidate the last time around. Perhaps they would elect two now. Then, would these people reflect the opinion of the public as expressed by the Liberal member for Hull (Mr. Isabelle), would they want a national capital, an integrated city, for we would require an integrated city, not a city or a region or a capital divided in two? Unless the Ontario and Quebec governments agreed on the need to provide comparable joint services, a great deal more still has to be done. As to the natural site of the capital, I share the feelings of the hon. member, just as many others would, but for the time being, I am afraid that, however attractive this proposal may seem, it seems that the Canadian people elsewhere in Canada would have also to agree to this change.

You cannot imagine, Mr. Speaker, how many letters I have received from people protesting against the transfer of federal buildings from this side to the Hull side, in order to establish unilaterally the fact that Ottawa-Hull had become the capital of Canada. And I might say that most protesters supported the political party of the hon. member. Those people said, "Definitely not, not that way, give us another plan". But it is the same thing today with the constitution. People are quite willing to patriate the constitution: We would like to have the constitution. But no group has the right to say: "You are going to act this way and that way and not otherwise." The decision belongs to the people of Canada.

The national capital belongs to the people of Canada just as the chief of state, the Queen belongs to the people, and the people will not be ordered around by a prime minister or an administration passing legislation or resolutions here in Parliament or obtaining the consent of the country at large. The constitution is the people's consent to a legislative program. It does not amount to voting a body of legislation, to imposing something on the people. That is the difference and that is what the people of Canada would require in such a situation: Do not impose change, seek to obtain it and you will probably get it. But at the present time, I am afraid the hon. member went astray by trying to amend the British North America Act to change the description of the capital of this country. And I regret it very much, since I know the hon. member very well, and I see his objective is worth while, but he did not make his case. I could not support such a bill.

[*English*]

Mr. Les Benjamin (Regina West): Mr. Speaker, let me say I support the principle of this bill, which is what we are debating at second reading, presented by the hon. member for Hull (Mr. Isabelle). I have long felt that we should have a national capital district or region in Canada similar to those which exist in other countries, such as the United States or Australia, whereby the national capital region includes all the territory on which the capital exists as well as the surrounding area.

• (1740)

On my first trip to Ottawa some 21 years ago I could see Parliament from almost any part of the city. It was a beautiful sight. Today it is obliterated by high rise office buildings and complexes. It has become nothing more than part of the usual North American downtown concentration. When I returned for our one hundredth birthday in 1967, the obliteration had commenced. When I came here as a member of Parliament in 1968, there were certain regulations and bylaws concerning the height of buildings and their location in relation to Parliament Hill, as it is known. Year after year, various loopholes were found by developers and people whose taste was all in their mouths and who were more interested in making bucks than they were in the beauty and value of a real national capital city.

I am sure the hon. member realizes that the chances of this bill being accepted by the government, or of succeeding in this way only, are almost nil, but at least he has made an effort. At this time of the year I wish he had put forward as well another private member's bill similar to the one brought forward by the former member for Waterloo-Cambridge to allow the Turks and Caicos Islands to become part of Canada so we could have Parliament sit there in the wintertime. The weather there is somewhat better than it is here.

I believe that if we were to negotiate with the provinces of Ontario and Quebec and if there were concurrent resolutions put forward in other legislatures in Canada, we could succeed in acquiring the area which encompasses the lands of the National Capital Commission for the creation of a real national capital district similar to the District of Columbia in the United States and similar to districts in a number of other countries and for the construction of a completely new national capital.

The hon. member for Hull, the good doctor, is not trying to dismember the country or to cause any separatism in this small area of Canada. I do not know whether he is a surgeon, but he is trying to build something which would add to national unity and national identity, and we support that. I hope he will continue to try to convince one or more members of the national assembly of Quebec to sponsor a bill or a resolution in that legislative body, one or more members of the Ontario legislature to do the same, as well as a member of the federal Parliament so that this bill or resolution could deal with many of the problems which have been raised by the hon. member for Edmonton West (Mr. Lambert) and so that an agreement

could be arrived at for the establishment of a national capital region or district.

One wonders whether there would be a willingness on the part of the provinces of Quebec and Ontario to give up their territory. One could be unkind enough to say that if Quebec would give up Hull and part of the Gatineau hills, we could give Toronto to Quebec in exchange. One could also offer Ontario an Arctic island in exchange for the Ottawa area.

Mr. Rose: One with some oil on it.

Mr. Benjamin: Yes, it would be preferable if it had some oil on it.

I think this is a concept which is universally recognized, and the idea is supported in principle by people in all walks of life and in all political parties. Even if we did no more than just agree to this bill in principle and nothing else happened to it, that in itself would be a beginning. I am realistic enough to know that it would take a number of years to accomplish the objectives which the hon. member for Hull wishes to attain and which I think many members on all sides would like to see reached, but this would require discussion and agreement between the federal government and the two provinces directly concerned as well as resolutions of support from the other eight provinces and two territories.

This could become a district belonging to all the people of Canada, reflecting all the provinces and regions of the country and reflecting the two official languages and the multiculturalism of the people. In the way we would run the place, in the names of the buildings and streets and in the languages used recognition could be given to all parts of the country. In effect, it would be a place which would belong to all Canadians. People could still have their local government, they could elect their local education authorities and they would be governed by the laws of the respective provinces when it came to municipal and educational endeavours. These areas could be autonomous but, on the other hand, that would be subject to negotiation and agreement with Hull, Ottawa and the other municipalities in both areas as well as the provinces of Quebec and Ontario.

I congratulate the hon. member for starting this concept. He was lucky enough in the draw that his bill came up early and we had a chance for debate. I hope that subsequent to this debate the House will adopt the bill in principle. Even if it dies on the order paper, it will still be a beginning. I hope the hon. member will continue to expand on it and to seek the support of the national assembly in Quebec and the legislature in Ontario. He will then find much quicker results because of agreement being reached prior to any amendments to our constitution, to our federal legislation or to the legislation of the two provinces concerned.

I hope the government and all members will accept the bill in principle and that the hon. gentleman will continue to work at this worth-while endeavour.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in entering this debate it had been my intention to suggest to you that Bill C-230, introduced by the hon. member for Hull (Mr. Isabelle), is defective in that it deals with a matter which is already before the House in another forum. However, I have consulted the Table officers, and I now find it to be acceptable. The constitutional amendments which are now before the committee in the form of a resolution do not make this particular bill, which also proposes amendment of the constitution, unacceptable under the procedures of this House. So on those grounds I have had to shift my stance.

There is, however, one matter which might be of some small concern to the hon. member introducing this bill. It is recognizable because the bill was introduced and given first reading on May 2, 1980. Clause 2 indicates that "this act may be cited as the British North America Act, 1980". I am sure the hon. member would like that changed to 1981, since we are now into the new year.

● (1750)

The explanatory notes refer to the remarks of Mr. Justice Cartwright of the Supreme Court of Canada in the case of *Munro v. the National Capital Commission* of 1966. I should should point out that the Munro in question is a person with whom I am in no way connected. In part Mr. Justice Cartwright said:

> —the change could doubtless, be made by an act of Parliament in which Her Majesty acts with the advice and consent of the Senate and the House of Commons of Canada.

Any resolution which would change our constitution must perforce go through the House either as a bill or, in very special circumstances, it could proceed as a constitutional amendment by order in council. But on a matter of this importance, it is quite correct that Parliament should make the decision.

As has been said by the hon. member for Edmonton West (Mr. Lambert) and the hon. member for Regina West (Mr. Benjamin), the matter of how the Senate and the House of Commons should give their advice and consent is at issue. It cannot be done in the House without the advice and consent of other levels or orders of government. I prefer to use the words "orders of government". As was said by the hon. member for Edmonton West, and I concur, the capital of my country is not by any means a matter which can be decided upon by one order of government. If I did not know the hon. member for Hull better, I would say he is demonstrating lack of awareness of the rest of the country by bringing forward a measure of this type without the approval of the other orders of government in this country and with a total lack of regard for the feeling of the hinterland or outlying parts of the country.

I am sure the hon. member does not wish to offend, but this is exactly what such an action would do; it presumes that this order of government could change the capital of the country without consultation with the other orders of government, even the one which is very close by and immediately affected, namely, the government of the province of Quebec. Without giving it too heavy an overtone, it is offensive in the sense that it would offend jurisdictions which are beyond the jurisdiction of this House, but which need to be consulted about any action

by this House in such a matter. To a considerable extent the hon. member is leaning in his preamble on section 16 of the British North America Act, which reads as follows:

Until the Queen otherwise directs, the seat of Government of Canada shall be Ottawa.

As the hon. member quite correctly said, it is not the "capital"; it is the "seat of government". When Ottawa was originally chosen, it was chosen as the seat of government in Canada. In fact, the address to Her Majesty Queen Victoria on March 24, 1857, indicated "the permanent seat of government in Canada". At that time Canada consisted of the united provinces of Upper and Lower Canada.

When the BNA Act was being drafted, representatives of Upper and Lower Canada were attending meetings in Quebec City and Charlottetown to draw up the measures which would constitute the formation of an enlarged Canada, and the "seat of government for Canada" was being decided.

The hon. member also leans on head I of section 91, which outlines the power of Parliament to amend from time to time the Constitution of Canada, but he overlooks section 92.13, to which the hon. member for Edmonton West referred. It deals with the question of property, which was at issue during oral questions and the subject of questions of privilege today, as well as in committee. Property and civil rights are matters within the exclusive jurisdiction of the provinces. For this Parliament to presume to impose its will on property beyond its jurisdiction would be—and I use the word tenderly—offensive to the province of Quebec without its consent. I hope the hon. member will accept the intent with which I am making these comments. I do not use "offensive" in an offensive manner; it just offends the niceties and the areas of jurisdiction within our country if this chamber presumes that it can impose its will upon another jurisdiction.

If the member was desirous of this measure being accepted, I am surprised he was unable to persuade members of his party that perhaps this particular aspect might be included in the constitutional measures before the committee. It could very well have been article X, Y or Z of the resolution which purports to make changes to the Constitution of Canada. His bill received first reading on May 2, and the resolution was not presented to the House until October 6. That gave him ample time to persuade the cabinet that his measure might well have been included in the ones which were brought forward. Of course, I recognize that it would be an imposition—as are many of the other measures—on other jurisdictions without the consent of the provinces.

Mr. Benjamin: Like property.

Mr. Munro (Esquimalt-Saanich): I hear a member saying "quite properly". I think it is quite improperly.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration in Committee of the Whole of Bill C-54, to amend the statute law relating to income tax—Mr. MacEachen—Mr. Ethier in the chair.

[*English*]

Mr. Lambert: Mr. Chairman, before we adjourned for dinner I was going through a proposition which I had put before the House. I would like to repeat just a little bit of it. It seems to me that rather than bulldozing Canadianization of resource industries, as is proposed in the national energy policy put forward by the Minister of Energy, Mines and Resources, I would like to encourage Canadian citizens to do it on a voluntary basis. I know hon. members from all parties would much prefer to see it done this way. I would take those natural resource search and development companies in Canada, whether foreign or Canadian owned, and work out the following proposition: their shares, available to Canadian citizens and bona fide Canadian companies on the market, would have the added benefit, when related to the capital gains section of the Income Tax Act, of providing an investment opportunity to those persons qualified, and by "persons" I include corporations. If the shares were to be held for five years, with, if necessary roll-overs within the ballpark of approved resources or approved companies, then they would attract a forgiveness of tax for capital gains purposes.

I have in mind a five-year plan so that an investment within the ballpark, maintained by the taxpayer or the investor for five years, would earn a total remission of any capital gains tax. If it were kept for four years, it would be 80 per cent, and this would go down through 20 per cent per annum. It seems to me that under those circumstances we could attract a great deal more Canadian participation. I am being, shall we say, discriminatory in favour of Canadian citizens and bona fide Canadian companies in the area of investment in the resource search and development industry. It has not been tried before in Canada, so I cannot say I could guarantee that we would see such and such a shift in ownership. I do not personally know whether such a proposition would bring about the nirvana and cause a very significant shift, but I am satisfied there would be a considerable shift.

• (2010)

As the plan progressed, Canadian money or even foreign money for the purpose of resource development in this country would soon Canadianize itself and come into the hands of

Canadians, who would have the rights of owners of shares, whether they be in partnerships or corporations in the search for and development of Canadian resources. At one time my party approved, in a hesitating way, a plan for putting a ceiling on such investment. There cannot be a ceiling on the amount of money invested because it is an incentive. Something must be done, and it does not cost the state anything because, unless the incentive were there, the action would not be taken.

That is why I say there is so much poppycock and deluding of the public when the Government of Canada says it has assisted the oil industry through incentives and made financial contributions, perhaps in the billions of dollars, for the development of resources in this country. That is an utter falsehood because, unless that incentive existed in the first place, no action would have been taken and, if no action is taken nothing falls to the government, and nothing is done. People merely sit on their hands or invest their money elsewhere.

The hon. member for Broadview-Greenwood may shake his head all he wants, but no investment takes place. No one in the early years of Canada's oil industry made the trip to Toronto to obtain financing for western oil companies, because it was not even worth the trip. As a former minister of the Alberta government, the hon. member for Bow River can certainly attest to that. As a lawyer in the business, I can say so as well.

The Deputy Chairman: Order, please. The time allotted to the hon. member has expired.

Mr. Mayer: Mr. Chairman, I would like to refer this evening to Section 69 of the Income Tax Act and its interpretation in terms of small businessmen and farmers. I will pose some questions to the minister in the hope that he will be able to respond. Section 69 of the Income Tax Act is designed to ensure that fair value is applied to transactions which involve gifting, or dealings with people "within arm's length".

In the area of Manitoba which I represent, many families have incorporated their farms for purposes of taxation, estate planning and for dividing up land and farming operations among family members. Many people in my riding have been conducting their businesses on the basis of verbal agreements with the Winnipeg tax office—although I understand that in the cases involving the Regina tax office there was a written interpretation—that for the purposes of taxation rent would not be deemed to be paid by a corporation to an individual when there was no rent money available to be paid. In other words, many farms were incorporated on the basis that the individual would transfer everything he owns to his family corporation except the land, which was kept in his or her name.

These individuals took this course under the impression that for planning purposes it was the proper thing to do and with the knowledge that the transfer of land could have taken place at the time of incorporation without being taxed. However, the tax people have gone back and said that in a case where there has been a poor crop or a poor market, and as a result no rent paid by the corporation to the individual farmer or owner of the land, for tax purposes the rent must be deemed to have been paid to the individual. This is only one side of the situation.

On the other side of the situation there has been no indication that the tax department will allow that deemed rent, which becomes income to the individual, to be claimed as an expense of the individual's corporation. This has the effect of creating a large income for the individual, but that individual has no means of offsetting that large income with expenses. Also, in a case where there is a low income because of the variability of the farming situation, the farm can suffer a large loss which, in some cases, could more than equal the total real income of the farm.

The tax department must spell out this section in very explicit and straightforward terms. We are dealing with the principle, as it is called by the tax department, of "within arm's length" with regard to family corporations. The tax department must spell out how it intends to handle such corporations.

While I am referring to rent in this case, I could also refer to salaries, interest on shareholders' loans or the situation where one neighbour volunteers his services to another neighbour. In the latter case, the tax department could ask the individual to show this volunteer service as income.

Some notices of reassessment have been sent out, but I understand that, for the time being, the tax department has decided not to proceed. However, it has not decided that it is wrong in principle. It has merely held in abeyance tax collections in these situations. There are two things which should happen. The tax department should clarify the situation so people will know how to govern themselves when they incorporate and, if there is to be any change in policy, people should be given a chance, and the department should not proceed on a retroactive basis. While we do not need five years, we do need more than five days to adjust to new rules.

I would like the minister to clarify any concern he may have with regard to the problem and give his thoughts on this situation in terms of further proceedings by the tax department.

Mr. Chairman, if I cannot get a response from either the Minister of Finance or his parliamentary secretary now, I would like to proceed with other topics, but I would like to have a response now, if possible.

Mr. MacEachen: Mr. Chairman, a number of questions have been asked, and at the appropriate time I intend to answer the hon. gentleman and other hon. members, so he can be assured that he will get the information he requests.

Mr. Mayer: Mr. Chairman, I will amplify the case which I have made tonight by pointing out some of the problems which can be caused by this situation. It should be clear to the government that there are many farms which incorporate for reasons other than to avoid taxes. As I have said, farmers incorporate for purposes of planning family operations and for estate planning. Thus, this problem can arise on many small

farms. I am not talking about large corporations. This is also a concern to many small businessmen in the farming sector.

● (2020)

What concerns many farmers in this country—and I represent a farming area—is that when the tax department proceeds with changes, it should do so on a basis that does not create havoc in the system.

I know of a case in which a reassessment was to cover a period of four years. If that had been proceeded with, it could have caused very severe hardship for the individual involved, his family corporation and the family members who are part of it. The financial hardship could have driven the family out of business.

What I found particularly disturbing about this case was that the tax department proceeded with it as a test case. That meant that the individual concerned would bear the full cost of testing the case in court and that the tax department could then use it as a precedent for other cases on the prairies because it originated in the Winnipeg office.

It disturbed me that the individual involved could be put to considerable expense to defend himself, yet he was really acting on behalf of a group of people who had incorporated under the same guidelines as he had. In that sense it was a test case, so the individual was not really being treated fairly. Fortunately, the tax department did not proceed. If the case had gone to court and he had won, however, his expenses could have amounted to as much as the tax it was proposed to levy in the first place.

I think it is unfortunate that the tax department has enough leeway to cause problems like this for the individual farmer. I urge the minister to ensure that if the department decides to proceed on this basis it makes sure that an individual does not put himself into financial jeopardy for what could be considered a class action or test case on behalf of other producers in western Canada. I should not take the narrow view and refer only to western Canada because it is my understanding that if there had been a test case and a ruling obtained, it would have applied across the country.

Many small farmers would be affected by such a decision. This involves not only a decision on whether rent is deemed to be an expense whether or not money changes hands, but the same principle also involves salaries. In the case of an individual who works for his family corporation—and this certainly falls within an arm's length transaction as the Income Tax Act defines it—whether there is money to pay him a salary or not in lean times, the tax department could assess and tax him as the individual owning the operation even though he had received income from his family corporation.

The situation I have outlined could cause the same kind of hardship as the deemed rent could have caused in the individual cases with which I am familiar.

We all know that many small business people incorporate and make shareholders' loans to their own corporations. In most cases the shareholders' loans are not interest-bearing. In fact, many banks stipulate that a shareholders' loan cannot bear interest unless the bank the corporation deals with agrees that interest can be paid.

If the provision regarding deemed rent is upheld, it could also apply to a person lending money to his own company. He would have to show as income the deemed interest accruing to him from his own company. That is a matter of concern to me, Mr. Chairman.

If the tax department decides to proceed and a ruling is made that income is deemed whether it is realized or not, it could be applied to salaries, to interest on shareholders' loans, to rent on land and to other things that an individual could rent to his own small corporation.

When changes are made, it would be sensible for the tax department to proceed on the basis of allowing people six months or a year to adjust to them. They should not be made retroactively. People should have time to adjust to them and not be put to the expense of defending themselves in court.

This concludes my remarks, Mr. Chairman. I look forward to receiving a reply from the minister on this very important matter.

[*Translation*]

Mrs. Côté: Mr. Chairman, first I should like to congratulate the Minister of Finance for his budget and the bills which are being introduced to amend the Income Tax Act, and particularly for the investment tax credit offered to manufacturers and processors in areas where there are wide disparities.

When the federal budget was tabled on October 28 the rate of the tax credit available in areas characterized by acute disparities or difficult growth was raised from 20 to 50 per cent in the case of the businesses I have just mentioned. It is true to say that the government wanted to offer as much assistance as possible to promote commercial undertakings in underdeveloped regions and I do not think I am saying anything new to anyone, particularly to you, Mr. Chairman, when I depict the economic situation which prevails in the Rimouski-Témiscouata region.

We are part and parcel of a territory, the Lower St. Lawrence and Gaspé area, which is extremely underprivileged and which accounts for barely 4 per cent of the population of Quebec and slightly more than 1 per cent of Canada's total population. The riding of Rimouski-Témiscouata is home to nearly 75,000 people and we depend entirely on very small businesses, small and medium-size businesses, in fact—except for the city of Rimouski which has 30,000-odd residents and which is essentially a service community where municipal authorities are making superhuman efforts to spur industrial growth.

I must point out the problem I have with this investment tax credit. In a territory as wide as Rimouski-Témiscouata, I would say it stretches from Rivière-du-Loup to the Magdalen Islands and extends to both sides of the river, including part of

the North Shore, this special program does not apply to two cities, Rimouski and Sept-Îles, allegedly because their per capita income is a little bit over the regional average and their unemployment rate somewhat lower than the regional average.

If we examine the economic standing of the city of Rimouski in the whole territory I must admit that we wonder about Rimouski being excluded from a program which is extremely important and extremely interesting for a region such as ours. True, Rimouski is a service community, but it must be said that 83 per cent of the labour force in Rimouski are people who earn a living in the public, quasi-public and educational sectors. We have a regional hospital which provides jobs for many people and we also benefit from the decentralization of provincial and federal government services. People will agree with me, Mr. Chairman, that we have reached the saturation level when it comes to the decentralization of services, and we have even recorded a decrease in the number of jobs in provincial public and quasi-public services, particularly in the field of education.

● (2030)

This is what we find if we compare Rimouski to the rest of Canada, Quebec and other neighbouring cities. I would like to point out to hon. members that, according to the figures published in the *Survey of Market in 1980* of the *Financial Post,* the per capita income in Canada was $7,225. For the province of Quebec, the per capita income was $6,563, for the Rimouski constituency, $5,160, for the city of Rimouski, $6,675, for the city of Rivière-du-Loup, $6,401, and for the city of Matane, $5,566. I must admit that I do not find these figures too depressing, but I am certainly upset about the figures for the per capita added value for the manufacturing sector in the city of Rimouski.

The per capita added value is $1,860 for Canada, $1,857 for Quebec, $483 for the county of Rimouski, but the city of Rimouski has only a $166 per capita added value for the manufacturing sector. For the city of Rivière-du-Loup, the figure is $1,563, and for Matane, $1,130. I must say, Mr. Chairman, that I am somewhat envious of the per capita added value for the manufacturing sector of Rivière-du-Loup and Matane, which are not excluded from this investment tax credit or rebate. I would also like the Minister of Finance to note the important role that the city of Rimouski can and does play in a region like the Lower St. Lawrence and the Gaspé peninsula. Rimouski is the most centrally located city in the region. It is true that we have government services. It is also true that we have a university, a community college and major teaching institutions, but it must also be said that Rimouski is seriously underprivileged as concerns manufacturing investments.

In this regard, these last few years, the city of Rimouski, and therefore all its residents, have benefited from assistance under certain federal programs to help create industrial complexes and establish infrastructures so that businesses can settle in the area in the best conditions possible and as quickly as possible. This has been done especially thanks to financial assistance from the Department of Regional Economic Expansion totalling nearly $1,250,000 for the creation of industrial complexes. Tax credits are now being granted to an underprivileged area, but the city of Rimouski has been excluded.

I would also like to note the economic conditions which now prevail on the North Shore, that is at Sept-Îles, Wabush, Schefferville and Fermont, where The Iron Ore Company has already announced the temporary or permanent lay-off of thousands of workers. This has a tremendous influence on the economic situation of the South Shore. For those of my colleagues who are not familiar with the area, I should point out that the Lower St. Lawrence and the Gaspé peninsula are located on the south shore of the St. Lawrence River and that the whole North Shore area is on the opposite side, as the name indicates.

However, traditionally, since this great territory has been opened, manpower has been recruited on the South Shore. This means that those who lose their jobs on the North Shore come back to our region because they come from there. The regions which will now have to face a major demand for new jobs will be the regions of the Lower St. Lawrence and the Gaspé peninsula in particular, as well as the city of Rimouski.

Mr. Chairman, I wish the Department of Finance were now facing a completely different situation as concerns this investment tax credit, from which Sept-Îles and Rimouski were excluded on October 28. The announcements made by employers in the Sept-Îles area concerning the lay-off of thousands of workers were not expected on October 28, but this has caused major economic setbacks in the Sept-Îles area, so much so that the Departments of Employment and Immigration, Labour, and Industry, Trade and Commerce have found it necessary to create a fund or to implement a special assistance program amounting to $350 million to help workers in areas such as the North Shore, which we are now discussing, to find other jobs.

This program will help business create jobs and ensure workers' mobility, if they so desire. We must remember that an economic happening in one area can affect another area. The economic situation prevailing in my area and on the North Shore on October 28 was certainly not the same as it is now.

Things have changed. Rimouski is at the heart of an area which is well equipped to satisfy the requirements of potential investors and should be considered with regard to this 50 per cent investment tax credit. I think that has become a question of social justice. People who will be coming back to the South Shore, the Lower St. Lawrence and Gaspé areas will need jobs, so I wonder what our priority should be. Should we increase unemployment insurance funds or should we give entrepreneurs the opportunity to set up businesses in areas such as ours through reasonable tax credits that answer real

needs and help support the work undertaken by municipal authorities to turn the city into the important centre it is today and which naturally has economic repercussions on the whole area? The industrial and economic development of Rimouski could benefit all surrounding townships. When we speak of developing the Montreal area, we mean that very area and not as far down as Drummondville in the hope that it will affect the Montreal region. I think all this should be taken into consideration, given the fact that in this area there are three towns, Rivière-du-Loup, Rimouski and Matane, which need assistance because they have set up an infrastructure and opened industrial parks to meet investors' requirements. This was done with the help of government programs. It seems logical to me, considering that this area represents barely 1 per cent of the Canadian population, costs millions of dollars in unemployment insurance, and contains roughly 4 per cent of the Quebec population, and considering also that the local people have shown that they are able and willing to do good work, that the government, in view of the new economic situation, should re-open this case. It should also consider Rimouski on an equal footing with other cities, no more no less, with the same advantages, because municipal authorities have made considerable efforts to achieve a just and reasonable industrial development in an area which has suffered quite badly from socioeconomic hardships. I think the people of the entire area expect a great deal from a decision which, in their view, would be equitable and would answer their needs.

[*English*]

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, in the 20 minutes allotted to me on clause 1 of Bill C-54 I intend to put forward what I hope will be a reasoned and constructively designed proposal for the minister in the hope that he accepts the premise on which it is made, namely, how with this bill we can get more tax money into the hands of the minister by reducing taxes. With that objective in mind, I will discuss the question of renewable resources, how they are affected by several sections of this bill, and how I think this bill could be improved.

There is no question that every person knowing the problem of energy in Canada knows that no matter how you twist and turn, there has to be a concerted move toward the utilization of renewable energy to replace non-renewable energy.

● (2040)

At this time we have a number of low-grade technologies which are either in the economic ball park or are marginal. Therefore, we can achieve this objective. In the budget of the previous government, which we will call the Crosbie budget, an effort was made to free up this creative force among individual Canadians in order to get at the districts which have tremendous potential in renewable energy resources. I refer to the districts of the Gaspé, the Atlantic provinces, the great majority of Quebec and Ontario as well as British Columbia.

What have we done, tax-wise, to give incentives in order to move forward on the very necessary social and economic purpose of reducing the cost of energy to our people and at the same time making more money for the tax collector? Surely those are two laudable objectives.

There is no use trying to pretend to the Canadian people that at the present time there should be an over-emphasis on attempting to encourage them to go into active solar heat, for example. The capital costs are so high in relation to the benefits that it is uneconomic, even with all sorts of incentives, grants and inducements. However, with other forms of indirect solar energy, particularly on the passive side, there are many examples of low-grade technologies which, as I said in my opening sentence, are either economic or close to it.

Solar water heaters were mentioned in the Crosbie budget. They are economically viable. It only costs $200 or $300 to heat water for a year, $500 in some cases, but you can show that $100 spent on this type of low-grade technology will give you $100 a year in savings at present prices. An incentive was therefore put in the Crosbie budget, namely, the removal of the sales tax. That did not make me too happy because I did not think it was a sufficient incentive. However, it was at least a start.

The Crosbie budget also talked about renewable energy equipment. Under the credit system, it gave a two-year write-off of 100 per cent. If the equipment cost $3,000, $4,000 or $5,000, over a period of two years you could write it off at absolutely no cost to the government because we are not now collecting a penny on that type of equipment. There may be a few examples I do not know about, but generally speaking this type of renewable resource equipment is not being used in the way it should.

That deduction of 100 per cent would make a marginal operation attractive under the tax law proposed in the Crosbie budget. If you had to spend $4,000 and were allowed a write-off of 100 per cent over two years, the average person would save $2,000. Therefore, the capital equipment would cost only $2,000. If you saved $400 a year on that investment, you could pay that off in five years. I would think that of those who pay income tax today, to be able to save $400 or $500 a year indefinitely, and more than that in times of higher oil prices, a great majority would be willing to invest the $4,000 and recover $2,000 from their taxes over two years. they know they would get the $2,000 investment back in four or five years. From then on they would be away ahead of the game and be using a renewable energy source.

In the present budget and the bill we are discussing we have an equally well-inspired system. The government has replaced this tax reduction incentive. In return for taking a risk and investing your money in this type of thing, the government offers a grant of $800. That grant will cost money, but it is not enough to induce people to use that product. Therefore, the government will not have to spend a great deal as a result of this $800 grant. Some people will say it is even taxable, but that is not the real issue.

Which type of proposal would provide more revenue at the end of each year for the next three or four years? I suggest that the tax incentive route would do that. We do not collect

any money on this renewable resource equipment now. If just one million homes over a period of five years went into this type of investment, it is easy to multiply one million by $4,000. It amounts to $4 billion.

All that money being spent on something which has not been built before creates tremendous job opportunity. Who will collect the tax on all this money? We know that by the time the $4 billion original expenditure goes through the system, it yields about $8 billion to $10 billion. Of this $8 billion to $10 billion over this four or five-year period, governments will collect approximately 40 per cent.

Governments will collect 40 per cent of $10 billion over a five-year period. They are not collecting anything now. Over the next four or five years they will collect $4 billion or $5 billion, not a small amount. When you think of reducing the cost of heating homes and buildings by as much as 75 per cent a year for those who take the risk and the incentive, it will be very clear to those in the Department of Finance who can add and subtract what a tremendous amount of money this will represent.

If you take the other route, the one in this current legislation, which gives a grant of $800, you may have to pay out a few thousand dollars a year. If something costs you $4,000, that $800 will reduce it to $3,200. After you pay $400 in tax, you have a net cost of $3,600. With a $400-a-year saving, it will take nine years to pay off that amount. That is very marginal. Only a few thousand will take that approach.

I think I have made my point as clear as it has to be made for any person willing to listen. The best thing the minister can do is go home tonight and think this over. If he checks it out with his officials, he will find that what I have said is more than true. If he comes back prepared to move an amendment, and he can do that as government leader, even though it involves an expenditure of money, he will be serving his country well. Not only would there be more money for the tax collector to meet the deficit, but there would also be savings for many people.

There are 4.4 million homes in Canada today and many other buildings to be heated. Between 35 per cent and 40 per cent of our total energy requirements today in our cold climate go to heating buildings and homes. That is a large segment of our energy requirements.

Examples of these low grade technologies are well known. One is the windmill. We have had them for thousands of years. We are now moving forward so fast that in a year or two many of them will be money-making operations for those who buy them. They are not at the present time because you can get power cheaper now, for example, at one cent per kilowatt. With new technology coming on stream in the next year or so, the government would be well advised to realize how much power we can get from windy areas such as Algoma, along rivers and shorelines and particularly on the prairies.

● (2050)

We could be producing 3 per cent, 4 per cent or 5 per cent of the total energy needs of the country from these winds, and maybe more, but I think that is a safe guess.

The most obvious one is the one I have referred to many times, and that is the heat pump. We have had heat pumps in North America for 60 years. Women call them refrigerators. They take the heat out of food and dump it out onto the floor. A heat pump takes the heat out of the air, the ground, the water or any source you like, brings it up to the proper heat level and dumps it into the House.

The research for North America on this type of cold climate heat pump is being done in Canada. I think one American company will be making Canada its main production centre, but there must be a market in order to get people to do this. This type of investment I think will be around $4,000. I know the head research man in this one American company was hired on January 1 of this year by the National Research Council because the council wants his knowledge.

All the expertise is here in the civil service, and I know all the manufacturing capacity is here in Canada. There are not many heat pumps going out. I know they are scattered throughout Ottawa with maybe 30 or 40 sold this winter so far. I am talking about 300,000 or 400,000 of these things being sold every winter. The amount of employment, the amount of tax money rolled into the government and the number of extra people put to work on that one item alone means that for 15 years we will have growth and expansion in this type of production. Above all, if we can get this kind of saving, 50 per cent to 75 per cent per building each year by using the indirect heat of the sun, just think of the savings of our non-renewable resources.

In the Crosbie budget there was an item mentioned in two or three parts of that measure—alcohol stills. Alcohol stills are old devices for making energy. If we look at it from the typical economist's point of view, we will find that it does not pay commercial people to go into it because it costs too much to make. But, when we give the incentive to individuals to have stills, it will work because they do not count the time they spend watching as labour, particularly if they pay their wives for doing it and, get their wives tax deductions.

All I know is that 36 of the United States have legislation and incentives for this type of thing, but we do not have them in Canada now because we lost them when we defeated the Crosbie budget. This will only produce 3 per cent, 4 per cent or 5 per cent of energy needs, but this is such a promising idea we have people warning us that if we go too fast and too far with it, we will begin to take up good grain land to produce what is needed to put into stills. That is not going to bother most of us because we know enough in the agricultural field to know that we have not begun to reach the potential productivity of our farms. We can produce all the energy we need to run these devices without cutting into our present productivity at all.

Stills are all but gone, but the police would be glad to be relieved of the task of searching all the bluffs and trees looking for stills. Half the population of the prairies brought that knowledge from Europe and could still use it. One per cent of housewives still use stills in their houses. They call it by a different name, but it is still a still.

I am simply pointing out that all these ideas, whether they be stills, windmills, heat pumps, transfer of heat from waste water going out of houses or anything else, will produce energy and reduce consumption of our non-renewable resources.

Let me talk about that latter point. We know now as a result of research at the University of Saskatchewan that with the expenditure of just $100 on a device for a water heater in the individual home you can save $100 to $150 a year. This device has been shown in a diagram by the research council in Saskatchewan, but there is not a single province in Canada outside Saskatchewan that allows it.

Every time you take a shower or a bath and dump all that heat into the sewer you are wasting money and energy. With a simple device—just running it by the water tank, taking out the heat and then sending the water out to the sewer—you can save yourself $100 to $150 a year. You can save yourself $150 with just a little pipe connection. Every province should be cracked on the head and have it pointed out that there is a saving. They should be asked why they have regulations saying you cannot take the heat out of that waste water, which is called "grey" water.

I think I have made enough points to prove, at least to my satisfaction, that there is a tremendously large number of examples of low-grade technology that are either economically sound now or are marginal, and that the government would not lose a dollar, but would make hundreds of millions, and billions, of dollars over a period of years, by providing incentives rather than adopting this kind of procedure, which is not enough.

I think I have five minutes more, but I want to close with a final appeal. What I have said is not new to many people in Canada. Canada leads the world today in its knowledge of the use of biomass. In any area where you can grow trees you can make all the energy this world needs seven times over without even trying. Canada led the world in that regard, but what are we doing about it? Are we giving grants? When you give grants to scientific people, they want to spend four, ten or twenty years proving every little detail before moving to the next step.

I remember in 1972—or in 1973, I think it was; I have forgotten which—I asked the Minister of Agriculture if he had heard of biomass. He had not heard of biomass, so I asked the then minister of energy. The University of Manitoba had been trying for years to get a $4,000 grant to prove that you could get a tremendous amount of food and energy from a little green thing that grows in the water when it is warm—algae. Manitoba finally got its grant after two or three years of bugging. What are the scientists doing? They are busy breeding this algae; they will be breeding them from now until kingdom come, trying to find out which algae is most prolific. All that is good. I am simply saying that government has to move a little faster than it is under the present situation. If we could provide an incentive for translating that idea into producing protein or energy, we should do so.

Second, the Government of Canada and the Ontario Research Foundation got together years ago to prove up the technique of taking the waste product from a high-rise in Canada, cooling that whole high-rise building and heating it almost entirely with those waste products. This has been in operation for nearly ten years in Ontario.

When I asked the minister seven years ago whether he would tell the people about it and let the world know about this new development he said, "Oh, no, you tell them, I won't." He would not because he was frightened that Canadians would be upset to learn that we were taking heat out of water and heating the whole house. That broke the hearts of many scientists and practical people in Ontario and in the National Research Council. The government would not tell the people what had been done. No patents were taken out on that.

Therefore, I ask the minister, please, to take a look at these proposals. I do not mean any political harm to the government. I think it would help the government tremendously if it looked at these things to see if I am not right. It could make much more money for itself as a tax collector, and at the same time help the individuals of this country and the nation economically. Thank you.

Mr. Domm: Mr. Chairman, I am addressing my remarks primarily to the Minister of Finance, who I see is taking his seat opposite. After speaking on this subject earlier today, referring to page 33 of the bill, which deals with cash accounting, page 28, which deals with the minimal 3 per cent inventory allowance, touching upon capital gains tax and moving on from there to areas affecting farmers and other segments of society, I came to the conclusion over the dinner hour that perhaps behind this particular piece of legislation there might be some ulterior motive on the part of the government. When we entered the last election campaign, this government made certain commitments we expected to see first in the budget, then in the energy policy and then in proposed tax measures that affect individuals in Canada.

● (2100)

Let us take that into consideration and give credit where it is due. I am sure many Canadians suspected that some of those promises would become reality, but we did not see them in any policies. We saw the government shift away from the free enterprise system in Canada to a system which aligned itself with the principles of our friends to the left, the socialists. When we on this side of the House saw all this, we started to wonder whether we were dealing with the Liberal Party of Canada, the New Democratic Party of Canada, or the Liberal-democratic party.

Hon. members opposite have said that this bill is responsive to the business community and to the citizens of Canada. Let me draw to the attention of the House a statement made by

hon. members opposite which defines their economic policies as they would affect Canada. Backbenchers have used it in their remarks across Canada, and I have excerpts from the newspapers. The Minister of Finance, and his increasingly embarrassed backbenchers, have referred to his economic policy as being one of gradualism. I took it upon myself during the dinner hour to look up what "gradualism" means, and I refer everyone in the House to Roget's new edition of the vocabulary of economic theory. This is what the Minister of Finance is proposing by adopting a policy of gradualism. According to the definition in the dictionary of economic theory the following are similes for gradualism: sluggard, slow-march, mincing steps, dog-trot, slackening, retardation, creeping and slowness. What we have in the bill before the House today is a creeping, slow dog-trot. It is sluggish, and the minister is mincing steps with the people of Canada.

What the minister is saying is that even though he committed himself to fighting to keep the expenses of the government as low as the gross national product—those are his words and those are the words of the Prime Minister—what has happened in reality is that the gross national product in Canada is up only 11.1 per cent. But what has been the growth of the government following the budget and during the short term when the finance minister has been in office? I will remind the minister that the growth of government is up 12.8 per cent.

If the government continues to spend 25 per cent more than it takes in each year, there is only one place from which the government can get the shortfall, that is through taxation. The government uses every means at its disposal to expropriate multinational investments from the free enterprise system in Canada. What happens is that it discourages Canadian investment in Canada and drives oil rigs out of this country. Oil rigs are lining up at the border. Canadian investors are prepared to spend up to $200,000 to move one oil rig across the border. Oil rigs are crossing the border at the rate of 70, 80 and 90, and the forecasts are that they will exceed 100 in the imminent future. That is costing Canada jobs. Every time we lose a job in Canada and every time a man does not have a paycheque to take home, I say to the finance minister that he is not living up to his responsibility as finance minister, and has failed to force his colleagues in the cabinet, through the budget he introduced, to bring in measures to create employment.

What did the Prime Minister say when he was leader of the opposition? He promised Canadian citizens that he would negotiate a fair price with the western provinces and, through negotiations, keep the price of gas at less than 14 cents. I purchased gas this week and found that it is up 50 cents in one year.

What did the Minister of Industry, Trade and Commerce promise the Canadian people when he was campaigning to be elected? He said that if he was in the cabinet, he would resign if interest rates rose higher than they were at the time the Conservatives were in power. What has happened? Interest rates have gone up 39 per cent. The Minister of Finance introduced his budget on October 28, two and half short months ago, and what did the Minister of Industry, Trade and Commerce do about it? Has he resigned? Did he live up to his commitment to the Canadian people that if interest rates rose higher than they were when the Conservatives were in office—it was 14 per cent then—he would resign.

What is the small businessman paying today in interest rates because the finance minister has refused to bring in a tax measure which would encourage businessmen to stay in business and farmers to stay on their farms? He is driving them out of business at the rate of some 2,000. That was the figure for last year in Ontario alone. In the small business sector, there were over 5,000 bankruptcies in Canada. What does the small business sector mean to Canada? What does it mean to this government as it endeavours to raise taxes to meet its excessive spending?

The government absolutely refuses to cut the size of the bureaucracy. When the Conservatives were in government, we took major steps to reduce the size of the civil service. What has happened since this government took over? The Liberals, together with the socialists to my left—these Liberal-democrats—have allowed the civil service to expand through expropriation in the private sector. In reality what they are doing is discouraging free enterprise. They are moving its strength into the public sector, driving entrepreneurs and free enterprise people out of Canada and sending them to other parts of the world where they can make a living unencumbered by government and where the free enterprise system can function.

There is nothing more serious than the erosion of the system we have grown to respect and enjoy in Canada. It disheartened me to see the Liberal backbenchers return to their ridings this past Christmas, look their constituents in the face and say, "You do not need an energy tax credit, you do not need a mortgage interest deduction program, you do not need a property tax deduction, and you do not need any concessions in the energy policy which we introduced so successfully through closure in the House of Commons."

I predict that many members on the benches opposite will not be sitting there after the next federal election. Through their leader they introduced very carefully only four promises during the last federal election campaign, and they broke every promise to the provinces and to the people of Canada. They did not create an industrial strategy, which the Prime Minister said they would do, a strategy which would increase the number of jobs, spur growth and increase Canadian ownership. They are driving Canadian ownership out of existence. They joke about it. They are led by a man who pulls the strings, and the puppets and marionettes to my left stand up and vote in unison "Aye". The Liberal-democratic party of Canada is driving ownership out of this country through the Constitution, through their energy policy, through the budget and now through this income tax measure, which utterly fails to acknowledge the desires of the farming community with regard to the capital gains tax. What about the three generations from grandfather to son to grandson? If the minister does not respond to the needs of the farming community, farmers will lose their farms because they will not be able to afford them. Under this bill they will be forced to sell them to pay

accumulated capital gains, which could amount to sums greater than the selling prices of the farms.

● (2110)

At least the Conservative budget recognized the need for farms to remain in the hands of third and fourth generation farmers. There are many of them in the minister's riding and in his province, yet he refused to look at Canfarm and say that it was there for the benefit of the farm community. Approximately 30 per cent of the minister's farming constituents were involved in Canfarm. The government found $40 million for the big multinational oil company, Imperial Oil, when it threatened to stop its oil projects out west. The government found $40 million at the snap of a finger in a budget which spends 25 per cent more than it takes in, but it could not find $3 million to keep Canfarm alive for the farmers in his province, as well as those in the province of Ontario.

The government could not formulate an industrial strategy to create jobs. The last promise of the Prime Minister when he was leader of the opposition was that he would fight to increase jobs; he said he would ensure an industrial strategy was developed to increase employment. But what has happened in reality? The number of people unemployed in Canada has risen to more than one million. It is a remarkable increase; it is even greater than the growth in government spending. The government should control its spending and reduce the bureaucracy, which forces on the people of Canada a metric system and a constitution they do not want. It is not always cabinet; it is the bureaucracy which controls cabinet in many cases.

When cabinet ministers make commitments which the Prime Minister nullifies, how can Parliament have credibility with the people of Canada? How can we be expected to go home and say, "The Government of Canada agrees because the minister said so", when the next day the minister says that that is not the way it will happen? That is exactly what happened with respect to the four election promises of the present government. That is what is happening in this measure, which places undue pressure upon the small business community of Canada.

Apparently small business can borrow money on the government bond issue. I challenge the Minister of Finance to provide a list of all people who have borrowed on that bond issue without conditions being placed upon them by the banks. Is the Minister of Finance aware of the fact that there are 400,000 small businessmen in the province of Ontario? Does he know how many loans have been made to small businesses because of the restrictions put on them and which the government refuses to lessen? Does the minister know how many loans have been made to the 400,000 small businessmen in Ontario? There were 788 loans made in 1978 through the Small Businesses Loans Act to small businessmen. Is the minister able to respond by indicating the number of loans which have been made under that bond issue? Why will the availability of this bond issue to small business expire on March 31, 1981? Does the minister not have enough faith in the business people of Canada to give them at least a year to take advantage of some interest relief? The government does not want to give any interest relief to home owners or small businessmen. Before this bill is passed, would the minister allow an amendment to come forward which would extend the bond issue to at least the end of this calendar year? Then the small business community and the banking institutions would know that the Minister of Finance cares, and a bank would not have to lend money to a small businessman with the condition that should this bill not go through before the expiry date of the loan the interest rate will be 21 per cent.

We need a little compassion and concern. We should show Canadians that we are not moving completely to the left and that to be successful everything does not have to be under public ownership. The government should create a climate which allows business to function free of government pressure and without the government in its pocket. The government should realize that the country would run better if government got out of the marketplace and let business function as it was intended when the settlers first came here, as Canada and its business community grew and before the Liberal government joined ranks with the NDP to form the first socialist government of Canada.

Mr. Taylor: Mr. Chairman, I should like to deal with only two cases to follow up on one or two of the statements made by other members.

Some hon. Members: Oh, oh!

Mr. Taylor: When the conversation across the floor stops, I will be able to continue with the debate. I have nothing against the other side, so I will not speak against them. Many people in the country are very concerned about income taxes and the Income Tax Act. I thought tonight I would bring to the attention of the hon. minister and his departmental officials two cases which illustrate how frustrating it can be for Canadians when certain officials of the income tax branch of the Department of National Revenue start acting in a very officious manner.

But first I should like to give credit to the people in the Department of National Revenue who try to help people. There are others who will not turn a hand unless they are trying to work against the taxpayer. I think the Minister of Finance should know about these two cases because they are bad ones. The Minister of National Revenue knows about them, and I appreciate his effort in trying to correct them. The reason I am bringing these matters to the attention of the minister is that I feel there must be some changes to the act.

The first case is that of a widow whose husband died in Saskatchewan. She moved to Alberta. Before leaving Saskatchewan she filled in two income tax forms, one for the federal government and one for the provincial government. She received advice from someone that that was what she had to do, so that is what she did. When she arrived in Alberta, she received word from the department that she should have filled in only one form. So she immediately went to a highly

qualified insurance agent in the city in which she lived. He filled in the one form and sent it in on her behalf. Of course, she paid to have that done. Her 1978 assessment was dated June 26, 1979. The provincial tax was assessed at some $258 and the federal tax at $370. Tax deductions were applied, which gave her a credit of $1,618. The payment made on filing left her $781, and the refund interest assessed was $24. The department sent her a cheque for $1,795. She was delighted. She not only received all the money she had sent, but some more, which apparently should not have been paid. Any widow who has no husband to earn for her and who is living on a fixed income would be happy to receive a refund of $1,700 from the Department of National Revenue. That took place on June 26.

● (2120)

On December 7, 1979, she received another letter from the Department of Revenue stating that the provincial tax had been reassessed. The amount had increased from $258 to $982. The letter informed her the federal tax had been reassessed; the amount had increased from $370 to $2,550. The interest arrears were adjusted to $167, and the refund interest recaptured was $24. She now owed the department $3,725. I ask hon. members to bear in mind that these are the same forms which were assessed on June 26. No additional forms had been sent in. The widow was very worried. Instead of having $1,795 to her credit she suddenly found she had a debt. Before receiving that information she received a letter from the department telling her that the computer had made a mistake and had sent her the $1,795 in error. Almost immediately she returned the $1,795 to the department.

On December 7, 1979, she received a reassessment. The department was now charging her $3,725. She was overwhelmed. Then 1980 arrived, and she received another letter stating that the arrears on interest had been adjusted to $92. This raised her total debt to $3,818. Then she received another letter. The department reassessed her situation. The provincial tax was reassessed, which gave her a credit of $218 instead of a debit of $982. The federal tax had been reassessed allowing her a credit of $566 instead of a debit of $2,550, and the interest on arrears was adjusted to $67. A tax deduction of $51 was credited. The department then sent her a bill for $2,915 in place of the bill for $3,800 which she had received a few months before. That, at least, was a saving to her. She did not know how on earth she would obtain all this money, but she was in receipt of the bill, and there was a reduction. But not for very long; she soon received another letter on March 9, 1980. The reassessment was March 7. The letter informed her she was entitled to a credit of $1,665. The interest arrears were readjusted; the department found $5.44 more. The arrears were adjusted again to $12, and then to $7. She now owes $1,275. Does anybody wonder about a woman receiving this kind of bookkeeping?

That was not the end of it. On May 23 she received another reassessment. The provincial tax was reassessed to $159. The federal tax was reassessed to $414. The interest on arrears was adjusted to $59. Then the interest arrears were adjusted again to $8.82, then again to $6.86, and then to $14. This is contained in a statement she received from the department. I am not making these figures up. Imagine a widow receiving a statement like this!

She then made a payment of $1,630, which left her owing $1,938. The payment of $1,630 was all she could scrape up at the time. Of course, the figures were then readjusted and there was added interest on arrears. They are now charging her interest because the computer made a mistake and sent her $1,700 which she had for a month. They are now charging her interest on the $1,700 which were sent to her in error.

Those are the figures to date. We are expecting another reassessment at any time. The interest on arrears adjustment gave her a credit of $208. She now owes the department $121.74. I might add that these last three adjustments, which were in her favour, were carried out with the co-operation of the Minister of National Revenue. I believe he is as disgusted with this situation as I. The bookkeeping is so bad in this case that I have asked the Minister of National Revenue to close it out. Surely we cannot antagonize our citizens with readjustment after readjustment and reassessment after reassessment. It would drive anybody crazy. And all of this is being done to a widow who is trying to be honest. She would not think of cheating anyone out of five cents, let alone the amounts I have been talking about. Now she owes $121.74. I think the men who have been doing this should pay that $121.

Some hon. Members: Hear, hear!

Mr. Taylor: This woman should be told by the government that we will not put up with this kind of bookkeeping.

Mr. Munro (Esquimalt-Saanich): Then they should be fired.

Mr. Taylor: Yes, then they should be fired. People who do that kind of work do the government no good. The case I have been talking about is an actual one. Hon. members can obtain a copy of the statement from the minister of revenue if they wish.

The other case I would like to deal with has even more far-reaching ramifications. It is something which frightens me. I refer to the "deemed income" contained in the act. The hon. member for Portage-Marquette spoke about this a few minutes ago. I wish to deal with it because I do not think deemed income has any place in our legislation. It is a totalitarian concept which can ruin any farmer in this country, if it is applied in the way this legislation permits. It has been applied in one or two cases and, again, they were settled only through the intervention of the minister of revenue. I am sure he is not prepared to put up with this kind of nonsense. I raise this matter tonight because I think the Minister of Finance should give some serious consideration to taking this deemed income out of the act.

I would like to show hon. members what happened in this particular case. It is one case, but I am fearful that if the circumstances were to occur in many places our farmers could

be ruined. There is no defence for it. Blood ran up and down my spine when I heard about this case. I am sure the minister will feel the same way; I certainly hope so.

Here is the story, as briefly as possible. It involves a farmer who had five sons. They were all of mature age, and all of them wanted to be farmers. The father did not have enough money to set his sons up with separate machinery, nor did he have enough money to turn the land over to them. This is because he did not have the money to pay the capital gains tax. This case, if followed through, illustrates what the hon. member for Lethbridge-Foothills was saying in the House the other day. It has to do with the ill effects of capital gains.

The farmer went to a law firm for advice. They advised him to set up a family corporation. These events took place in 1974 and have been related to quite a few people in this country. They were advised to set up a family corporation and then to custom farm the land in order that the sons could utilize the father's machinery. The father could not afford to put his land into the corporation, since he had to have something to live on. So he did not put his land into the corporation.

• (2130)

They began to custom farm with the father's machinery. The five sons intended gradually to build up an estate and become farmers in their own right. All this occurred in 1974. The farm went in the hole for three years. In one year it lost $50,000, which is not unusual. The best farm in the country can have a bad year. I have seen it happen many times. Of course, they can also have good breaks and earn a lot of money. But in this instance the family suffered bad weather and so on and, as a result, lost $50,000.

Hon. members can imagine how the members of this family felt when suddenly they received a notice from the Department of National Revenue with regard to their 1975, 1976 and 1977 income tax returns. The department said that the family was deemed to have disposed of an intangible property, that being the right to use the farm land. Consequently, the family was deemed to have received proceeds equal to fair market value from the corporation. The fact of the matter was that the corporation had not made any money. However, it was deemed to have used this intangible asset, the land.

As a result, the family was assessed for each of the three sections of land $32,800 for each year, although it had made no money. They had gone into the hole because they had used their machinery in the corporation on what is called intangible property and were deemed to have made so much money that they must pay more than $95,000 in taxes. I can understand why the minister would shake his head, because it is absolutely astounding.

I decided to look at the act in an effort to understand the situation. Section 69 of the act, which is not amended in this legislation, says that except as otherwise provided in the act, where a taxpayer has acquired anything from a person with whom he was not dealing at arm's length at an amount in excess of fair market value thereof at the time he so acquired it, he shall be deemed to have acquired it at that fair market value. One would think that if the farmer was deemed to have earned this income, then surely it would be deemed that there were certain expenses but, oh no, he cannot deem that.

The family appealed the decision. The inspector general said that it could not be deemed that there were any expenses, merely that there was income from a farm which went in the hole.

Mr. Munro (Esquimalt-Saanich): You're deemed if you do and you're deemed if you don't.

Mr. Taylor: The matter was taken to the appeal board, and it took the position that, because of the way in which the act was written, it had no power to change the situation. One wonders why one would take the time to go before an appeal board, when it cannot change anything. One official of the department said that the tax laws have been gradually changing—and the minister would know about that better than I, because I have not been here for very long—since 1970 with a view to so-called deemed income assessment and that eventually everyone would be assessed accordingly one way or another. I am sure that no government would want to put farmers out of business, but this department official suggested that this was the plan.

The total deemed income for this farm for 1977 was $161,000, without a dollar of offsetting expenses. If income is to be deemed, then anyone who has ever stood on an acre of land, let alone farmed it, would know that there must be expenses in order to earn that much money. The situation was even more aggravating because the farm had lost money in those years.

To make matters worse, the sons had borrowed money to buy machinery. As it was insisted that the loans be private, National Revenue attacked each boy and each boy began to get it in the neck. I have here a letter which one of the boys received.

Mr. Munro (Esquimalt-Saanich): He was deemed, too.

Mr. Taylor: Yes, he was deemed too. According to this letter, the boy would be charged almost $5,000, even though he was not making any money.

The Chairman: I regret to interrupt the hon. member, but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Taylor: I thank hon. members. The matter was appealed, and corrective action had begun when the PC government came into office. However, the matter was not completed, and the case was brought to me after the last election. I referred it to the Minister of National Revenue, and I appreciate the understanding which he showed. Although the minister did not say so, I am sure that he had the same feelings as I, that this situation should not occur.

To make a sad story happy, the department was ordered, I believe, by the minister, to repay all the money which it had

taken. This man had almost been ruined. His credit rating at the bank was gone. The money which was deemed as having to be paid almost put him into bankruptcy. He almost became a broken man wondering how he would help his sons to set up their farms. And, all those agonizing years are still to be remembered.

I ask the minister: Is there any place for such legislation in our country? I would like to see deemed income taken out of the act so such situations will never occur in Canada again.

Mrs. Mitchell: Mr. Chairman, I would like to speak about Bill C-54 as it applies to the tax policies which affect, in a rather negative way, housing prices in Canada today. In particular, I hope the minister and his government will explain how MURB tax write-offs, which are a part of this legislation, will help solve the housing prices faced by Canadians who are tenants, many of whom have no choice but to remain as tenants.

I would like to ask what steps the government plans to take in its taxation policy to slow down the spiralling costs of homes and to cool the excessive speculation which is taking place in cities like Vancouver and the other six cities in Canada which have zero vacancy. These speculators are exploiting the current housing situation. Finally, I hope to convince the Minister of Finance and his colleagues that, in view of high housing prices in Canada, which have been created largely by drastically high interest rates, action must be taken very soon to implement a national economic recovery program in the housing sector, a program which we in the NDP believe should be a top priority in economic and social planning in Canada.

● (2140)

Before I proceed with specific questions on Bill C-54 I should like to repeat what we believe must be the basic housing philosophy for Canadians. Instead of leasing from the private sector and being faced with the impossible housing crisis which we have today, we believe that decent, affordable shelter, whether rental or home ownership, is a basic need and right of all Canadians.

This means we must have government planning, and we must have it now. We hope most Canadians will be able to raise families in homes they own.

Contrary to the myth the Conservatives put out today, the NDP does not believe there are no property rights for Canadians. We believe very much that it would be highly desirable for most Canadians to own their own homes, not necessarily large luxurious homes on very large lots but at least homes with three bedrooms and outdoor space costing no more than 25 per cent of an individual's income. Unfortunately, we all know that under the present policies of the Liberal government and those of the former Conservative government, home ownership is only a dream for young people in Canada today.

Who can afford a downpayment, much less the exorbitant monthly payments caused by very high interest rates, which are now up to 15 per cent or 16 per cent on what have to be short-term mortgages these days? In the city I come from it takes not just two wage earners but three wage earners to begin to get enough money together to make the monthly payments. It also means, of course, that those who are making payments on homes will not own them in their lifetimes.

Many people who were trapped into short-term mortgages and AHOP-type mortgage plans have been faced with foreclosures or, in AHOP cases, people sometimes just walked away because they could not afford to keep up payments on renewed mortgages at the increased rates.

The only people in Canada who have any housing security are those lucky enough to own their homes outright. I should like to say that this is not the situation with high income families alone. I spoke about this in the House already today, and I also spent a good deal of time with people from Newfoundland, most of whom own their homes in the little fishing villages of the northern peninsula. It is a shocking indictment of the Liberal government, and in particular the minister responsible for CMHC, that the RRAP home repair program in those communities has been terminated without notice. Many of these people own their small cottages outright, and had repaired them as a hedge against inflation.

What has the government done for home owners, Mr. Chairman? Nothing very much since the last budget, certainly. Will the government intervene in the desperate economic situation that exists in many cities in an effort to de-escalate speculation in housing? Many times in this House I have given examples of what happens in the greater Vancouver region, which I represent. We also know that because of the housing shortage in cities like St. John's, Calgary and Vancouver, prices are escalating far beyond the real value of the homes. Every day I hear about a house bought in the morning and sold in the afternoon with a commission of sometimes as much as $15,000 going to a real estate agent, if the sale is in my city. We have asked the Minister of Finance to do something about this. We hope he will consider it as part of taxation policy. We think it is absolutely essential that steps be taken to de-escalate and control this form of speculation. It seems to us that the sensible course would be to increase the capital gains tax on homes other than primary residences from 50 to 100 per cent. People speculating in housing prices and who are exploiting the situation by reaping huge profits are putting the price of housing up every time there is a resale.

Just this week in the House I asked the minister to do something about this situation. He said that his answer, in the interest of brevity, was "no". He did not give any reason, so I hope he will give one tonight. As far as I can make out, he has not given consideration to some of the views of CMHC officials or those of the minister responsible for CMHC. It is absolutely essential that alternatives be offered so that there can be some control over this immoral speculation in housing.

I also asked the minister responsible for CMHC to assist with land-banking programs in municipalities. He could start today by granting some requests such as those made recently by the mayor of Vancouver and by using some of the funds left in the community service grants program. He has refused to accede to the request of the mayor of Vancouver for $15

million to establish a land-bank fund, saying he had to wait until a real estate conference was held in March before he could make any plans or a decision. Why do we have to wait for advice from real estate interests before getting on with the business of doing what is obviously essential, establishing a land bank or, preferably, a system of leasing public lands in order to provide affordable housing for Canadians?

I should like to present the NDP position on the taxation on capital gains, which we believe must be part of a housing strategy and part of a national economic program in the housing sector. In a research paper put out for our party, the section dealing with taxation of capital gains states that at present capital gains are taxed at only half the rate of other income, which is counter to the principle of tax equity—particularly since only the upper income groups are able to reduce their taxes payable in this way. The paper further states that Canada ranks lowest among OECD countries in its effective rate of tax on wealth.

In addition, of the capital gains reported to government in 1978, 52.8 per cent of the $2.3 billion capital gains reported by individuals was derived from profitable deals in real estate; 67.6 per cent of the $1.6 billion in capital gains reported by corporations was also derived from real estate.

We can see what a vastly important area the capital gains tax covers when it is related to the housing sector. The research paper continues by saying that since principal residences are exempt in any case, and since this system has made the few who can afford to be real estate speculators rich, while beggaring the rest of the citizens, who have increasingly had the doors to home ownership slammed in their faces, the government should change the capital gains tax to include all income derived from the sale of real estate. Of course, we believe very strongly that principal residences must be exempt from this kind of tax.

● (2150)

Mr. Chairman, "no" is not good enough for the people of Canada. It is certainly not good enough for this party. We want an explanation as to why the minister refuses to increase the capital gains tax. We want to know what alternatives, if any, he proposes in order to do something about this immoral speculation, which is putting the cost of housing beyond the reach of all young people today.

There is another taxation policy about which I have spoken many times in the House and which we strongly oppose as part of Bill C-54. I am referring to clause 20(13) of the regulations concerning MURBs and capital cost allowance. We all recognize there is a great need in most Canadian cities for more rental accommodation. No one would deny this. Affordable rental accommodation is especially needed for families, pensioners and other average and low-income people who cannot get into home ownership. They will never be able to be home owners. Statistics show that well over 50 per cent of Canadians will have no choice but to remain tenants for all of their lives. We have to have a realistic solution to the whole problem of affordable housing for tenants. People need housing at 25 per cent of their incomes, not at the 60 per cent level of their incomes, which is what many senior citizens and those on fixed incomes are paying today.

People need decent rental accommodation, not the kind of accommodation which many single people have, not the kind of accommodation people on low incomes in inner cities have, nor the dumpy hotels or rooming houses which are fire traps and infested with cockroaches. This kind of accommodation is a disgrace in a country like Canada. We should not put funds into tax write-offs, as proposed under the MURB system included in the minister's budget this year. We want the building of affordable rental accommodation. This can only be done through the kinds of non-profit programs which are essential and which should be supported by the federal government, by municipalities and provinces as well.

Instead, the federal government introduced MURBs, a direct response to real estate interests, developers and investors who want to make a quick buck out of the housing crisis. I want to quote from an article by Michael Valpy on this question. I know his research is very good because we helped him out ourselves. He said:

> At any rate, we got MURBs. MURBs are multiple-unit residential buildings (apartment buildings, in short) which wealthy people put up money to build.
>
> Here is a simple definition of how they work: Wealthy people put up money to build MURBs because of a tax provision that allows them to write off a percentage of the total costs of the building—not just the amount of money they invest in it—against their income.

That is the total cost of the building. The article continues:

> Thus a wealthy doctor or lawyer making $100,000 a year decides to build a $500,000 MURB. He invests a bit of his own and borrows the rest. Under the MURB provisions, he can write off four per cent of the total cost—or $25,000—each year against his income. Meaning he will only pay income tax on 75 per cent of what he earns.
>
> At the same time, the building appreciates in value, particularly if it is a high-rent, or luxury, building (which most MURBs are).

They are not affordable housing for the average or low-income people. Mr. Valpy's article continues:

> Then after a few years, the wealthy doctor or lawyer sells the MURB at a substantial profit (which a lot of them do), having made a good deal on both their investments and their tax shelters.
>
> In his budget speech, Mr. MacEachen called MURBs 'an important new initiative' as an 'incentive for the construction' of rental housing.

I wonder how he feels about it today.

Mr. Knowles: His face is red.

Mrs. Mitchell: Mr. Valpy goes on to say:

> In fact, it is hard to find evidence that MURBs have done anything more than benefit the well-to-do—those who build them and those who live in them. Few MURBs have been built for family housing or low-income housing. Family housing was demolished in Vancouver's Grandview district to make way for single and couple-occupancy apartments, many of them MURB-financed.
>
> Canada's foremost housing economist, Frank Clayton of Toronto, believes that the budget's MURB provision will do little to alleviate the shortage. The disincentives of high interest rates and rent controls will probably counteract the MURB dangled carrot.

In fact, they have. I understand very few investors are taking advantage of this program because the interest rates are so high. Mr. Valpy goes on to say:

In the face of those construction disincentives, co-operative and non-profit housing ventures appear a better vehicle but there was no help in the budget for them.

We find this is one of the main complaints we have about this bill being discussed in committee tonight.

In conclusion, we believe that to counteract the present problems a plan for an economic recovery in the housing field must include a lowering of interest rates so that construction of rental accommodation is stimulated and the cost of financing individual home ownership comes down into the real world. We want to revitalize CMHC, with direct lending powers to the public. We also want a greater emphasis by CMHC on non-profit and co-operative housing projects. I have asked the minister, who is sitting here tonight, why he cannot approach the banks to require them to invest the enormous profits they have made from high interest rates in a lending portfolio. This would bring down mortgage rates, and it could provide mortgage assistance to those Canadians earning under $35,000.

We also want restoration of the community services contribution program. This is very important if municipalities are to service land and buy up and preserve land for affordable housing. We think the government should allocate $250 million to this program. Of course, we believe there must be a direct leasing of serviced lots for housing on Crown lands. We believe that mortgage finance assistance is needed for low-income and average-income families. A much tougher capital gains tax is needed to end speculation in land, which causes even further housing price increases.

Mr. Gustafson: Mr. Chairman, it is a privilege for me to speak about Bill C-54. The basic problems which exist because of the Income Tax Act are such that they are having an effect on the economy, an effect on the small businessman and an effect on farmers, all of which are counterproductive. This is the same type of effect government policy has on the oil industry today. In Saskatchewan, the oil industry is flat on its back, and I mean it is flat on its back. There are hundreds of people out of work. Yet, the Minister of Employment and Immigration comes to Saskatchewan and announces $4 million of taxpayers' money is to be allocated to give people jobs to provide service which is not needed.

As I have only one minute, I will deal with the topic of capital gains taxes as they apply to farms. The minister and the government told farmers the valuation day would be changed from December 31, 1971, to 1974. To date this has not been done. Many farmers are having very serious problems transferring their farms from one generation to another because of the capital gains provision.

This government, it seems, is saying that that is not its concern.

Progress reported.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

REGULATORY REFORM—TASK FORCE REPORT—STATUS OF RECOMMENDATIONS

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, on January 19 I asked the President of the Treasury Board (Mr. Johnston) for a statement with regard to what had been done about the special task force report on regulatory reform. For six months a small group of members of Parliament, on a non-partisan basis, together with an excellent staff, worked extremely hard to prepare a report that would aid the government in attempting to get a handle on those who make regulations, the process of making regulations and other possibilities to simplify the process and eliminate some of the difficulties of the private sector in dealing with bureaucrats.

What kind of answer did I get? I got an answer that answered nothing. The President of the Treasury Board said, among other things, that the report was not gathering dust, that the government was looking it over and that in the area of reform of regulatory process things were being considered. I must say it was a very equivocal answer. He said, in effect, that it is being considered.

I rise to speak tonight because the guts of the report, the important recommendations, were not even referred to in the minister's answer. I might add that I looked very diligently at his speech in Toronto last Thursday to the advisory committee of the Canadian Manufacturers' Association, and again there was a vast wasteland of silence on the most important recommendation of the report. That is why I rise to expand on the question and hopefully to get specific information, not baffle-gab or platitudes signifying promises but no commitment from the government.

I must say that in the field of regulations and reform, the enemy is not the government nor those with ministerial responsibilities, not the Liberals, Progressive Conservatives or the NDP, but the bureaucratic system itself, the mandarins with the power to delay, the bureaucrats with the ability to mislead and persuade otherwise and a cobwebbed, built-in inertia that frustrates all members of Parliament.

My question is in relation to the recommendations in the report dealing with a special parliamentary committee to oversee the work of reform in the regulatory process. Recommendations Nos. 18 and 19 read as follows:

We recommend that a special committee on government regulation be established to function until required parliamentary reforms are implemented. We recommend that the special committee on government regulation monitor the government's process in implementing regulatory reform and oversee the regulatory activities and processes of federal departments and agencies.

That is the guts of the report, a committee on a non-partisan basis to call before it bureaucrats to explain their actions, not two years down the road as is the case with public accounts, but now, immediately, a committee not only to watchdog the bureaucrats but also to serve as a burr under a minister's saddle to ensure that things get done, not delayed, waylaid or forgotten. Such a committee also serves the very useful purpose of giving the private sector a place to complain about arrogant decisions by bureaucrats. As it now stands, those who make judgments judge themselves. Is it not about time Parliament had just a little bit of its power to control government returned and asked in a proper forum for detailed answers to questions involving the control of the civil service in its regulatory functions?

The minister's answer did not deal with this vital recommendation of the report. I can only say that if the government intends to keep the whole process of regulatory reform within the secret cocoon of the minister's office and if it is this government's intention to hide the facts from Parliament and to attempt the clean-up in privacy without parliamentary authority and responsibility being considered, then it surely is another black mark on an already tarnished government that prefers to do in secret that which should be done publicly in the parliamentary tradition.

● (2205)

May I have a response to the specific question as to the government's intention with respect to an open policy and allowing parliamentary sunlight into the process, or, as implied by the silence of the President of the Treasury Board, is the process to be carried on secretly and subject to the inertia of the bureaucrats?

Parliament needs answers. Will the government immediately set up such a parliamentary committee, as the report suggests? Will the government allow Parliament to act as a watchdog, as it should? Those are the questions; may I have answers?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, may I just outline at the beginning the hon. member's concerns because I understand he was a member of the task force on regulatory reform. The minister wants to point out that on January 9, which was only two and a half weeks after the report of the committee was tabled, he wrote to his cabinet colleagues identifying a number of specific initiatives in the regulatory field which he suggested be the government's focus for reform during the next 18 months. His role is going to be co-ordinator for the government in order to encourage ministers and their officials to consider regulatory change and to support them in their efforts.

The first aspect of his work program, housecleaning of existing legislation and regulations, is an area in which the minister hopes rapid progress can be made. The first intent is to eliminate unused and ineffective legislation. A bill is now being prepared to repeal obsolete federal legislation, a bill the minister expects to be able to introduce in the near future. He further urges his colleagues to review and to put forward proposals for legislative rationalization.

The second and very important aspect of our work program, improving the process of regulation, is developed in our work program by a number of specific projects, including looking at the feasibility of an advance notice system, such as a regulatory agenda, applying the principles underlying the SEIA program whenever new regulations are being proposed, finding ways in which federal departments and agencies can improve their evaluation of regulatory programs within the present program evaluation procedures, etc. The consensus process and self-regulation as alternatives to regulation, placing greater emphasis on service to the public and on the relationships between government and its clientele, and implementing proposals already approved by cabinet and designed to reduce the paper burden imposed by federal requirements for records retention are also included.

The special committee placed considerable emphasis on the role of Parliament in the regulatory process. As my colleague, the President of the Privy Council (Mr. Pinard), indicated in the House earlier this month, parliamentary reform is viewed by the government as a very important matter, and work on proposals that might be placed before members is now under way. The advice and suggestions of the special committee are being examined very closely, and I expect as well that every member of Parliament will want at some time to review the ideas presented.

With respect to the third aspect of our work program, selective deregulation, the government will be aided by the final recommendations of the Economic Council of Canada's report, now expected in late spring. Pending receipt of the council's recommendations, I believe there is much that can be done to improve the regulatory process.

In conclusion, I believe the government has moved with great rapidity to follow up on the special advice of the committee on regulatory reform. I hope I can look forward to continuing support from both sides of this House in the implementation of these initiatives. Thank you.

CANADIAN NATIONAL RAILWAYS—INVESTMENT IN FOREIGN SHIPPING GROUP

Mr. Howard Crosby (Halifax West): Mr. Speaker, on January 15, 1981, I asked the Minister of Transport (Mr. Pepin) to explain the involvement of the Canadian National Railways with the CAST shipping group. In 1980 the minister revealed that the CNR, with the approval and concurrence of the Government of Canada, invested $50 million in the CAST group.

CAST operates a north Atlantic container fleet and a container terminal at the port of Montreal. These Canadian public funds will be used by CAST to assist in financing the construction of six new container ships, to expand the Canadian container terminal in Montreal and to acquire equipment and services related to the transporting of containerized cargo. According to the Montreal *Gazette* the CAST group, with the

assistance of the CNR, will double its vessel capacity and its terminal facilities at the port of Montreal.

● (2210)

My general concern is that CNR's involvement with the CAST shipping group may well have an adverse effect on Atlantic ports, particularly the ports of Halifax and Saint John, and yet contribute very little to the Canadian economy or to marine transportation in Canada.

Let me point out some special concerns which may arise from CNR's direct involvement in CAST operations in the port of Montreal. First of all, let us consider the ownership of CAST. CAST is operated by Euro-Canadian Shipholdings Limited of Bermuda. Sixty-one per cent of the shares of that company are held by Dolphin Investments Limited, and that company is under the effective control of Frank Narby, a Canadian residing in Europe. Only 18 per cent of the shares of Euro-Canadian Shipholdings Limited are owned by CNR, leaving the operation of CAST in the hands of foreign persons.

The construction of the six container ships involved in the expansion program will take place in Yugoslavia and South Korea at an expenditure of approximately $180 million, so that this expenditure will not result in any jobs for Canadians or any real advantage to the Canadian economy.

An additional point is that the doubling of the container traffic on the North American routes is not anticipated over the next three or four years of CAST's expansion, so that in order to live up to its new capacity, CAST will have to rob traffic from other container carriers, in particular the container carriers which serve the ports of Halifax and Saint John and go on to serve other ports on the Atlantic coast.

My major concern is the welfare of the port of Halifax. Marine transportation is a viable and important industry in the province of Nova Scotia, providing millions of dollars in supplies and services and providing employment for a large number of persons. It is said that in the Halifax area one out of seven jobs can be attributed to marine transportation and to the operation of the port of Halifax. The port of Halifax, in terms of its magnitude of operation, handled in 1979, 2.1 million tonnes of cargo, and this would involve, in terms of container traffic, approximately 200,000 containers. Container traffic was down 7 per cent in 1980, although the port manager hopes it will increase in 1981.

In addition to container cargo, the port of Halifax handles a large amount of general cargo. The auto port operates a very effective and efficient system for transporting automobiles. In 1980 it handled approximately 79,000 vehicles. The port of Montreal in the last completed year, 1980, experienced an 11 per cent increase in container traffic. That would lead one to conclude that perhaps the port of Montreal is getting some special advantages in the container field.

What we want on the east coast and what we want for the port of Halifax is fair treatment from the government departments and agencies involved in marine transportation. We have in Halifax a new container facility coming on stream in 1982. That is the Fairview Cove container pier, and we look forward to a substantial increase in the container traffic in order to utilize the facilities which will be available at that pier. That kind of expansion cannot take place if we do not get fair treatment from the Canadian National Railways, which is the major source and recourse for land traffic from the container pier facility now in place in the port of Halifax and which will be the land transportation source for the new Fairview Cove container pier.

We believe the CNR has taken a dangerous step in its direct involvement with the CAST operation, and we believe that such a step should not be taken without a full and public inquiry and review being carried out on the relationship of CNR and international marine transportation corporations. There is a great danger that conflict of interest will occur and that CNR might be inclined to favour operators such as CAST over operators who have served ports like Halifax and Saint John.

● (2215)

In addition, there is the danger that difficulties will develop with the good relations which now exist between the east coast Canadian ports and the ports on the east coast of the United States.

Other factors could be mentioned, particularly the benefits received by the port of Montreal through the Government of Canada in relation to ice-breaking activities, which amount to millions and millions of dollars annually. So, we must be very careful in dealing and tampering with the subtle fabric of our marine transportation system.

It is my concern and interest to bring to the attention of the House the particular involvement of the CNR with the CAST shipping group and to inquire of the minister how he explains this involvement. I ask for his assurance that it will not have an adverse effect upon the port of Halifax and other east coast ports.

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I congratulate the hon. member for his interest in and commitment to the port of Halifax, but the question he posed to the Minister of Transport (Mr. Pepin) really deals with the rationale behind CAST's plans for expansion and CN's involvement in this venture. It does not concern the development of the harbour of Montreal or the harbour of Halifax.

According to Mr. Frank Narby, the head of the CAST group, CAST expects the competition for container traffic on the north Atlantic to be greatly intensified in the coming years. By using bigger ships burning low-grade bunker oil and offering door-to-door service at attractive prices, CAST expects to meet the competition and increase its share of the market. CAST's unique service, combined with its experienced mangagement, puts it in a very strong competitive position.

[*Translation*]

Mr. Speaker, CAST intends to expand its container transport operations by increasing exports of U.S. coal, and as was mentioned by the hon. member, not six but eight freighters for

bulk products transportation have been bought for that purpose, and the Quebec City harbour will become a transfer port for this coal.

[*English*]

CN's participation in the CAST group in the past has provided a healthy return on its investment. It has also given CN a considerable share of Canada's container traffic—I suppose Halifax has benefited from it—and is helping CN to develop into a dynamic and fully integrated transportation company. Its recent investments are fully expected to reinforce this position.

[*Translation*]

Furthermore, Mr. Speaker, the CAST expansion project will also mean direct and indirect benefits for the port of Montreal. The hon. member seems to be complaining, but when it suits the port of Halifax, of course it does not suit the port of Montreal and vice versa. In this instance this can help the port of Montreal harbour, and a study by the National Harbours Commission has estimated the impact to be some $56.6 million. The first tangible result, of course, will be the lease of 22 acres of land in the eastern part of the port of Montreal.

[*English*]

So, if CN through its investment in CAST is contributing to shipbuilding employment in some other countries, it is also clearly creating job opportunities in Canada.

The government is concerned about this problem. It has requested CN to report back every six months on the status of its involvement so as to keep the matter under continuous review.

WORLD HEALTH ORGANIZATION—CANADIAN POSITION ON INFANT FORMULA FOR THIRD WORLD COUNTRIES

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, recently I asked a question of the Minister of National Health and Welfare (Miss Bégin) concerning Canada's preference for mere recommendations as opposed to regulations in its work at the World Health Organization on an international code of marketing of breast milk substitutes.

● (2220)

My concern was, and is, that Canada is abandoning whatever pretence it has to friendship with the peoples of developing countries and is becoming a mouthpiece for the interests and the ethos of multinational food corporations. The minister's assurances in the House that she is as concerned about Third World children as she is about Canadian children and that the government is as committed to fighting poverty overseas as it is here in Canada would be humorous, if they were not also frightening. I say this considering the lethargy which the minister has displayed in doing anything other than posturing about the recommendations of the Commission on the Year of the Child here in Canada.

Her answer subsequently to me in a letter takes the tack of claiming that the federal government must argue for recommendations only because to argue for regulations would impinge on provincial jurisdiction. This is a complete abdication of Canada's international responsibilities as a nation. It is a shameful cop-out.

Babies the world over are dying; this is the reality of the matter. They are dying because of the misplaced trust which our civilization puts in technological means over and above the natural way which is available to mothers, regardless of their economic status and regardless of their water supply, and is also because of the further corruption of this over-emphasis on professional care by the global profit-seeking of multinational corporations.

Other industrialized countries such as Sweden and Switzerland have been willing to support a strong code. Why not Canada? Is it because we, too, have Third World conditions in our own backyard which give rise to exploitation? If so, we would therefore have to stand up to the multinationals here, as well as in Burma or Nigeria, were we to adopt a strict code. No doubt this is part of it. That leads me to the unhappy conclusion that contrary to the minister's usual self-righteous effusions, we do not have just a case of callousness here but also a case of cowardice.

When I first asked this question, I did so because at the time the World Health Assembly executive was meeting in Geneva to formulate policy recommendations to be made to the meeting of the 34th assembly of the World Health Organization in May of 1981. In the House, and in a subsequent letter, the minister claimed, and rightly so—at least in terms of chronology—that she could not tell me exactly what the latest developments were with regard to Canada's position. She could not tell me whether or not it was, in fact, to be changed from supporting recommendations to supporting regulations.

Given that the meeting in Geneva ends tomorrow and that therefore, presumably, this matter has been discussed in Geneva, I wonder if the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Frith) in addition to the prepared statement he no doubt has ready to read to us might also be able to comment on whether or not the lamentable position of Canada in this regard has been changed and whether or not, as a result of representations made to the government, the health department took a different stand in Geneva and Canadians might now have cause to feel that once again they are on the side of mothers and children in the Third World and not on the side of corporations like Nestlé.

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I suppose I should begin my response to the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) by pointing out to him that the government is far from being a defender of large multinationals. Contrary to the way he feels that the minister has answered his question previously in the House, in my view the minister has consistently stated that her viewpoint and that of the department is that breast feeding is the superior method, if you will, of feeding children. Her position has never been one

of defending the widespread use of infant formulation in the Third World.

Notwithstanding that, it is a fact of life that infant formulas have become a way of life in too many Third World countries. Indeed, as the hon. member points out, it has created some problems. From the standpoint of the children's health particularly, largely because of the need for a source of potable water to mix with the infant formula, a number of children become quite sick. I expect there could probably be a good case made that many babies have died as a result of the use of infant formulas in the Third World.

● (2225)

The World Health Organization executive board is meeting this week in Geneva, and it hopes to make a recommendation or a regulation with respect to a code which will be applied to the use of different formulations in the Third World. If a decision is reached, then the matter should be ratified by the World Health Assembly some time in 1981.

The way in which United Nations organizations such as the World Health Organization establish their groups and go about their discussions, one might argue that it should be a registered art form. It is quite clear to me that the Canadian delegation has been consistent in its attempts to come up with a recommendation which will be adopted by the widest number of countries in the world. This is the position taken by the government, that it take the form of a recommendation which carries significant moral and political weight and which constitutes the judgment of the collective membership of the organization.

What is being contemplated is a draft recommendation in very precise terms so as to avoid controversy at the time of implementation, thereby allowing it to be put into effect immediately in the greatest number of countries possible. I believe that this is a goal which is shared by both sides of this House. This recommendation will be consistent with the promotion of the health of all children and will be acceptable to the governments of the provinces, the people of Canada and the Government of Canada.

That in a nutshell is the position taken by the Canadian government at Geneva this week. I thope it will lead to the implementation of a code which will decrease the number of deaths which occur as the result of the use of infant formulations in the Third World.

[*Translation*]

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, January 28, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

NATURAL RESOURCES

STATEMENT BY MINISTER ON RESOURCE OWNERSHIP—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise under the provisions of Standing Order 43 to propose a motion of urgent and pressing importance. Last weekend in Bonnyville, Alberta, the Minister of Energy, Mines and Resources (Mr. Lalonde) said, "Provinces don't own resources like you own your home . . . and provinces don't own the resources the way Libya and Saudi Arabia own theirs."

In view of this statement I move, seconded by the hon. member for Durham-Northumberland (Mr. Lawrence):

That the hon. Minister of Energy, Mines and Resources be required to make a statement on motions immediately, clarifying his new definition of resource ownership, which is clearly contrary to the constitutional pledge recognizing that natural resources belong to the provinces as set out in sections 92 and 109 of the British North America Act.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

EXCISE TAX ON NATURAL GAS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The excise tax on natural gas will increase the cost of heat and fertilizer to farmers, thereby increasing the cost of food to all consumers. This price increase will find its way into almost every segment of Canadian industry, increasing unemployment and inflation. Therefore I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House urges the government to eliminate the excise tax on natural gas from its national energy policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

UNITED STATES AID TO EL SALVADOR—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, considering the increasing number of violent deaths in El Salvador caused by the current policies of the governing junta, and considering recent increases in United States military aid to El Salvador, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That when the Secretary of State for External Affairs meets with General Haig in Washington this week he seeks a commitment from the American government to live up to its previously-established commitment to stop shipping lethal arms to El Salvador or involving itself in the internal affairs of any other nation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EDUCATION

POST-SECONDARY EDUCATION FINANCING—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43. The cabinet social development committee apparently has before it a proposal to cut some $1.5 billion from the $3 billion the federal government transfers to the provinces under the established programs financing arrangement to help pay the operating costs of post-secondary education institutions across Canada. I move, seconded by the hon. member for Peterborough (Mr. Domm):

That the government launch, in concert with the provinces, the universities and colleges, a full-fledged review of post-secondary education financing in Canada before it introduces drastic changes in the education component of the established programs financing arrangement.

Madam Speaker: Is there unanimous consent for this motion?

S.O. 43

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

IRAN—RESUMPTION OF DIPLOMATIC RELATIONS—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that many Canadian firms and many Canadian citizens have lost considerable amounts of money and assets as a result of political unrest in Iran, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That if and when the Canadian government decides to resume diplomatic and economic ties with Iran, the settlement of these accounts be one prerequisite to the resumption of our relations with this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

RIGHT OF EMPLOYEES TO STRIKE—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise under the provisions of Standing Order 43. Treasury Board has been rapped on the knuckles by the Public Service Staff Relations Board for attempting unilaterally to designate 1,800 of the 2,100 air traffic controllers as essential to the safety and security of the public, thereby in effect depriving them of the right to strike, despite the fact that under section 79 of the Public Service Staff Relations Act it is not Treasury Board but the Public Service Staff Relations Board which is empowered to make decisions regarding the designation of employees. Since this is only one of the many actions taken against public servants by the President of the Treasury Board (Mr. Johnston), I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That this House condemns this dangerous trend of the government to encroach upon the authority of its own agencies; that this House condemns the federal government for attempting to remove the right to strike from public servants; that this House condemns the President of the Treasury Board for his continuous harassment of public servants at chambers of commerce meetings and through the media; and that this House recommends that the President of the Treasury Board seek to promote good will with government employees by initiating open and frank discussions with union leaders and by negotiating in good faith.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1410)

MUNICIPAL AFFAIRS

COMMUNITY SERVICES CONTRIBUTION PROGRAM—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, I rise under the provisions of Standing Order 43. Having received protests from all over Simcoe county, I wish to prevail upon the government to reinstate the beneficial community services contribution program which permits municipalities to undertake necessary public works projects, alleviating the tax burden on local taxpayers. I move, seconded by the hon. member for Erie (Mr. Fretz):

That the government reconsider its decision to terminate the community services contribution program and take the necessary steps to implement a lengthy continuation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

CALL FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. It is costing Canadian taxpayers $12 million daily to import foreign oil, an increase of $6 million daily since January, 1980, which is creating jobs and great wealth in OPEC countries. Therefore I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That this House instruct the government to withdraw its energy policy, which is counterproductive to Canada's becoming energy self-sufficient, and that it revert to the energy policy outlined in the PC budget, which would make Canada self-sufficient, encourage investment in Canada, keep Canadian oil companies from moving to the United States and put a halt to the exodus of millions of dollars leaving the country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PENSIONS

PROTECTION FOR RAILWAY PENSIONERS—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, particularly for retired railway workers. In view of the fact that any increase under the pension plan administered by the Canadian National Railways to its pensioners is administered on an ad hoc basis and in an irregular fashion, offering the least protection to pensioners who retired before 1973; in view of the fact that pensioners under the plan administered by the Canadian Pacific Railway received even less assistance than those under the CNR plan; and in view of the fact that few of the worth-while recommendations first enunciated four years ago in the Hall report have been implemented, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House urge the Minister of Transport and the Minister of Labour to contact officials of the CNR and CPR, and also urge those unions which represent retired railway workers to lobby aggressively on their behalf, with the over-all purpose of ensuring more adequate protection for those pensioners who have little protection from the ravages imposed by an ever-increasing cost of living.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

POLICING SERVICES IN PROVINCES—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the senior assistant deputy minister in the Solicitor General's department last week threatened the eight provincial governments with RCMP contracts that unless the provinces agreed to a contract with the federal government the government would go ahead and charge the new rates anyway; and in view of the fact that these rates represent an increase of over 100 per cent in some cases and are an intolerable raid on provincial and municipal treasuries, I move, seconded by the hon. member for Nunatsiaq (Mr. Ittinuar):

That this House urge the Solicitor General to end his policy of confrontation tactics with the provinces on RCMP contract negotiations, make a far more equitable proposal to the provinces and municipalities on costs, and particularly on accountability of the RCMP to the provincial attorneys general, and stop taking actions which may very well threaten the break-up of the RCMP in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FEDERAL-PROVINCIAL RELATIONS

TRANSFERS AND EQUALIZATION PAYMENTS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise on a matter which might find agreement on all sides of the House. The present agreement between the federal government and the provinces with regard to equalization expires on March 31, 1982. The agreement must be written and it is essential that Parliament be involved in this process. Therefore I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House does direct the President of the Privy Council to create a task force of seven members of Parliament to investigate on behalf of this House all transfers and equalization arrangements between the federal government, the provinces and the territories, so that an equitable arrangement for sharing revenue can be determined without confrontation prior to the expiry date of the existing agreement.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

ALLEGED ADVERSE EFFECT ON ECONOMY

Mr. Len. Gustafson (Assiniboia): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The economic situation in Canada is a very serious one at this time, as the minister knows. Will the minister take the necessary steps to give oil production first priority so that the economic picture in Canada may be strengthened? The minister's policies are driving out the industry—oil rigs, expertise and capital—to the United States. Is the minister aware that his policy is having an adverse effect on the whole economy of Canada, turning us into a nation which is begging for oil rather than a leading nation in the industry?

● (1415)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as of January 20 there were in Canada 532 active rigs compared to 496 on January 22, 1980, one year ago. In effect, drilling activity has been maintained at an appreciably higher level than during the same period in 1980. The petroleum industry is a very fundamental industry. The position of the government is stated in the Speech from the Throne and in "The National Energy Program", and is that the energy sector should be the motor or main engine of the Canadian economy in the 1980s. This is the position of the government, and that is why we have put forward an energy

program which will ensure that this industry remains a leader in progress in Canada.

Mr. Gustafson: Madam Speaker, the minister continues to deny that oil rigs are leaving and that the industry in western Canada is being seriously affected by government policy. Yet it was stated in the news today that Saskoil is preparing to explore in Williston, North Dakota. Oil rigs are lining up at the border, yet the minister continues to deny the fact in the House. Will the minister take the necessary steps to redirect Canada's energy policy and see that the economic development of the nation does not become a foreign aid program of the United States?

Mr. Lalonde: Madam Speaker, the hon. member contends that oil rigs are leaving the country. As of the last count by *Oilweek* magazine, 36 more rigs are in operation in Canada at this time than at this time last year. Thirty-six is the difference between 532 and 496. So the gloom and doom picture which the hon. member is trying to paint does not seem to be supported by the facts.

Mr. Gustafson: Madam Speaker, the minister is aware of the fact that Canada has one of the finest oil fleets in the world, that many rigs have been built in the last year and that seven rigs have left the Estevan area alone. The picture is the same all across western Canada. Does the minister want to turn towns in Saskatchewan, such as Estevan, Weyburn and Lloydminster, into ghost towns through the economic direction he is imposing on this country?

Mr. Lalonde: Madam Speaker, the executive director of the oilwell drilling association stated last October, well before the budget and well before the National Energy Program, that it expected a 30 per cent reduction in wells being drilled in 1981.

Mr. Clark: He saw you coming.

Mr. Lalonde: That projection was completely independent of the influence of the budget, and based on an expected surplus in natural gas in the country at this time. The National Energy Program foresees a very substantial increase in revenue going to the industry and to the government of Saskatchewan over the next four years. If the hon. member cares to check the figures, he will find that the amount of money going to the government of Saskatchewan and to the industry under the energy program over the next four years is substantially higher than the last four years. There will be plenty of money for the industry to do the job it must do.

● (1420)

Finally, I should like to say that I had a very worth-while, fruitful and constructive meeting with my colleague, the Saskatchewan minister of energy two days ago.

An hon. Member: He told you to leave the province.

NORTHERN PIPELINES

ALASKA HIGHWAY GAS PIPELINE—FINANCING OF PROJECT

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, if it is true that figures do not lie, there must be some liars around who can figure.

Some hon. Members: Oh, oh!

Mr. Oberle: What the minister has just said certainly does not correspond with the true situation in western Canada. My question is also directed to the Minister of Energy, Mines and Resources, Madam Speaker, and it is in reference to some comments attributed to him yesterday by the press which he apparently made outside the House with respect to the Alaska highway natural gas pipeline. The minister is quoted as saying that the United States administration is completely committed to the $22 billion project. The minister draws his conclusion from a telephone call he received from the new energy secretary in Washington, who said there is strong support for the pipeline in the new administration. Naturally, we on this side of the House would have liked—

Madam Speaker: Order, please. Does the hon. member have a question?

Mr. Oberle: My question to the minister, therefore, is whether it is the intention of the new administration in Washington to issue something that comes closer to the ironclad guarantees that the minister was so anxious about earlier, or was it that the energy secretary called with respect to the new administration's intention to renegotiate and review the pipeline treaty that we have with the United States?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member is misinformed. Secretary Edwards did not call; I called Secretary Edwards to congratulate him on his appointment and to assure him of the co-operation of the Government of Canada with the government of the United States in the energy field. I must say we had a very worth-while and fruitful discussion over the phone.

Mr. Clark: Did he thank you for the rigs?

Mr. Lalonde: We agreed that we should meet eventually, either in Ottawa or in Washington, to pursue further a number of files that are currently active between Canada and the United States in the energy field.

I raised with the energy secretary the question of the Alaska gas pipeline as one to which this government attaches a very high priority. He confirmed that, as far as the Reagan administration is concerned, this pipeline is also of the highest priority and that he will make sure that all the commitments given by Congress under the previous administration and by the previous administration will be fully implemented.

Mr. Nielsen: Have you got that in writing?

Mr. Oberle: A supplementary question, Madam Speaker. We know that the previous commitments were of a more minimum standard rather than the ironclad guarantees that the minister had previously insisted upon.

I apologize to the minister. I do not know; I am only taking my information from the press and I did not know who initiated the phone call.

Is it the intention of the minister now to insist on having from the administration certain guarantees in writing commensurate with the pipeline agreement or pipeline treaty that we have with the United States? Is he going to insist that these guarantees be issued in writing?

Mr. Lalonde: Madam Speaker, the hon. member arrives very late in the game indeed. There have been very, very significant developments in the last six months between the parties concerned. The Northern Pipeline Agency, which is responsible for the construction of the pipeline, has been in regular contact and discussion with the parties concerned in the United States, the private sector as well as the energy department. Those discussions indicate that a great deal of progress has been accomplished in the full implementation of this project. There is no need for additional guarantees; the project is proceeding extremely well.

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VETERANS AFFAIRS

PENSION ENTITLEMENT OF RCAF VETERAN

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is directed to the Acting Minister of Veterans Affairs. I would appreciate it if the Minister of National Health and Welfare would listen as well, but I see she has left the chamber for a moment.

Mr. Bjarnie Paulson, an RCAF veteran of the Korean war, suffered tragically for 15 years from cancer all over his body which he attributes to his participation in the clean-up operation at Chalk River in 1958. Mr. Paulson has previously been denied a veteran's pension. Further, he was sworn to secrecy upon his retirement from the forces, and records, even to admitting his presence at Chalk River at that time, apparently have disappeared or have been expunged. As if multiple cancer were not enough, Mr. Paulson as well has had a long and bitter fight with the pension board.

Since his application for pension entitlement is now currently before the board, will the minister assure the House that this time his application will be treated promptly, thoroughly and compassionately?

● (1425)

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, we always try to show compassion and fairness on questions of veterans' pensions. However, I would like to remind the hon. gentleman that the pension commission is an independent body. It is very seldom that we get involved, politically or otherwise. Nevertheless, I will take this subject to the president of the pension commission to make sure that everything is being done to treat this veteran with all the fairness and compassion he deserves.

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HEALTH AND SAFETY

PROTECTION OF WORKERS EXPOSED TO RADIATION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my supplementary question is for the Minister of National Health and Welfare. There were an estimated 600 military and non-military personnel involved in the 1952 and 1958 Chalk River accident clean-up operations. The Department of Veterans Affairs has released the names of 50 RCAF members involved. Of eight known civil defence workers who were participating in the clean-up, four have cancer, yet so far Atomic Energy of Canada Limited has refused to release any records of the personnel working at Chalk River at the time of the accident.

Since medical science is only now beginning to learn about the serious effects of long-term, low-level alpha radiation, will the minister of health insist that AECL turn over all pertinent records to the Department of National Health and Welfare? Will the minister instruct her department to begin a long-term medical study of all those people who were involved in Chalk River at that time, not only to protect them but to protect today's uranium miners and reactor station workers?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I am not sure that the procedure proposed by the hon. member with regard to the Chalk River workers and the confidentiality of their medical records is quite appropriate. But I will discuss the matter with my officials and make sure that, if an epidemiological study is required on the workers, it will be done either by the institutions making the request or by contract.

[*English*]

Mr. Rose: Madam Speaker, I understand the minister's concerns about the confidentiality of the medical records. I think permission could be given by those affected if we knew their names. I am not asking for the records to be released to the public but only to the minister's own department.

* * *

NUCLEAR DEVELOPMENT

CALL FOR PUBLIC INQUIRY

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, yesterday in the province of Ontario there was a major announcement concerning the expansion of nuclear energy in Canada. Since at the moment there is no safe way known to dispose of nuclear waste, and since it is estimated that Ontario

has an overcapacity of some 4,000 megawatts expected to last until the year 2000, will the Minister of Energy, Mines and Resources—who is busily engaged now—reconsider his internal departmental review of the whole nuclear question and instead recommend a full public inquiry, so that if Canadians are going to be committed to a radioactive future, at least they will have the opportunity to understand why?

Miss MacDonald: You should have stuck with a good government.

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I remind the hon. member that there are many studies and royal commissions under way in the various provinces. Saskatchewan had one, Ontario also conducted studies as well as British Columbia, and the Canadian government also published a number of documents on this matter. We are in fact doing an internal review of this question and I intend to make public as soon as possible the studies and the documents available to allow the public to react and to give us feedback on the various questions studied within my department. So I can assure the hon. member that the public in general and those concerned will have the opportunity to make their views known to the government and to the public if they so wish, and it is not my intention to keep secret, hidden or confidential the studies prepared in my department.

* * *

● (1430)

[*English*]

ADVISORY COUNCIL ON THE STATUS OF WOMEN

REQUEST FOR TABLING OF EXECUTIVE COMMITTEE AFFIDAVIT

Mr. Walter McLean (Waterloo): Madam Speaker, my question is for the minister responsible for the status of women. On Monday the minister told the House that he was prepared to ask the members of the executive committee of the Advisory Council on the Status of Women for a copy of an affidavit to which he had referred and upon which he placed very considerable reliance in the position he has taken in the conflict between him and Doris Anderson. Has he now obtained that affidavit and is he prepared to table it? If not, is it because the affidavit will not bear out the charges he has made?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I have written to the members of the executive committee asking their permission to submit that affidavit. I have not yet received a reply.

Mr. McLean: Madam Speaker, the minister was certain that the executive committee minutes misrepresented the facts, even though he admitted he had not read those minutes. In light of the ongoing discussions, is he now willing to offer an apology to Miss Shelley-Ann Clark, the secretary, for slurring her professional competence, or is he going to hide under the immunity offered by this House?

Mr. Axworthy: Madam Speaker, I am not hiding behind any immunity. I simply go on the statement I made, which is that the five members who were party to that meeting have signed an affidavit suggesting that the minutes are not accurate. That is all I reported to this House; I made no further comment. I have not read the minutes. I still stand by that statement. If the members of the executive committee are prepared to release that affidavit and make it public, that is entirely their choice and decision to make. I abide by my statement, which is that I have requested them to do so.

* * *

CANADIAN ARMED FORCES

TESTING OF CHEMICAL DEFOLIANT AT CFB GAGETOWN

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is for the Minister of National Defence. The minister has indicated that 11 military and two civilian personnel were involved in the use of Agent Orange in the 1966 defoliation operation at Canadian Forces Base Gagetown and that he is prepared to co-operate with the New Brunswick minister of health in dealing with the matter. For further clarity, I would like to ask the minister this. Has the minister initiated measures to identify all persons, military and civilian, who may have been exposed to a health hazard as a result of the use of Agent Orange or any other toxic substance at CFB Gagetown in 1966 or since then? Is he prepared to offer remedial assistance to anyone who establishes that he or she has been injured as a result of such testing?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I can well understand the concern of the hon. member for York-Sunbury, considering that Gagetown is in his riding. He may not be concerned about the spraying action which took place, but rather about the way the question was raised by two NDP members, which needlessly and without reason alarmed the population in that area. I can assure the hon. member for York-Sunbury that at the moment there is no reason to believe there is any health hazard as a result of that spraying. I can further assure the hon. member of full collaboration of myself, the Minister of National Health and Welfare and the New Brunswick health minister. As far as identifying those who may have actually been exposed to this spraying is concerned, we are prepared to contact them to see what happened and have a full inquiry.

* * *

HAZARDOUS SUBSTANCES

CARRIAGE BY RAIL—POSSIBLE LEGISLATION TO LIMIT LIABILITY

Hon. J. Robert Howie (York-Sunbury): I thank the minister for his answer. I wish to direct a question to the Minister of

Transport on a related matter, the transportation of dangerous substances. I apologize for having been unable to give him notice. Has the minister received a request from Canadian National Railways or CP Rail seeking legislation to limit the liability of these multimillion dollar corporations for any damage suffered by Canadians as third parties resulting from the transportation of dangerous goods? What is the limit being sought, and what is the minister's response to this inquiry?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not aware of any formal request to that effect. I remember speaking with the president of CN about the fact that they now carry a very high level of insurance for material such as the hon. member has in mind. The railways are insured. As to whether they have asked for a limitation of liability, I will look into that and give the hon. member an answer at the earliest opportunity.

* * *

CANADA LABOUR CODE

PROTECTION OF URANIUM MINERS

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I have a question for the Minister of Labour.

Early last week three of my NDP colleagues and myself met with officials of the United Steelworkers and some 50 uranium miners at Elliot Lake, Ontario. These workers are angry. They told us, and we agree, that the government's referencing last May of Ontario bill 70 into part IV of the Canada Labour Code has been a total bungle, a botch-up. Uranium miners in Elliot Lake and throughout Canada are now left surrounded and jeopardized by a jurisdictional no man's land which leaves them entirely without protection from the very real and hazardous dangers of that industry.

What action is now being taken to protect the safety and health of these miners, as promised by the Minister of Justice in reply to the hon. member for Brant on December 16 of last year?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I thank the hon. member for his question. I assure him that the reports he has received are not accurate. The uranium mines are well protected by the regulations and the incorporation through reference of the Ontario regulations. I want to say to the hon. member that the jurisdictional question is one that would be more appropriately directed to the Minister of Justice, but it is my information that the process that has been undertaken is legal and the miners are as well protected by the regulations as they would be if they were under provincial regulations.

I might say that submissions were made by the steelworkers requesting that joint safety and health committees be established at the two largest uranium mines, Denison and Rio Algom at Elliot Lake. They were accordingly ordered to be established at these two locations in an order dated April 14. As of this date they are not yet in operation, due to the refusal of the steelworkers to nominate labour members to these committees.

Mr. Kristiansen: Madam Speaker, the minister and his government with their majority may be protected, but the people on the ground floor of the industry in Elliot Lake do not think that they are, and they are the ones who ought to know. Because of what these workers see as the government's bungling and their consequent lack of protection, I want to ask the minister this question, which does not have anything to do with jurisdiction.

Will the minister, along with the rest of the government's Punch and Judy show—the Minister of Justice, the Minister of Labour and the Minister of Energy, Mines and Resources who have the punch, along with the member for Nickel Belt who apparently does not have any—go to Elliot Lake and meet with the miners there, as the miners demanded? They asked us last week to forward that request to the government. Will they go there soon to learn from these people, whose health and lives are at stake, what they think are the realities in that industry?

Mr. Regan: I thank the hon. member for his supplementary. I appreciate his concern, but I feel sorry about his lack of accurate knowledge on the subject. I want to assure him that the minister of mines has been there on a regular basis and has had a number of meetings. I want to further assure the hon. member that I met with the officials of the union here in Ottawa on the subject. We had a thorough discussion of the matter. We explained in great detail the legalities of the situation. I want to say to the hon. member that he would do a great service if he would pass back to any friends he has the fact that these miners are as well protected by safety regulations as those in any mine in Canada.

* * *

● (1440)

[*Translation*]

AGRICULTURE

INQUIRY WHETHER POTATO GROWERS BENEFIT FROM STABILIZATION INSURANCE

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, in the absence of the Minister of Agriculture I will direct my question to his parliamentary secretary. Potato growers in every province of Canada have qualified 1980 as a disastrous year because their income from sales was much lower than production costs. I would like to know whether the government will support them through agricultural stabilization as it did in recent years and, if so, when and how much assistance can Canadian growers expect to receive, since they are eagerly waiting for that answer to plan their seeding operations for 1981.

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Madam Speaker, farmers in eastern Canada, both in Quebec and in the maritime provinces, have filed applications with the Agricultural Stabilization Board and those applications are now being reviewed by the board and the Canadian Horticultural Council. Studies are not quite complete but I dare hope that in the very near future we will be able to announce in the House a stabilization program for potato growers in eastern Canada.

* * *

[*English*]

CANADIAN WHEAT BOARD

DISTRIBUTION OF QUOTAS

Hon. Don Mazankowski (Vegreville): Madam Speaker, I should like to direct my question to the Minister of Transport who answers for the Wheat Board. I am sure the minister is aware of the ridiculously low wheat quota on CPR shipping blocs, particularly in the province of Alberta, some 2.9 bushels, while quotas on neighbouring CN blocs are some nine bushels to the acre, which violates the spirit and principle of equity. I wonder whether the Minister of Transport would consider prevailing upon his colleague in the other place to take immediate action to alleviate this very inequitable situation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will certainly bring that to the attention of the Minister of State for the Canadian Wheat Board.

Mr. Mazankowski: Madam Speaker, I would ask the Minister of Transport if he would consider asking the minister in charge of the Wheat Board to recommend an immediate quota adjustment; and if that is not available perhaps he might consider the movement of grain to CN lines if CP lines are going to continue to be congested.

Mr. Pepin: Madam Speaker, I am absolutely sure that the Minister of State for the Wheat Board, if he has proof that there is an injustice in the distribution of quotas in this particular area, will move very, very rapidly to correct it.

* * *

WAR MEASURES ACT

INVOCATION IN 1970—REQUEST FOR RELEASE OF DOCUMENTATION

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is for the Right Hon. Prime Minister. The FLQ crisis occurred well over ten years ago. Other governments and other agencies of other governments are now releasing detailed information respecting the FLQ crisis. The French press and now the English press are almost daily making accusations and allegations about certain people relating to that affair. The then minister of justice, one John Turner, whom I am sure the Prime Minister will remember, said ten years ago that when the full facts of the FLQ crisis are known in this House, the government's use of the War Measures Act will be fully justified. In view of all this, does the Prime Minister not now think it is about time, ten years after the event, for the mass of documentation under his control to be released to the public at large?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I believe the hon. member has asked that question before and has had my answer. I stated at the time and I have stated since that the decisions of the government, on which this House voted, including the hon. member's party, were based on facts which were published and which were known. I still stand by that statement. If he believes he can get more information from my friend John Turner, I would be happy to give him Mr. Turner's phone number and to have Mr. Turner state all the facts within his knowledge.

Mr. Lawrence: Madam Speaker, because I suspect that the Prime Minister knows there are now other people in this chamber who know of documentation and files in the control of the Privy Council Office, in the control of the Solicitor General and under the control of the RCMP, which by not being released provide a cover-up of monumental bungling of the right hon. member in this House—and I do not make that charge lightly—I wonder if it really is not time for the Prime Minister to review some of this mass of documentation and this mass of files to let the Canadian public know really what some of those decisions were based upon.

An hon. Member: Come clean.

Mr. Trudeau: Madam Speaker, I want to remind the hon. member that this government has been seeking passage of the freedom of information legislation since the Speech from the Throne, and I understand there is an agreement among House leaders to expedite at least second reading tomorrow, thanks to the co-operation of all parties. Very soon we hope that legislation will become law, and if the hon. member thinks there are documents available which sustain his suspicions, he will be perfectly entitled to ask for them.

As to the monumental bungling accusation, I wish the hon. member could substantiate that. I repeat—and I think the facts are well known to Canadians—that in the period of years preceding 1970 there had been some 100 incidents of train derailments, robberies of arsenals, attacks on gun shops, kidnappings, murders and assassinations. I would point out to the hon. member that there was at that time a government in power which was not prepared to hand power over to a parallel government of unelected people, and that has meant there has been no violence in Canada since then. I think the hon. member should want to share in the credit for that because his party was responsible for our bringing in the War Measures Act.

THE BUDGET

TRANSFER PAYMENTS TO PROVINCES—PROJECTED SAVINGS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Finance. The minister's budget of October 28 stated that the government plans to realize net savings in transfer payments to the provinces in areas coming under their jurisdiction. Will the minister inform the House whether the net savings will be achieved by cuts in hospital insurance, medicare and post-secondary education funding, or will the savings be borne entirely by the education portion of the government's established programs financing?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is true that in the budget statement I indicated that we wanted to achieve significant savings in the large transfers from the federal treasury to the provinces. We have not yet commenced negotiations with the provinces and it is not possible at this stage to say in what area these savings might be achieved. That is the state of play at the present time.

Mr. McMillan: Madam Speaker, my supplementary question is directed to the Minister of Finance. He has indicated there will be negotiations with the provinces on the established programs financing scheme. Given that answer, may I ask the Minister of Finance, if the federal government does decide to reduce substantially support for post-secondary education across the country, would the government consider itself bound, either legally or morally, to give notice to the provinces and, if so, how much notice would the government consider appropriate to give?

Mr. MacEachen: Madam Speaker, quite apart from this particular question relating to one aspect of the transfers, I think the hon. member is aware that there is an expiry date for these agreements, and that if not renewed they terminate. It is because, as I understand it, the expiry date is in 1982 that we are now beginning to prepare within the government to undertake discussions soon with the provinces with a view to concluding a new agreement. I have not speculated upon the outcome of the situation in which we would find ourselves if agreements were terminated and no new agreement was put in place or no new understanding reached with the provinces. I have not examined that.

* * *

COMMUNICATIONS

AM RADIO TRANSMISSION—PROPOSED CHANGE IN DIAL POSITIONS

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my question is for the Minister of Communications. The possibility now exists that Canadian AM radio stations may be soon forced to change their dial positions, a move which would benefit the United States and perhaps some Latin and South American countries, but would only hurt Canadians as it will decrease the quality of AM radio reception. Most of the new frequencies will be gobbled up by new northern U.S. stations, and at the same time would cost us millions of dollars. Could the minister inform this House whether the cabinet has decided on a position with regard to a change in the AM dial positions?

• (1450)

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, we are addressing this question very closely at the moment. The traditional position of the Government of Canada has been that we were quite favourable to maintaining the spacing of ten kilohertz, and the U.S. position of asking us to move to nine kilohertz is one we would resist. I have received a number of representations from members of Parliament and from broadcasters across the country and we are aware of their concerns. Up to this time there has been no change in the basic position of the federal government that we support the ten kilohertz spacing.

RENEGOTIATION OF INTERNATIONAL BROADCASTING AGREEMENT

Mr. Laverne Lewycky (Dauphin): Madam Speaker, I should like to direct my supplementary question to the Secretary of State for External Affairs or, in his absence, to the acting minister. The present international broadcasting agreement will be renegotiated in November, 1981 in Rio de Janeiro. The consensus of the nations at that particular conference with regard to the frequency changes will carry the day. Would the minister inform the House if his department has any plans for assuming leadership among the nations in opposing this change in AM radio frequencies for the benefit of Canadian broadcasters and listeners?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I will take that question as notice and get back to my hon. friend.

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MUNICIPAL AFFAIRS

STATUS OF COMMUNITY SERVICES CONTRIBUTION PROGRAM

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the minister responsible for the Canada Mortgage and Housing Corporation. On January 16 the minister announced that Quebec City will be receiving a new federal contribution granted under the community services contribution program for Quebec's professional hockey team arena. That grant was for $4.5 million. My question on behalf of the municipalities of Canada is this: Is the community services contribution program cancelled or is it not?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I am surprised that the hon. member would not recall the statement made when I announced that the 1980 program will not be continued and that some $400 million will be

transferred out of the federal treasury to the provinces for the assistance of municipalities before March of 1982, when those payments will cease. The money to which the hon. member referred is part of that allocation to the province of Quebec, which has decided that that was how that money was to be used. The other allocations go to other provinces under the same formula in the present agreement. The hon. member should not be surprised that out of $400 million there will be allocations from time to time, some receiving more publicity than others.

Mr. Lewis: Madam Speaker, my surprise is at the use of the word "new". I would ask the minister this question. When the province took over Loto Canada, the province of Quebec agreed to assume the cost of the Quebec coliseum using the new Loto Canada funds. Why is the minister paying out funds from this cancelled program which could be used by other municipalities when the province of Quebec has already agreed to fund the coliseum?

Mr. Cosgrove: Madam Speaker, the question raised by the hon. member indicates a part of the problem which the government had to confront when it reviewed that program, that is that the federal government permitted the provinces to designate where the funds under the community services contribution program would be spent. We said to the provinces, as did the government in the early design of that program, that they have the choice where the funds are to be spent. In retrospect we wonder whether that was a wise move, because the question raised by the hon. member indicates that, in a fast changing world where perhaps we cannot afford at any government level to spend money, for example, on soft services, perhaps it is not desirable to lock ourselves into that kind of arrangement.

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[*Translation*]

INDUSTRY

REQUEST FOR ADDITIONAL INFORMATION ON ASBESTOS USE

Mr. Alain Tardif (Richmond-Wolfe): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. Asbestos ranks high in our national economy and it is even essential to the well-being of my riding. Can the minister tell the House whether his department intends to set up some kind of mechanism to dispel the cloud of uncertainty over asbestos? As a result of very negative publicity about asbestos we have been witnessing lay-offs which will soon affect over 1,000 workers.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we know that our asbestos exports represent $600 million for our balance of payments, but at the same time, we need regulations to protect mines and plant workers. My department has therefore set up a federal-provincial task force to develop a reasoned and scientific policy that will give due consideration to asbestos-related security and health problems, while recognizing the importance of this industry for the province of Quebec and Canada as a whole.

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[*English*]

NORTHERN PIPELINES

ALASKA HIGHWAY GAS PIPELINE—INQUIRY RESPECTING FINANCING GUARANTEES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Minister of Energy, Mines and Resources who, I think, will be familiar with reports that President Reagan's transition team recommended support for the northern pipeline on the condition that there would be no government guarantees. The minister would also be familiar with the view in financial circles that that project cannot proceed without financial guarantees.

In his conversation with the U.S. Secretary of Energy, did the Canadian Minister of Energy, Mines and Resources receive an assurance that the Reagan administration would be prepared to contemplate the kind of government guarantees that would allow the financing of the whole project?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, this matter was not specifically raised during my discussions with the American Secretary for Energy for the very simple reason that the information I have received from the Northern Pipeline Agency and our contacts within the American private sector responsible for the project seem to indicate that it might not be essential to have a financial guarantee from the government. Discussions are still going on with the private interests involved and it seems that a firm conclusion cannot be reached as yet as to the need for a guarantee from the American government.

[*English*]

Mr. Clark: Madam Speaker, that answer indicates that, for whatever reason, the Government of Canada at the moment has no undertaking from the government of the United States that there will be the kinds of guarantees which the financial community believes are essential for the completion of the pipeline. Would the minister give the House an undertaking to seek and report such guarantees immediately, and would he give us an undertaking to put in writing either his record of the conversation with the U.S. Secretary of Energy or the commitments which the Government of Canada believes are necessary from the government of the United States for the completion of the whole pipeline project.

Mr. Lalonde: Madam Speaker, I certainly do not intend to request at this time the kinds of guarantees that the Leader of the Opposition has mentioned from the U.S. administration. We have the word of the former president of the United States and we have a joint resolution of the U.S. Congress that they will take every step necessary to ensure the completion of that

pipeline. That assurance was given to me again yesterday by Secretary Edwards. I submit to the Leader of the Opposition that the U.S. authorities have stated quite clearly that they are fully committed to the construction of this pipeline. We have no reason at present to doubt that all the necessary steps will be taken to ensure that this pipeline is built according to the schedule that has been mentioned before.

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PRIVILEGE

MR. BAKER (NEPEAN-CARLETON)—STATEMENT MADE BY MR. KAPLAN

Madam Speaker: I am ready to rule on the question of privilege which was raised yesterday by the hon. member for Nepean-Carleton (Mr. Baker), but as he is not in the House at present, and as I usually extend the courtesy of deferring a ruling when an hon. member who had brought forward a question of privilege is not present in the House, I considered taking that course today. However, in view of the fact that I have a notice of another question of privilege which seems to be close enough to the one which was brought forward yesterday, perhaps it would be easier if I dealt with the first question of privilege before hearing the new one. I would ask other hon. members who intervened in that question of privilege whether they feel they want me to rule today or whether I should delay.

● (1500)

Hon. Erik Nielsen (Yukon): On that question, Madam Speaker, you will recall in the notice I sent to you, within the time limited by the rules, that I explained I wished to raise a very complex question of privilege involving, as I see it, the privileges of all members of the House.

In the second paragraph of my notice I set out that the privilege I wish to raise is complex and slightly overlaps the question which was spoken to yesterday. I mean just that—it bears a relationship. The submissions I intend to make today go far beyond that but indeed include a facet of the matter raised yesterday. It is my suggestion that, Madam Speaker, you might well be advised to withhold your ruling, if indeed one was necessary on yesterday's question which was not followed by a substantive motion, until I and other members who may wish to participate in what I consider to be a very serious and complex question have been heard. You should have all the facts, all the evidence and all the arguments before you, prior to making a judgment.

Madam Speaker: Yesterday it was quite clear that I could not extend the time to today for arguing the question of privilege of the hon. member for Nepean-Carleton. The one raised yesterday by the hon. member for Nepean-Carleton has been argued to my satisfaction, and I am prepared to rule on it today.

If the hon. member, as he is suggesting, feels that I should defer—and I usually do that as a courtesy to the member who has raised the question of privilege—I am prepared to do it.

The hon. member for Yukon (Mr. Nielsen) has sent me notice of a new question of privilege. The fact that he has stated it slightly overlaps the one raised yesterday does not mean he may discuss the question of privilege raised yesterday. I will be very strict on that. The question of privilege which the hon. member will raise, the subject of which is suggested in his notice, should not overlap or should not discuss the one raised yesterday.

I can accept the hon. member's notice, but I must warn him before hearing him that it seems from his notice he might be asking the Chair to rule on an hypothetical situation. I just want to remind him that the Chair cannot rule on hypothetical situations. I appeal to him to be very specific about his question of privilege and, of course, not to refer to proceedings which took place in a committee.

MR. NIELSEN—CONSEQUENCES OF MINISTERIAL STATEMENTS AND UNDERTAKINGS

Hon. Erik Nielsen (Yukon): Madam Speaker, notwithstanding your relatively short time in the chair, I am sure you have already observed that I am always specific in the matters which I raise, that I am never hypothetical, and that, unlike the government benches, I never deal in the abstract.

The questions which I want to put before the Chair and before members today are quite serious. They affect the privileges of all members of the House. When my submissions are through, in my submission and with respect, you will be compelled to look at yesterday's proceedings. I believe you will be compelled, in anticipation of what your ruling would have been today, to have another look at it, because it has a bearing and it is one of four elements which are involved in the questions I wish to raise.

I want to emphasize at the outset that we are not speaking of actions, or statements which may have been made before public meetings, in a political campaign, or statements to the media. We are dealing with statements made in the course of the parliamentary process, and we are dealing with statements which have been made in a parliamentary institution.

Before launching into the substance of what I have to say, let me say a word about the existing situation with respect to the recourse that members do not have in connection with questions of privilege which may arise in committee. As the government House leader is aware and as you are aware, Madam Speaker, such questions raised in any committee cannot be dealt with by the committee chairman unless that committee reports to the House, and then Madam Speaker is the only officer of the House or its institutions who has the jurisdiction to make a ruling on a question of privilege which arises in the House.

One might consider whether or not it is an abuse of privilege for the government majority on a committee, regardless of the political stripe of the government majority, to refuse the desire of the minority on a committee to have a question of privilege brought before you, Madam Speaker, because the chairman of the committee cannot rule. One might consider it a Catch 22

situation where members, other than government members, have no way of bringing a question of privilege to a head if a government majority chooses to exercise its majority in a committee.

If that is the position, Madam Speaker, which I anticipate you might be taking in agreement with the government House leader and in accordance with my understanding of our existing rules, it may well command the immediate attention of the Chair and of all members of the House, since it is only those members on the government side of the House, who form the majority in any of our standing committees, who seem to enjoy the right to have a question of privilege reported to the Chair in this chamber and have it ruled upon. All other members are denied that right. In my submission that is very wrong and should be rectified.

The substance of the matter which was spoken about yesterday, as you will recall, Madam Speaker, was the right of members of this place to be able to rely on statements made by ministers of the Crown in the parliamentary process and on behalf of the government. That is not a hypothetical situation, in view of the events of last week and in view of the fact that the matter was on the floor of this House yesterday.

Just to touch very briefly upon what was dealt with yesterday, what your ruling was intended to deal with, and I am sure will be dealing with when it is given with respect to the proceedings yesterday, the question yesterday was narrowly confined. If there is any doubt about that, I suggest it should be resolved in favour of the privileges of members rather than the privileges of the government.

● (1510)

It was narrowly defined as to whether or not it is an abuse of the privileges of all hon. members for one minister to give an undertaking on behalf of the government and for a second minister to withdraw that undertaking. I do not intend to address myself to that point, in compliance with Your Honour's stricture. I intend to develop my submissions to you on three other very important points with respect to this question of privilege.

The first submission I wish to make to you, Madam Speaker, is with respect to the resolution of the question as to whether or not a breach of the privileges of the members of this House occurred by the fact that action was taken by some hon. members as a result of reliance upon an undertaking given by a minister of the Crown on behalf of the government in a parliamentary process, as in the case which arose and which was discussed yesterday, wherein amendments were withdrawn and discussion advanced to a later clause of the constitutional resolution, as a direct result of undertakings made by a minister of the Crown, and later revoked. Madam Speaker, in other forums that would fall within the definition of false pretences, under the provisions of the Criminal Code.

I would like to read from section 319(1) of the Criminal Code to see how that situation is regarded. It reads:

> A false pretence is a representation of a matter of fact either present or past, made by words or otherwise, that is known by the person who makes it to be false and that is made with a fraudulent intent to induce the person to whom it is made to act upon it.

That it was acted upon, there can be no doubt. With respect to the intent, I intend at a later stage in the development of my submission to refer you to citations from May's which strongly suggest that a breach of privilege has occurred on that count. There is no doubt in my mind, and I submit to you, Madam Speaker, that in a civil forum such representations would be regarded as a civil wrong, commonly called a tort.

The key point in procedural terms in my submission is whether or not the minister deliberately misled a parliamentary proceeding. It can be argued that when the Solicitor General (Mr. Kaplan) accepted the Conservative amendment he knew very well what arguments had been made against it during the summer, and by whom. It seems to me the record will disclose that was the case. In accepting the amendment he was either saying that the government had decided to set those arguments aside as being less crucial than the arguments in favour of the subject matter of the amendment which was being put forward, or he was only giving the appearance of accepting an amendment which he knew at the time would have to be repudiated at a later date. The position was changed after repetition of the original—

Madam Speaker: Order, please. I sympathize with the difficulties the hon. member might have in arguing his case. He is constantly getting very close to discussing what has happened in a parliamentary committee. It is not because he calls it a parliamentary proceeding, that he chooses to give it a very general term, that the Chair must not see that he is obviously discussing what took place in the committee. I will hear the hon. member's question of privilege, but I must ask him not to refer to the proceedings of that committee because, as he knows, these questions should be discussed and dealt with in the committee. He knows the rules as well as anyone in this chamber. The way to deal with it in the House is to bring it into the House through a report. These rules are wise.

The Chair does not know what is going on in the committees and therefore it is difficult for the Chair to rule on matters which happen in a committee, unless the Chair receives a report. That is the reason for which that rule exists. It is sensible and wise. I would ask the hon. member not to put the Chair into too difficult a position, and I would ask him to try to argue very closely to his point. His question, as stated, would have to be very specific. He would have to argue it in terms of that specific statement and not refer to events or proceedings which took place in the committee.

Mr. Nielsen: Madam Speaker, I appreciate that advice. Allow me to reflect for a moment, however, on the reasons for the existence of that rule. With great respect, I believe the reason for the rule which prohibits a discussion of committee proceedings in the House before those proceedings have been reported is a very narrowly technical reason, namely, that the House is not technically seized of the evidence, the record of the committee proceedings, until such time as that report does come into the House. In this modern age, where *Hansard* is

printed overnight, that archaic and narrowly technical reason, in my submission, falls to the ground. In any event, it should be examined.

I might also point out, Madam Speaker, that I need not rely on the official reports of the committee to raise a question like this. This matter has received on-the-spot, blow-by-blow, verbatim television coverage throughout the length and breadth of this nation. So none of us can stick our heads in the sand, with respect, Madam Speaker—and my intention is not to reflect on the Chair—and claim that we do not know what happened. Any one of us who watches television knows. We can see it every night.

I will leave this matter, Madam Speaker, by saying simply that there was a position which was changed after repetition of the original arguments by the original proponents. It is not far-fetched, in my submission, to draw from that that there was a deliberate intent to make a commitment to the committee in question, which he knew was a commitment which could not be kept.

I wish to deal with my second point now. But perhaps the last point is the most important. The second point, but third in the elements of what I conceive to be a total question of privilege, is whether or not the question of a breach of privilege occurs by the fact that the committee is working to a strict deadline imposed by this House and has wasted limited time as a result of the undertaking given and withdrawn. I submit the answer to that question must be a resounding yes. If it is not clear already it will certainly become clear in the next day or two.

The fourth and last point, before I go to the citations, is whether the actions of the Prime Minister (Mr. Trudeau) and of the two ministers involved who, I regret to observe, are not in the House, I am sure as a result of other more pressing business, and of officials advising them, are subject to the citation at page 141 of the nineteenth edition of Erskine May's Parliamentary Practice, which reads, "Conspiracy to Deceive either House or Committees of either House" will also be treated as a breach of privilege.

Under the heading "Presenting Forged, Falsified or Fabricated Documents to either House or Committees of either House" the citation reads:

> It is a breach of privilege to present or cause to be presented to either House or to committees of either House, forged, falsified or fabricated documents with intent to deceive such House or committees or to subscribe the names of other persons or fictitious names to documents intended to be presented to either House or committees of either House, or to be privy to, or cognizant of, such forgery or fraud.

The authorities listed below that heading include, among others, "Fabrication of documentary evidence (*Martin's case, (1889)*)."

● (1520)

That precedent will support my submission, Madam Speaker, that the presentation to a committee, which is an extension to the House, of a false statement is, in essence, the presentation of a false document.

Under the second heading on page 141, "Conspiracy to Deceive either House or Committees of either House" it reads:

> It has already been seen that the giving of false evidence, prevarication or suppression of the truth by witnesses while under examination before either House or before committees of either House is punished as a contempt; and that persons who present false, forged or fabricated documents to either House or to committees of either House are guilty of a breach of privilege. Conspiracy to deceive either House or any committees of either House will also be treated as a breach of privilege.

I submit that that quotation supports the fourth element of this global question of privilege. I would also like to cite page 142 of the nineteenth edition of Erskine May under the heading, "Misconduct of Members or Officers of either House as Such—Deliberately Misleading the House". It reads:

> The House may treat the making of a deliberately misleading statement as a contempt.

The first paragraph under the heading "Corruption in the Execution of Their Office as Members" on page 142 has this to say:

> The acceptance by any member of either House of a bribe to influence him in his conduct as such member or of any fee, compensation or reward in connection with the promotion of, or opposition to any bill, resolution, matter or thing submitted or intended to be submitted to the House or any committee thereof is a breach of privilege.

I am glad to see that the Solicitor General has returned to the House. That passage might be viewed in the light of the very special relationship which existed in this instance between those cosy bedmates, the NDP and the Liberal members, not only in this House but elsewhere in their work together. I think sometimes it is the case of the little red rump wagging the pink dog. With regard to the last passage, I would also cite for the Chair's attention, the authorities listed thereunder.

Having briefly, but hopefully concisely and tersely, described what I submit is a very complex and serious question of privilege—on which other hon. members wish to address themselves—which goes far beyond yesterday's proceedings, at the end of hearing all these submissions and the arguments of hon. members who wish to participate, I will move:

> That the matter of the statements made to the Special Joint Committee on the Constitution of Canada by the Solicitor General of Canada, as acting Minister of Justice, on Friday, January 24, 1981, and widely reported in the public media and the direct repudiation of these statements by the Minister of Justice on Monday, January 26, 1981, be referred to the Standing Committee on Privileges and Elections and that the committee consider in particular
>
> (a) whether it is an abuse of the privileges of all honourable members for one minister to give an understanding on behalf of the government, and for a second minister to withdraw that undertaking;
>
> (b) whether the question of a breach of privilege occurs by the fact that action was taken by some honourable members as a result of and relying on that undertaking, as in the case in question, wherein amendments were withdrawn and discussion advanced to a later clause of the constitutional resolution as a direct result of undertakings made by a minister of the Crown and later revoked;
>
> (c) whether the question of a breach of privilege occurs by the fact that a committee is working to a strict deadline imposed by the House and has wasted limited time as a result of the undertaking given and withdrawn; and
>
> (d) whether the actions of the Prime Minister, the two ministers cited above, and officials advising them, are subject to the citation at page 141 of the nineteenth edition of Erskine May's Parliamentary Practice, which reads, "Conspiracy to deceive either House or committees of either House will be treated as a breach of privilege."

If you find that there exists a prima facie case of privilege, Madam Speaker, the hon. member for Provencher (Mr. Epp) will second the motion. Before you take this very serious matter under consideration, I urge that you invite intervention by other members who may be interested in this very complex and serious question.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I was absent from the House during the intervention by the hon. member for Yukon (Mr. Nielsen). I understand that he made statements referring to me. I am rising to reserve my right to raise a question of privilege based thereon when I have had a chance to review the "blues". If I consider it advisable, I will be prepared to take action tomorrow following question period.

Mr. Nielsen: Madam Speaker, while I am not obliged to do so, the time constraints placed upon me in preparing this question of privilege prevented me from extending the courtesy of giving notice to the Solicitor General and other ministers of the Crown.

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to take a few moments to address the very important question of privilege raised by the hon. member for Yukon (Mr. Nielsen). I hope you will allow me some latitude because the question of privilege presented by my hon. friend arises out of a question of privilege I raised in the Special Joint Committee on the Constitution last Monday.

Perhaps it would be helpful if I were to set out, without going into detail on the proceedings of the committee, the position in which I found myself when I originally raised this question of privilege in the committee last Monday.

Madam Speaker: Order, please. I heard the hon. member's plea for latitude in placing his question of privilege, but I cannot allow that latitude. The hon. member must refrain from referring to what happened to him or to other members in that committee. I must assume that the hon. member had a chance to discuss that matter in committee with members of the committee and the chairman, and that in some way the matter was dealt with. I cannot allow the hon. member that latitude. He will have to speak closely to the question as it has been exposed by the hon. member for Yukon.

Mr. McGrath: Madam Speaker, the ruling of the committee chairman is germane to the question of privilege and the arguments which have been advanced by my colleague, and which I myself would like to advance, because the chairman ruled that he could not rule on a question of privilege raised in committee. The chairman's ruling was that only Madam Speaker could rule and that the committee could only vote as to whether or not the matter should be reported to the House so that Madam Speaker may rule. The chairman made that very clear. There was no ruling in the committee on the question of privilege.

Madam Speaker: I am not sure that I should be arguing with the hon. member on this point, but I would remind him that the rule does exist. If a matter arises in committee, it is dealt with in the committee by vote and after discussion which, I suppose, has taken place according to the rules. The hon. member cannot argue that he does not accept those rules. They are the rules established by this House. The hon. member has had his input and must accept those rules when coming into the House. So I do not believe that that argument can be invoked. If the hon. member wishes to discuss the question of privilege, he may, but he cannot tell me that those rules are not adequate. He may tell that to his colleagues in the House. I only apply the rules, and that is what I am doing now.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, you just said that you only apply the rules. As you well know, you also have a fundamental responsibility as the ultimate arbiter of justice as it extends to all members of this House of Commons.

• (1530)

You are the guardian of the rights and privileges of every member of this House of Commons as the occupant of the chair. That is your responsibility.

The dilemma that faces members of the opposition in particular is that we have a situation where it is quite clear to us that the privileges of members sitting in opposition have been abused. We are prevented by party vote from raising that abuse in committee, and we are prevented by the interpretation of the rules of this Parliament from raising an abuse which occurred in committee, in this House of Commons. In other words, we have no recourse against an abuse of the privileges of members of the opposition. You say that you are here to interpret the rules and apply them. That is the case, but you are also here as the guardian of the rights and the privileges of the members of the House of Commons.

I rise simply to ask you, Madam Speaker, what are we to do? To whom are we to turn in a case where members of the government party, enjoying a majority, are able to have their privileges respected, and members of an opposition party who are not able to control a majority in committee are in a position where their rights can be abused—the same members, the same privileges, a double standard?

It is within your responsibilities as ultimate guardian of the rights and privileges of Parliament, Madam Speaker, to find or direct some way out of this dilemma, perhaps by making, or recommending, a reference to a committee, or perhaps by some other means.

I rise simply to make the point that it is unacceptable in logic and, I am sure, unacceptable to you, Madam Speaker, that there should be a situation where rights can be abused, where privileges can be abused and will not be upheld in the case of an abuse of privilege of members because of where they sit in this House of Commons.

Some hon. Members: Hear, hear!

Madam Speaker: In answer to the hon. member I agree that it is true I am the guardian of those rules, and if a situation

such as the right hon. member is suggesting has risen in committee, I cannot correct that situation by not following the rules, or changing them on my own. I am sure there are means of bringing this matter to light. If members feel that the rules do not allow them to act freely in a way that gives justice to them I am sure they can find means of bringing this matter to light and discussing it. We are doing just that today, I suspect.

I will listen to this discussion so that I may rule on it later, but I will listen to it while applying the rules that exist now. If rules should be changed at some other time I will apply those rules. That is the sense in which I am the guardian. Sometimes I have to make judgment calls and I do so following as closely as possible the rules and precedents. Therefore, I have to apply the rules; I have no other choice, and that is what I come to do.

I will listen to the hon. member, but I think if he has a case he will be able to argue it within the framework of our rules.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, at this point in your observations may I perhaps assist you in this regard, since I once occupied the position that you fill with honour at this time.

The Speaker has no choice of the sectors in which the Speaker will act as guardian of the privileges of hon. members on both sides of this House. When I was Speaker there was a minority administration. I have recognized, and Madam Speaker will recognize, that other Speakers have dealt with minority situations in which the decision of a chairman which could be arbitrary might affect the rights of members on the government side as well as members of the opposition.

I go beyond the case of the Right Hon. Leader of the Opposition (Mr. Clark). I think it applies to both sides of the House, because the rules have to apply evenly to all members of this House, in all situations. There are no technicalities which will prohibit or inhibit the protection of rights in this House.

If we are in Committee of the Whole and the Deputy Chairman is in the chair and a question arises, and there is a ruling; there is a right of appeal to Madam Speaker immediately on the report of the Deputy Chairman. That is provided for in the rules. Today we have a situation where there was a denial—and a wrong denial, if I may say so—by a chairman disclaiming to the authority to deal with a question of privilege. There is no chairman, no Speaker, who can duck a question of privilege.

Either the chairman was wrong in deciding that he had no authority to hear the question of privilege, and that would be my submission, or if there were a decision with an appeal within the committee, then an hon. member has the right to come to the Chair because the committee is merely an extension of this House.

The Speaker has the right, not only the right but the obligation, to protect the rights of all members. With the greatest respect, Madam Speaker, I for one cannot say that there is any situation where one may take refuge behind an anticipated lacuna in the rules or say that the matter took place in committee. After all, if the matter took place in the Committee of the Whole, not in the Speaker's presence but when someone else was the chairman, what is the difference? The overriding principle is that of protecting the rights of individual members in this House, and there is no other rule that will override that one.

Some hon. Members: Hear, hear!

Madam Speaker: I agree, and I disagree, with the hon. member. Obviously that is the responsibility of the Speaker, to protect the freedom of expression of all members, but the rules have been devised precisely to ensure that all of the members' rights are protected. The only way the Speaker can do this effectively and fairly is to base his or her decisions on the rules and on the precedents. That is what I intend to do.

I will hear the hon. member for St. John's East (Mr. McGrath).

Mr. McGrath: Madam Speaker, I shall try to compress my remarks within the parameters of your ruling with regard to not being able to deal with what happens in committee, but I have to make this point, and I think it is very important. It is you, Madam Speaker, as the custodian of our rights and privileges, who has the responsibility of ruling whether or not a member's privileges have been violated; not the majority. That is the point.

We do not dispose of these matters in the House by a majority vote; we dispose of these matters because we have conferred upon Your Honour the responsibility and confidence of making that judgment. If I cannot ask this House for redress, where do I go, Madam Speaker? To whom do I turn?

I and other members of that committee have been shamefully deceived. It is a very serious matter; it is not the simple flip-flop that the Prime Minister (Mr. Trudeau) or his colleagues like to call it. It is not a simple change in policy; it is not a simple change in attitude; it is a gross violation of a solemn undertaking that was given to hon. members in exchange for withdrawing an amendment.

I do not address myself to the time that was lost in that process, but I say to you, Madam Speaker, and I say this with respect, that it could very well have happened in this House because we could have been in Committee of the Whole. I wonder where Your Honour would sit then in terms of dealing with it because a standing committee or a special joint committee is merely an extension of this place in terms of Committee of the Whole.

I say to you, Madam Speaker, that a solemn commitment, a solemn undertaking was made in the parliamentary process in examining a resolution, a joint address, that was referred to the committee by this House. That solemn undertaking was to the effect that if we withdrew an amendment that we were proposing under a particular section then the government would receive and accept that amendment if we agreed to withdraw it and move it on another section.

Mr. Nielsen: It was a false inducement.

Mr. McGrath: It was a false inducement, as my colleague says. We agreed, and my colleague, the hon. member for Rosedale (Mr. Crombie), asked for the necessary unanimous consent to withdraw the amendment. Unanimous consent was granted, and we withdrew it. When we came to the relevant section and the government indicated on behalf of the Liberal party—and that is a matter of public record; they did not say "On behalf of the government"; they said "On behalf of the Liberal members of the committee"—when we arrived at the relevant section we were told, "The deal is off; there is no deal."

That is a serious matter, Madam Speaker. This place cannot function if we cannot accept the word of a minister speaking on behalf of the government. The most serious breach of parliamentary privilege that an hon. member can be guilty of in this House is to accuse another hon. member of deliberately lying. And rightly so, because that speaks to the fact that the system, the institution, has to get by on the honour and integrity of the members. Without that there would be chaos. I submit to you, Madam Speaker, that my privileges as a member of this House have been grossly and deliberately violated.

● (1540)

I have no quarrel or criticism to make of the hon. gentleman who presides, on behalf of this House, over that committee. Indeed, he has done so with distinction, and with honour, and with impartiality. I hope I will have a chance to refer to that at some other point. He indicated what the rules were according to the advice he received from his table officers. He indicated that he was not permitted to rule on my question of privilege, that he could only entertain a motion that the matter be referred to Your Honour, who is the only person who could so rule. The Liberal majority on the committee voted against having the matter referred to the House so that Your Honour could rule.

Mr. Nielsen: That is the biggest wrong.

Mr. McGrath: Where do I turn? How do I get redress?

There has been gross deception, and there is no question about that. If you say that your hands are tied because of the rules of this place then, Madam Speaker, I submit to you with the greatest respect that, as the custodian of our rights, individually and collectively, and as the custodian of our minority rights, it is incumbent upon you to address this anomaly in the rules and to suggest that the matter be referred to the Standing Committee on Procedure and Organization where it can be dealt with immediately. Otherwise I am not capable, under the rules, of doing that, because I am subject to the whims and fancies of the majority in this House, and the majority in this House would never entertain such a motion from me even if it were procedurally acceptable. Only Your Honour, with the weight of the position that you carry in this place, can make such a recommendation where it would have any weight. I submit to you, Madam Speaker, that this is a very, very, serious matter.

We have to deal with the government in this place and in the committees of this place on a day-to-day basis. We have to accept the word of the government with respect to legislation. If the government gives its word, in exchange for certain commitments we make with regard to a certain provision of a bill, and if the government does not keep that word, then, Madam Speaker, where do we turn? With respect we can only turn to you. We can only turn to you as the one to whom we have entrusted the custodianship of our rights and privileges. I believe that you, in your wisdom and in your experience as a member of this House, indeed as a minister of the Crown, realize the gravity of the matter that has been brought to your attention formally by the hon. member for Yukon (Mr. Nielsen). I believe in your own mind that you appreciate the fact that I am entitled to redress. I humbly submit to you, Madam Speaker, that I can only obtain that redress from you.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, as a member I realize the almost absurd position one is in, in having to talk in abstract terms about what is unmentionable according to the rules.

I would like to suggest, with great deference, that the proposition put forward by my hon. colleague that you use the weight of your office to approach the Minister of Justice (Mr. Chrétien), the Prime Minister (Mr. Trudeau), or someone on behalf of the government opposite, to refer the matter back to the committee, be followed so that this impasse can be resolved here in the chamber.

Without drawing too long a bow I can recall that there was considerable discussion about whether a committee was in fact the master of its own house, so to speak, with respect to allowing television coverage of the committee. In that case there was real controversy whether this committee could determine that matter or whether the House had to do it. Eventually, as I recall, the House of Commons, through the Prime Minister, had to give direction to the committee to make it possible to have its proceedings televised according to the wishes of certain members of this House.

Therefore, with respect to this very important procedural matter, would it not be possible for you, Your Honour, to go to the Prime Minister, the Minister of Justice, or to whomever you please, to have this matter reconsidered in the committee? By doing this, at least Your Honour could have, without any possible confusion, the complete jurisdiction to deal with this proposition, to rule on it, and therefore exercise your prerogative as the custodian of our rights.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I have a few words to say about this particular question. At the outset I should say that I think your patience and good will have been somewhat stretched this afternoon by the kind of debate we have heard from the other side. In essence what we are hearing is a debate on the same question that took place yesterday, a question on which you have reserved judgment.

I find it rather odd to hear the hon. member for St. John's East (Mr. McGrath) talk about the Speaker making a refer-

ence to the Standing Committee on Organization and Procedure, knowing as he should, as a parliamentarian of long standing, that the Speaker does not have that right and privilege. Indeed, it is the members of this House collectively who determine our rules and not you, if I may say so, as servant of the House, as first among equals in this House.

I find it difficult to entertain the arguments of my friend from Yukon who criticizes the rules of the House with respect to questions of privilege in committee only being dealt with by members of the House when the report is given to the House; yet, on the other hand, to make his case he has cited rather archaic references from Erskine May, which perhaps have no application to today's modern Parliament. There seems to be a dichotomy there in his thinking.

The rules are very clear. Beauchesne's citation 608 clearly states as follows:

Procedural difficulties which arise in committees ought to be settled in the committee and not in the House.

This is further augmented by citation 76 at page 24 of Beauchesne, which reads as follows:

Breaches of privilege in committee may be dealt with only by the House itself on report from the committee.

Mr. Nielsen: And the majority controls that.

Mr. Collenette: And citation 76 goes on to talk about witnesses.

Those are the rules, Madam Speaker. I do not doubt the sincerity of the hon. member for Yukon (Mr. Nielsen) in that he feels legitimately that this rule should be analysed by members of the House, that it should be reviewed and perhaps even changed. I am not going to pronounce upon that. He may have a good point. But that is not what is at issue here this afternoon.

We have the rules clearly before us. With respect, you, I may say, must give rulings in the House based on the rules as they are written.

The hypothetical nature of the debate which the hon. member for Yukon tried to use in making his question of privilege—

Mr. Nielsen: Never hypothetical.

Mr. Collenette: —because I maintain he is dealing with the same question as yesterday and as I said, I think he stretched your patience by dressing it up in hypothetical terms, but this point is also dealt with by Beauchesne in the fifth edition. In citation 117 (5) it reads:

Hypothetical queries on procedure cannot be addressed to the Speaker from the floor of the House.

Even in trying to make the case so as not to reflect on yesterday's deliberations, he is in a sense breaking one of our rules in trying to skirt another rule.

Mr. Nielsen: There was nothing hypothetical about the undertaking.

Mr. Collenette: Citation 117(7) of Beauchesne goes on to reinforce this, as follows:

The opinion of the Speaker cannot be sought in the House about any matter arising or likely to arise in a committee.

It is my contention that the debate we have heard this afternoon is completely out of order. Really we are dealing with the same case that was made yesterday, the judgment of which you have reserved perhaps until tomorrow.

However, there is a very serious matter arising out of the remarks made by the hon. member for Yukon. Perhaps this is what the Solicitor General (Mr. Kaplan) had in mind a few moments ago when he reserved his right to raise a question of privilege. The hon. member for Yukon having once been given the latitude to make his case—which I argue he should not have had—talks in terms of the intent of the minister. He questions the intent, the honesty, and the integrity of the minister. I, for one, would like to see the "blues". We were all present a few moments ago when those words were used. I wrote down the words "forged, falsified in terms of a statement, in terms of a document." This goes to the heart of our parliamentary democracy when one member is imputing a motive against another.

● (1550)

In effect the hon. member for Yukon is accusing the Solicitor General of making a false statement either in this House or in committee. The Prime Minister (Mr. Trudeau) explained the government's position on this quite clearly yesterday.

I should say to the hon. member for Yukon, who has been in this House some 23 years, he should not be so naive as to think that representations cannot be made by members or parties in this House and decisions of the government reversed. That is what this game is all about. You try to impress your views on each other. This is a debating forum. We try to convince each other of the certainty of our own opinion.

In that particular instance, the government reversed itself, changed its mind after hearing representations from members and parties on the other side. This is done every day, no matter whether it is with regard to the constitution, energy, or unemployment insurance. It is an essential element of the work in this chamber. I think the hon. member for Yukon is being somewhat naive in this matter.

Just to finish my point about imputing motives, the hon. member for Yukon referred to citations at page 142 of Erskine May, the nineteenth edition I believe it was. He talked about bribery. By extension is the hon. member accusing the Solicitor General of this nefarious kind of deed?

In my time here, and I have not been here as long as the hon. member for Yukon, I had never heard that word used in this chamber. It is an extremely serious word.

Mr. Nielsen: I used it in 1963.

Mr. Collenette: The hon. member says he used it in 1963. Perhaps he is used to throwing around the word bribery if he has done it before. However, as somewhat of a novice in this

chamber, I find it extremely serious when a member uses such terms as forge, falsify and bribery. I submit those words should not be allowed to stay on the record one instant. I hope the hon. member will withdraw them.

The Solicitor General was not in the chamber when those words were said, but I wrote them down. He said forge, falsify and bribery in connection with the statement the Solicitor General made not only in committee, but by extension in this House. I submit the most serious charge is not the one trying to be drummed up by the other side because it is dissatisfied with the rules, but the imputing of motives by the hon. member for Yukon against the Solicitor General.

Hon. Jake Epp (Provencher): Madam Speaker, I want to put a few words on record on this matter of privilege. The motion was seconded by me. In his comments the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette) made the point that it was not within your power, Madam Speaker, to refer this matter to the appropriate committee. The hon. member for St. John's East (Mr. McGrath) never made that recommendation. The recommendation to the Chair was that a referral be made, not that a direct referral be made by the Chair. There is a very marked difference between that and what the parliamentary secretary was saying.

There are two obvious questions that need answering in terms of redress. One was raised by the hon. member for Yukon (Mr. Nielsen) and the hon. member for St. John's East, namely, that undertakings were given and undertakings were removed. I will not address that any further. I believe that has been fully discussed.

There is another undertaking that I feel is directly part of this issue. In other matters we have a bill or a resolution and an opportunity for members to find redress, at least in the legislative sense, if not in the moral sense, through the avenue of report stage whereby amendments that have been defeated can again be brought forward at report stage. The House can at least address those amendments and take a decision apart from what might have happened in any committee of the House. That is normal procedure in terms of bills or resolutions.

That is not what is facing us here. We have no redress to bring an amendment forward to have that matter discussed now by all members of the House in the legislative sense, because we have not received from the President of the Privy Council (Mr. Pinard), the Prime Minister (Mr. Trudeau) or the Minister of Justice (Mr. Chrétien) any word as to what form the debate will take once the matter is before this House.

Not only do I feel there is a responsibility on your part, Madam Speaker, to protect the rights of members who now have no recourse to redress in the committee because of the weight of majority, and that majority is being exercised in the committee, but on this issue there is no redress in a legislative sense that the matter can again be brought before the House. We do not have those guarantees. Both of those issues should be dealt with.

Mr. Clark: Madam Speaker, there is one other matter I might draw to your attention that will perhaps help you resolve the dilemma between your responsibilities as guardian of the privileges of the House and the difficult technical problem you have raised with regard to a question of privilege which arose originally in committee.

It is an unusual kind of committee, not simply in that it will not be reporting back as is normally done with a bill, but unusual more particularly in that its proceedings are televised live. There is no question that members of this House of Commons, including the hon. member for Brampton-Georgetown (Mr. McDermid) and others received, through the medium of television, a representation delivered directly by a minister of the Crown having to do with government policy. It was received directly through the medium of television by those members of Parliament and taken as a representation by a minister in a parliamentary context to members of Parliament.

Many of those members of Parliament acted on that undertaking. They acted in terms of representations they gave to their constituents, telling them that property rights would in fact be honoured and protected in the legislation now before the House of Commons. They perhaps acted in other ways as well.

I know Your Honour wants to find a way out of the dilemma in which the rules have placed you, the dilemma between your responsibilities as guardian of the privileges of this House and the technical problem created, as the hon. member for Yukon (Mr. Nielsen) pointed out, at other times when it was not possible for the Speaker or other members of the House to be seized of information that arose specifically in committee.

In this case, because television was there, and because this House decided to extend that committee beyond the committee to affect the decisions and the information, not only of all Canadians, but all those Canadians who happened to be members of this House of Commons, there was direct communication by a minister of the Crown to individual members of Parliament emanating from, but not confined to, that committee, which affected decisions taken by members of Parliament.

I believe Your Honour may well want to consider whether that fact would reduce the force of the technical obstacle, which I believe is the only real obstacle that is of concern to you in passing judgment upon what we consider to be a very serious breach of privilege.

Mr. Collenette: Madam Speaker, I rise on a point of order. I hesitate to rise because the usual rule is that individuals are only allowed to participate once in a debate on a question of privilege.

Madam Speaker: The hon. member can rise on a point of order, as did the Leader of the Opposition (Mr. Clark) who spoke previously on this question of privilege. I can hear the hon. member on a point of order.

Mr. Collenette: I made those remarks in order to preface what I believe is a point or order. It is in reply to the remarks made by the hon. member for Provencher (Mr. Epp). So that the record is absolutely clear, the hon. member for St. John's East was clearly asking the Chair to initiate a reference to the Standing Committee on Procedure and Organization to look into the rules. I was saying that the Speaker did not have that power under the rules. I want that to be absolutely clear. That is what I said earlier. I dispute the interpretation given by the hon. member for Provencher.

Mr. McGrath: That is not what I said, Madam Speaker. What I said to you, with respect, was if you find that the rules do not cover this situation, then you should ask the House to refer it. You can recommend to the House, not that you refer it, but suggest to the House that this matter be referred to the Standing Committee on Procedure and Organization. That is not quite what the hon. member is trying to say. I leave the rest to the record.

● (1600)

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I have listened with interest to the discussions over the last two days in respect of this question of privilege and I am moved to say a couple of things about this matter.

The first thing is the question as to whether we are able to discuss matters in committee, whether we are allowed to comment on them, or whether you are able to rule on them. That is not something which I think can be very much in dispute. The rules, it would seem to me, are pretty clear on that.

The point being made by members of the Conservative party perhaps deserve further study by the whole House. The question as to whether we can continue this does admittedly put us into a difficult situation. If we are told by the chairman of the committee that he is not able to deal with the question of privilege, and we are then told by you that you are not able to deal with the question of privilege because you cannot deal with a matter before a committee, this puts us into a very difficult Catch 22 situation. If that is the case, this is something which I think has to be studied. That is the first point, and I think it is a legitimate and real concern.

I do want to say something about the comments by the hon. member for Yukon (Mr. Nielsen). It seems to me rather extraordinary that, once one has had an explanation, whether or not it entirely satisfies the member, as this House has had an explanation from the Prime Minister (Mr. Trudeau) of the country and from members of the cabinet, as to what transpired over the last five days, and the explanation has been that there was a change of mind or a change of heart on the part of the government, a member of this House can quite casually, as if talking about the weather, clearly leave on the record the implication that the very fact that there has been a change of mind brings to his mind two possible interpretations which lead him to say there is a prima facie case. He says either there was some kind of conspiracy involved here in which the cabinet was deliberately misleading and placing a forged document before the committee—that is the first implication raised by the hon. member for Yukon, casually dropped as if this were the ordinary allegation one makes every day of the week about other members of the House of Commons. The second implication is that somebody has offered a bribe or somebody has taken a bribe.

I think it must be said that if a member of this House is going to make that kind of an allegation, let him say who made the bribe, when was it made, and when was it accepted.

Some hon. Members: Hear, hear!

Mr. Rae: Madam Speaker, you have said earlier in another context that the words of the Leader of the Opposition (Mr. Clark) perhaps went beyond his thoughts. In many cases one would really think it is not an unusual occurrence for that to take place. But I would say it is very strange to me that the very fact of a change of mind, and how many instances are there in question period when that is exactly what we are trying to do, get the government to change its mind, and God would that they would change their mind in terms of policy on the economy—

Some hon. Members: Oh, oh!

Mr. Rae: If the Conservative party had understood the necessity of changing one's mind from time to time it would still be the government today, and everybody here knows it.

It is because of the very fact that the mere changing of a mind is seen to raise suddenly a prima facie case, either of conspiracy or of a bribe, that I must say, when that is the immediate thing brought to the mind of a member of this House I feel very sorry for that member.

It seems to me very strange indeed that one can casually make those kinds of allegations, saying that a bribe was offered, presumably by members of this party, that it was accepted, presumably by a member of cabinet, without saying who made the bribe, when it was made, and what was involved.

I know the hon. member for Yukon prides himself on being a member of the Bar of many jurisdictions. As a member of the Bar he knows perfectly well that to make that allegation about some other individual, were it not for the protection of the House—he knows perfectly well that is a blanket smear on the integrity not only of members of the government but members of the whole House, which I must say is pretty unacceptable and pretty strange.

I quite agree there is a problem which has been raised, and an embarrassment that has been caused. There has been a problem raised by the fact that the hon. member for St. John's East (Mr. McGrath) has been told that he cannot raise this in committee, and now when he comes before the House he is told he cannot raise it in the House. That is a genuine problem and a matter that has to be discussed. But, for the member for Yukon to say, just because there has been a change of mind on the part of the government, that raises a prima facie case of conspiracy or a prima facie case of fraud, is the most pathetic,

unfair and unreasonable kind of reasoning on a matter of privilege I have heard since I came here.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Donald W. Munro (Esquimalt-Saanich): If I may, Madam Speaker, I would like to intervene briefly in this debate. I have to go back to the substance of the problem. First, the chairman of that committee stated that, under the rules, he has no authority to give satisfaction to a member who is complaining that his privileges have been breached. That is my first point. Here is the second point: the only recourse available to him, according to the chairman, would be to report to the House. Here is the third point: that report is voted down in committee by the Liberal majority. Under the circumstances, Madam Speaker, how can the member complain and seek redress when he claims that his privileges were breached?

It is difficult to accept the notion that a majority vote in a committee will decide whether or not privileges have been breached.

[*English*]

I should like to underline one other matter raised by the hon. member for St. John's East (Mr. McGrath), namely, that in this House it is forbidden to us to call fellow members, on our side or any other side, liars, or to say they are speaking an untruth. As the hon. member said, the reason for that is simple. We have to take their word for it. When we can no longer take that word, this House is in serious trouble. This House is in trouble now because of this stupid dilemma in which we find ourselves.

I say, Madam Speaker, that the matter is over to you as the guardian and custodian of the rules of this House and, if it is not over to you, then it is game over for the House and for Parliament.

Some hon. Members: Hear, hear!

Madam Speaker: I might make a few remarks before I allow another hon. member to speak.

[*Translation*]

The hon. member for Esquimalt-Saanich (Mr. Munro) spoke in impeccable French, and I congratulate him for that, but I must tell him that he did not bring new arguments which had not already been made in this debate by previous speakers. When participants in a debate reach the point where they repeat what has already been said I think the time has come for the Chair to indicate that just about enough information has been collected on the question under debate. That is why, before I recognize the hon. member for Surrey-White Rock-North Delta (Mr. Friesen), I urge him to be very precise and to come up with new arguments; otherwise I will have to ask him to limit himself and be extremely brief in his intervention because I have already allowed a rather lengthy debate on this question. I must now have new arguments, otherwise I will not hear more interventions.

• (1610)

Mr. Munro (Esquimalt-Saanich): Madam Speaker, indeed allow me to say very simply that nothing is lost by underscoring some specific arguments made in the debate.

Madam Speaker: That is not a point of order, but I did hear what the hon. member said.

[*English*]

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I will be very brief. I noted with interest that the hon. member for Broadview-Greenwood (Mr. Rae) used, and I quote him accurately, the term "mere changing of a mind". I would remind him and the government House leader that government members are entitled to change their minds as often as they want until they make a solemn commitment. After they make a commitment under the oath of the Privy Council, they are bound. That is the crucial point of this debate.

An hon. Member: Right on.

Mr. Friesen: They can change their mind as often as they want to, until they make a solemn commitment.

Second, I want to point out that this commitment was made not on the basis of a surprise amendment thrust upon them on the spur of the moment which would take them off guard so that they made an inadvertent error in judgment, but rather on an amendment which had been tabled by the hon. member for Provencher (Mr. Epp) a week prior to the time, and the government had that entire week from Tuesday to Friday to study the amendment, which they did. They came back with plenty of foreknowledge and, as a deliberate action, made a commitment to the Conservative members of that committee, and then withdrew it. It was a deliberate act on their part.

Madam Speaker: Order, please. The hon. member, of course, is not referring to the proceedings of the committee. He will have to restrain his arguments to other aspects of this question.

Mr. Nielsen: Ministerial responsibility.

Mr. Friesen: Madam Speaker, the point is that members of the House must be able to count on the ministerial sense of responsibility and accountability. Once that commitment has been given, they must be able to depend on that commitment and not have the word broken by other kinds of negotiations which have been going on in order, as the Prime Minister (Mr. Trudeau) said yesterday, to maintain the consensus for which they were looking.

[*Translation*]

Madam Speaker: I will take this question under advisement, but I will likely rule at the same time on both questions of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

SOCIAL SECURITY

TABLING OF COPY OF AGREEMENT BETWEEN CANADA AND PORTUGAL

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, on behalf of the Minister of National Health and Welfare (Miss Bégin), and pursuant to Standing Order 41(2), I should like to table in both official languages a copy of the agreement on social security between the Government of Canada and the government of Portugal.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,619, 1,753, 1,769, 1,772, 1,812 and 1,845.

[*Text*]

RAILWAY IMPROVEMENT—SMITHS FALLS TO BROCKVILLE

Question No. 1,619—**Mr. Cossitt:**

1. Are steps being taken to change the railway tracks in the area of Smiths Falls, Ontario used by passenger trains to avoid the considerable delay spent in track switching operations and (a) if so, what are all the details (b) if not, for what reason?

2. (a) Are steps being taken to improve the railway roadbed between Smiths Falls and Brockville in order to bring it up to modern standards (b) in what year was the roadbed originally constructed?

3. (a) What is the scheduled travelling time for passenger trains between Smiths Falls and Brockville (b) what is the distance involved (c) what would be the estimated travel time for Toronto-bound trains between Smiths Falls and Brockville if the roadbed was brought up to the standard of the roadbed between Brockville and Toronto?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. No steps are being taken or are planned to change the railway tracks between Brockville and Smiths Falls, Ontario. The switching of trains from the CN to the CP track and the attendant delay cannot be avoided.

2. (a) No steps are being taken to improve the railway roadbed between Smiths Falls and Brockville as the existing track is adequate for present train operations. As part of a long-term plan to improve rail passenger service in the Quebec-Windsor Corridor, there are plans to upgrade the service and facilities on the Smiths Falls-Napanee route. The Smiths Falls-Brockville route, however, would not be affected.

(b) 1854.

3. (a) Approximately 55 minutes on average.

(b) Approximately 45 kilometres or 28 miles.

(c) The average travelling time of a passenger train could be reduced by approximately ten minutes per train. The number of stops, curves, etc. precludes greater time savings.

ADVERTISING EXPENDITURES

Question No. 1,753—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Industry, Trade and Commerce for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses)): In so far as the Department of Industry, Trade and Commerce is concerned: Canadian Government Office of Tourism, (a) $10,467,300; (b) 940,700; (c) 1,450,000.

Public Information Directorate, (a) $1,300,000; (b) 950,000; (c) 200,000.

Metric Commission Canada (a) Nil; (b) Nil; (c) Nil.

Question No. 1,769—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Export Development Corporation for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: Export Development Corporation advises that: For the financial year ending December 31, 1980, its estimated expenditures for, (a) newspaper advertising: $714,500; (b) free publications: $156,150; (c) other information: $190,625.

Question No. 1,772—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Canadian National Railways for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: (a) $8.6 million; (b) $10,000; (c) Nil.

Motions for Papers

DEFENCE CONSTRUCTION (1951) LIMITED

Question No. 1,812—**Mr. Herbert:**

In each of the past ten years, by province, what is the value of land procured by Defence Construction (1951) Limited?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): During the past ten years Defence Construction (1951) Limited did not acquire any land.

RIVIÈRE BEAUDETTE, QUEBEC—TOURIST INFORMATION CENTRE

Question No. 1,845—**Mr. Herbert:**

Did the government contribute to the construction or maintenance of a tourist or information centre off highway 40 near Rivière Beaudette, Quebec and, if so, what was the amount and were any conditions attached to the payment?

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses)): In so far as the Department of Industry, Trade and Commerce is concerned: Under the terms of the government's Federal Labour Intensive Winter Works Project for the winter of 1971-72, the Canadian Government Office of Tourism contributed $80,000 toward the construction of a permanent tourist information centre at Rivière Beaudette, Autoroute 20, County of Soulanges, Quebec. The following is the proforma for the project:

Objective: To give quick stimulus to job creation in the winter across Canada.

Method: By carrying out the clean-up, refurbishing, re-design or augmenting with special new facilities, features or equipment, of one or more travel/tourism attractions or facilities per province.

Provincial Contribution: The aim was for the provincial contribution to match the federal contribution as closely as possible (a minimum for provincial contribution would be 25 per cent of the costs of the projects selected).

Costs: Costs were to be predominantly labour-intensive, although a minor share of equipment or capital cost could be included, provided this could be related to job creating activities. Approximately 75 per cent of the federal share of the contributions was to be made for the FY 1971-72 ending March 31, 1972 and 25 per cent in the two months of April and May and ending May 31, 1972.

[*English*]

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

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

MOTIONS FOR PAPERS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, notices of motions for the production of papers Nos. 20 and 39 are acceptable to the government.

[*Translation*]

Madam Speaker: Is it the pleasure of the House that notices of motions Nos. 20 and 39 be deemed to have been adopted?

Some hon. Members: Agreed.

[*Text*]

WINNIPEG INTERNATIONAL AIRPORT—PACIFIC WESTERN AIRLINES PROPOSAL FOR MAINTENANCE HANGAR SPACE

Motion No. 20—**Mr. Keeper:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings and other communications relating to Pacific Western Airlines proposal for maintenance hangar space at the Winnipeg International Airport.

Motion agreed to.

DEFENCE CONSTRUCTION (1951) LTD.—PUBLICATION OF TENDER CALLS

Motion No. 39—**Mr. Herbert:**

That an Order of the House do issue for copies of all regulations and instructions in Defence Construction (1951) Ltd., concerning the publication of tender calls for construction work, including all references to the amount and form of deposits that may accompany such tenders.

Motion agreed to.

[*English*]

Mr. Collenette: Madam Speaker, I ask that the remaining motions be allowed to stand.

Madam Speaker: Shall the remaining notices of motions be allowed to stand?

Some hon. Members: Agreed.

Madam Speaker: Pursuant to Standing Order 54, I do now leave the chair for the House to go into Committee of the Whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Tuesday, January 27, consideration in Committee of the Whole of Bill C-54, an act to amend

the statute law relating to income tax—Mr. MacEachen—Mr. Ethier in the chair.

On Clause 1—

[*Translation*]

The Deputy Chairman: When the committee rose last evening, clause 1 of the bill was under consideration and the hon. member for Assiniboia (Mr. Gustafson) had the floor.

[*English*]

Mr. Gustafson: Mr. Chairman, last evening at ten o'clock I was saying that I was somewhat concerned about Bill C-54 and the direction it seems to take and about the Income Tax Act in general, as well as the procedure which the government is following and the policy it is setting down for the people of Canada in the tax measures before us. I drew a comparison between what is happening in the oil industry in western Canada today and the type of measure which we find before us here which is having a negative effect on the economy of Canada.

I should like to say at this point that I think it is very important for us to take a positive look at the direction in which the Canadian economy should go, and I would like to make some positive suggestions today, particularly from the agricultural perspective in view of my background, relating to the measures in the bill before us.

I am sorry that the Minister of Finance is not here today to hear these recommendations, but I hope they will be passed on. I was referring earlier to the Income Tax Act which had a devastating effect on the economic expansion of the country and on the oil industry in western Canada. In my own town of Assiniboia and within my riding the oil industry has been so curtailed that many of the supply companies, many people working on the oil rigs and in the service companies, have been laid off. Approximately 50 per cent to 75 per cent of those people have been laid off, and those numbers are not unusual in oil production areas. For example, PanCanadian in western Saskatchewan is suggesting it may have to close 77 per cent of its oil production. If you are familiar with oil production in southern Saskatchewan in particular, Mr. Chairman, you will know that 50 per cent of the oil wells in southern Saskatchewan produce less than ten barrels of oil. So it is most important that some type of positive direction be given to this industry.

The measures contained in the Income Tax Act and in the bill before us will have the same type of restrictive effect on the whole economy of Canada. This has been going on in Canada for a number of years, and if we do not change this direction we will have more serious economic problems in Canada. I want to relate in particular what is happening with respect to the capital gains tax on farms, a problem to which this bill has not addressed itself.

● (1620)

In the last election the Liberal Government of Canada promised some provisions for the benefit of farmers, particularly relating to valuation day of December 31, 1971. Those measures have not come about. The farmers of my area have been seriously asking about this because what simply happens today is that they take the 1971 valuation day and multiply it by 4.5 times the assessment of the land, and that is the value of the land which the income tax department uses. What will happen to farms and small businesses if the government continues in its present direction? It will force many farms, particularly family farms, into serious economic situations. I suggest to the minister that we must look into the future in regard to this type of legislation.

I see a very serious situation coming about in the province of Saskatchewan. It relates to the ownership of farms, the entire subject of capital gains, and exactly the direction in which the agricultural business is going. Under the land bank scheme the government of Saskatchewan bought over one million acres of land, that is, over 62,000 quarter sections of land. It is owned by the government; it is state-owned land. If the present direction of the government continues, there will be state ownership of land in Canada.

The present direction seems to be evident in what the Liberal government and the NDP have been doing in the constitutional talks as they look at the amendments to the constitution, clause by clause. When it came to the right of ownership of property, it is interesting to note that the Liberal party and the NDP seemingly agreed that that right should not be within the constitution.

The ownership of farms and land is very, very important to farmers. I would suggest that we should be addressing more positively the situation of capital gains tax on farms. If we do not address ourselves to that problem, the state, the government or whoever, will one day own the farms of Canada. It will be a sad day for production; it will be a sad day for Canadian farmers when they no longer own the land on which they produce grain, raise beef or whatever; it will be a sad day for Canada.

It is important for the minister and his department to start looking at the direction of agricultural production. Some of the restraining measures in the Income Tax Act have a counter-productive effect upon the ability of farmers to produce. I should like to speak very generally about something I have experienced, having had a history in agriculture, and the importance of it.

A farmer who may have anywhere from $500,000 to $900,-000 invested in his farm is allowed the same depreciation and the same personal deductions as a wage earner. But, we must remember his investment in his farm, particularly with the present inflation, the high cost of machinery, the inflated cost of land to which we addressed ourselves a little earlier when we discussed capital gains, the inflated cost of repairs, and the high costs of production. Certainly a farmer who has been established for many years does not find himself faced with a major problem; but the young farmer who is trying to buy a farm, to pay high rates of interest and to make capital payments on his principal, finds that out of the small amount of money he is allowed to make after paying his high rate of income tax, he is not able to meet his obligations and to make

principal payments on his farm. The government should take a positive look at changing this direction in the interests of agriculture. At this time I should like to ask the minister, through his officials, whether they will take a look at this direction.

In the agricultural industry today there are many farmers who are not delivering grain because they find themselves in situations with which they cannot cope because of the income tax department. This is very restrictive to production in this country. I am not saying that farmers should not pay a fair level of income tax. They realize that they can average their income over five years, which is a benefit, but I believe that we are operating under 1949 methods. The department has never implemented an up-to-date method of operation in regard to agriculture which takes into account the inflation factor of the 1980s. If we do not meet this present challenge which is causing serious problems, particularly in the agricultural industry and also in the area of small business, the economy of Canada will face an even greater challenge.

I have been receiving letters daily from my constituents concerning this matter. Just the other day I received a letter from a businessman in Assiniboia, Saskatchewan. He pointed out that the Income Tax Act has not kept pace with the importance of development in this country and is restraining production to the point where our production capacity is not being utilized.

Last evening I pointed out—and it bears repeating—that the policies of the government have laid the oil industry of Saskatchewan flat on its back. Seemingly the minister laughed about that today, but it is no laughing matter in the towns in my constituency and in all of western Canada. Yet the Minister of Employment and Immigration announced some $4 million aid programs for the province of Saskatchewan which will come out of the pockets of taxpayers. This simply does not make sense. On the one hand they restrict the industry to the point where unemployment is increasing, service rigs are leaving the country, and oil wells are being shut down because it does not pay to bring them into production as production is so low. On the other hand they ask the taxpayers of Canada to pay x millions of dollars to subsidize people who find themselves unemployed. You cannot blame the Canadian people for that, you must blame the Government of Canada for it.

● (1630)

A very good example within the tax structure of Canada today concerns rebates to farmers on gasoline. This is an example of circulating paper and creating jobs. I know the department says that the tax or rebate—10 cents or seven cents a gallon—cannot be taken off at source at the bulk station. I do not know why they cannot find a way to do that. There is a very simple method, but they would rather circulate paper. You see offices full of people sending out circulars to the farmer telling him how to apply. The farmer finds himself unproductive because, instead of being able to feed another pen of steers, he is filling out the papers for the rebate, which get him all confused. Then he needs an accountant and a lawyer to help him fill out the forms. So, what do you have? You have big government circulating paper, and no production. There is not one more hoof of beef, one more roast, or one more bushel of wheat. There is no production whatsoever. This is the type of program suggested by too many government big idea men.

I want to suggest to you, Mr. Chairman, that the people of Canada, farmers and small businessmen in particular, are fed up with this kind of administration. I say to the department and to the minister that it is most important we take a look at this area in Canada today. Do you know that Canada should be having the biggest boom in its history today? Mr. Jarvis, who is responsible to the Wheat Board, made a statement the other day to the effect that this could well be the golden age of western Canada in agriculture. We know what could happen in western Canada with respect to oil and production. Make no mistake about it, so does all of Canada. We should not be beggars in the boardrooms of the world. We should be leaders of production, both in oil and agriculture. And we will be. We mean to put into place some legislation with regard to the Income Tax Act which will allow Canada to produce in the way that only Canada can.

I suggest to you that we must take another look at some of these areas. I would like to deal again briefly with valuation day and its importance to farmers. I have had a number of calls to my office, and a number of farmers have stopped me on the street to ask me about this. They ask: when will the government keep its promise to the people of Canada? I think what is important, is that it keeps a promise.

More important than that is the very serious situation which exists for farmers because of the Income Tax Act. I again ask the government and the minister's department to take a look at this valuation day and the capital gains situation. It is altogether out of tune with the time in which we live. It is archaic, in terms of being up to date with what must happen with respect to agriculture and capital gains.

I wish to speak of another matter about which I have some knowledge. I filled out a payroll for some 25 years. The Income Tax Act—

The Deputy Chairman: Order, please. I regret to interrupt the hon. member but his time has expired. He will be allowed to intervene again on the second round. Right now I must recognize the hon. member for Pembina.

Mr. Elzinga: Mr. Chairman, I, too, appreciate this opportunity to participate in Committee of the Whole on Bill C-54. Prior to making my comments I would like to take this opportunity to congratulate the hon. member for Assiniboia. I would like to align myself with his statements with respect to capital gains. He indicated the approach that both the New Democratic Party and the Liberal party are taking in regard to state ownership of our farm land, or of any land in Canada. It is interesting to note that the Liberals and the NDP voted against our property rights amendment in the constitutional debate. It is also interesting to note that in 1976 at the Habitat Conference the same Liberal administration supported a reso-

lution which was put forward in support of public ownership of all lands.

In reviewing Bill C-54 and examining some of the economic problems we are facing in Canada we find that, in effect, this budget is counterproductive to many sectors of our society. It will be counterproductive as far as it affects the small business sector, our farming population and our senior citizens. We introduced a budget about which I will speak in more detail later. We introduced a very socially progressive budget, when we had the opportunity as the Government of Canada. At the time the New Democratic Party, the supposed party of social compassion, voted against those progressive policies which we had advocated. At the time that illustrated to me the way that they speak out of both sides of their mouths. They indicate they do have a concern for the underprivileged in Canada, yet they do not show it when they have the right to exercise a vote in the House of Commons.

Bill C-54 covers the amendments and the various propositions brought forward by the finance minister in his mini-budget of April, 1980, and in his budget of October, 1980. If it is to be faulted it can be faulted in a good many areas with respect to the deletion of various proposals. There were many important proposals which we included in our budget and which the Liberal party has not seen fit to adopt. A good many of the recommendations which we supported in our budget have been brought forward in this minister's budget, and I commend the government for that.

With respect to what the member for Assiniboia mentioned, there is no relief from capital gains for the farming sector of our country. On several occasions in the previous election campaign the Minister of Agriculture promised that valuation day would be changed from 1971 to 1974. This commitment was not fulfilled by the party opposite. Under the Crosbie budget we offered an opportunity to the farming sector whereby they could roll over their capital gains into a registered retirement savings plan. This went a long way in alleviating the farmer's burden, whose only retirement plan is realized when he sells the property he owns.

We are glad to see that the present government has again accepted our proposal with respect to the Small Business Development Bond. We advocated this measure in order to alleviate high interest rates which so many sectors of our society were facing. We are disappointed that this measure will expire on March 31, 1981. It is my understanding we will be introducing amendments to extend the expiry date of the Small Business Development Bond program beyond that time period. We are hopeful that the Liberal party will accept this suggestion.

● (1640)

Let me congratulate the government for including the provisions with regard to volunteer firemen. We advocated the proposal whereby the allowance would be increased from $300 to $500. However, I am disappointed that the government did not include a provision for an energy tax credit. What the government has done in imposing higher energy costs on Canadians is totally different from what we advocated. The Conservative party advocated an 18 cents excise tax on gasoline to be imposed on those individuals who drive a vehicle. The government impose a refinery tax, which means that even individuals on low incomes will now be burdened with the additional costs. Nor has the government brought in an energy tax credit for those individuals who earn less than $22,000 per year.

Because of the energy policies of this government, exploration activity will be 40 per cent less this year, which amounts to approximately $2 billion in investments. As the result of the government budget, interest rates will be higher. Let us review some of the positive measures which were introduced in the Crosbie budget. We intended to reduce government spending. In spite of that, the Social Policy Board of Canada indicated that the budget was the most progressive budget it had seen in the past ten years. We intended to eliminate mismanagement while at the same time helping those who were most in need of help. As I indicated earlier, the Crosbie budget offered capital relief to farmers, and the working spouse deduction which the government has accepted.

I hope that the government will give some consideration to offering aid to those individuals who face high mortgage costs. The Conservative government committed itself to offering such aid. In light of high interest rates, I hope the government will come forward with positive measures to alleviate the situation. The Conservative policies reflected a belief in the individual Canadian, that he or she could develop without the government becoming too involved in their private lives. We felt that we could contribute to the development of the individual rather than inhibit that development.

It is worth while to review the five commitments made by the Prime Minister during the 1980 election campaign. His first commitment was that the Liberals would manage the nation's finances more vigorously in order to make more effective use of taxpayers' money. He made the specific pledge that his party would hold the line on government expenditure growth under the rate of the GNP. Upon examining this budget we find that for the coming fiscal year there will be an increase of some 12.8 per cent in total federal expenditures and it forecasts an increase in the GNP of 11.1 per cent, which includes inflation. In reality government spending has not been held in line. That is the first promise broken by the Prime Minister.

The second promise of the Prime Minister's five-point plan was that he would achieve energy security at a fair price for all Canadians. He indicated that he would negotiate an increase of less that 14 cents on the price of a gallon of gasoline. In reality we see that the price of gasoline per gallon has increased by anywhere from 20 cents to 30 cents. Now we find that the negotiations between the federal government and the producing provinces are at a stalemate and a settlement cannot be reached. Consequently, our energy security is becoming a fading dream.

The Prime Minister's third promise was that his party would develop an industrial strategy which would provide jobs, spur

growth and increase Canadian ownership and control. The Prime Minister indicated:

> This party will not simply stand by and let the recession come . . . We will fight it and overcome it. . . . A Liberal government would use every economic tool at its disposal to save Canadian jobs and to maintain Canadian growth.

In the year since that speech, the Prime Minister and his government have made no effort to use any economic tool at all to stave off recession. In fact the government did not bring down a budget until seven months after it had resumed office.

The Prime Minister's fourth commitment in the five-point plan was that he would head a national government which used its strength to realize the aspirations and economic potential of each of our provinces. He said that it would be a national government which builds up rather than tears down and that it would make the 1980s a decade of opportunity rather than a decade of doubt. In the one year since that promise, one resource sector in one part of our country is to be taxed to the detriment of that portion of the country. And we have a constitutional proposal before this Parliament which makes second-class citizens of all those individuals outside the provinces of Ontario and Quebec. The Prime Minister gave the specific commitment that he would give each individual area and province the opportunity to develop and grow.

The fifth promise made by the Prime Minister was that his party would enhance the security of every individual by helping those who most needed assistance, and they endorsed the right of every Canadian to have a job. One year later we find that these pledges have not been kept and that the government has not even begun to put them into effect.

I wish to refer to our excise tax proposal of 18 cents per gallon of gas, as compared to what the government is doing. As hon. members will recall, we proposed that price increases would affect only those individuals actually using gasoline. This administration has imposed a refinery tax as well as a tax which applies not only to gasoline but also to home heating fuel. This means that individuals on low incomes will have to pay that tax without the benefit of an energy tax credit.

My party has done some research into the specific levels of gasoline costs. My colleague, the hon. member for Vegreville, put a question to the minister of energy on January 12 in which he indicated that gasoline costs had gone up by some 30 cents in a period of one year, after receiving a commitment from the Prime Minister during the 1980 election campaign that prices would not rise by any more than 14 cents a gallon. I have a number of quotes from retail and wholesale outlets in my constituency which indicate that the price has gone up by between 20 cents and 38.9 cents.

Canada is blessed with a great deal of natural resources and human potential. One cannot help but be saddened by the fact that the government is stifling that human potential and the development of our natural resources. It is my hope that the government will reflect on what it is doing and come forward with policies which will help the individual develop and which will allow us to develop the natural resources of the western provinces to the benefit of all Canadians.

Mr. McKenzie: Mr. Chairman, I wish to speak briefly on Bill C-54 with regard to the energy section, the effects of the budget, and the disastrous effect of the Liberal energy policy on the industry and the country as a whole. What is most disturbing is the attitude of the government, which has made it perfectly clear that it will keep us on this disastrous course. We are going to have to keep hammering away until we can get ministers to budge on the position they have taken.

● (1650)

I want to congratulate the hon. member for Pembina on his remarks. He certainly made one point very clear—never trust a Liberal.

I should like to comment on some correspondence we have received from the oil industry and the drilling industry in Canada about the very serious and damaging effects the Liberal energy policy has on them. I want to quote from a letter dated January 26 this year from the Independent Petroleum Association of Canada to the Prime Minister. The letter points out:

> After three months of careful study we the members of the Independent Petroleum Association of Canada have concluded that the National Energy Program (NEP) will have disastrous consequences not only for our industry but for Canada's national goal of energy self-sufficiency and, indeed, the over-all economy.
>
> We represent the Canadian owned and controlled independent segment of the oil and gas industry in our country.

I want to emphasize that I am talking about Canadian companies, Mr. Chairman, not multinationals or oil barons. We are talking about small Canadian companies that are being harassed and chased out of the country by Liberal policies.

The letter goes on:

> We have no quarrel with the stated objectives of the NEP. We simply do not believe the program will achieve them; moreover, it will prove to be counter-productive to those objectives.

Every document, letter, magazine or newspaper I picked up has this same phrase, "counterproductive to those objectives". So we are going backwards under their ridiculous policy.

The letter continues:

> In view of the far-reaching national and international implications of the NEP, we respectfully request that your government establish a special joint committee of the Senate and House of Commons to undertake a full examination of the impact and ramifications of the National Energy Program.

Again referring to the National Energy Program, the letter goes on to point out:

> These implications include the health of the national economy, jobs in every part of Canada, the secure supply of oil over the immediate and longer term, our international trade and balance of payments, and the unity of the country. Indeed, as stated in the NEP itself, the program "will impinge . . . in almost every sphere of Canadian activity,—"

The activity seems to be taking place at the borders where trucks are lined up loaded with drilling equipment moving out of the country.

It was reported the other day that at Coutts, Alberta, there was a line-up of trucks of one mile long last week. The energy minister disputed this today, but we are getting pictures of

these trucks lined up and leaving. I am sure the minister would say that the picture in the Red Deer *Advocate* is false and that they are telling lies and that this is not happening. I doubt very much if the *Advocate* is publishing false pictures and giving false information about drilling equipment and trucks leaving Canada. A report in last Thursday's *Advocate* states as follows:

Rigs Leave—A convoy of trucks carrying a disassembled oil drilling rig clears through United States customs at Coutts on the Alberta-Montana border Thursday. This rig, owned by Hi-Tower Drilling Ltd. of Edmonton, needed 30 trucks to transport it, although some require up to 60 trucks. About 50 rigs have moved south through Coutts since last October when the federal energy policy was announced.

Today the hon. member for Assiniboia gave more figures about the devastating effect this is having on the province of Saskatchewan. The Saskoil Company is applying to do drilling in Montana. How are we to become self-sufficient when this sort of thing happens? I think the reason the Liberals are continuing with this disastrous policy is because they are trying to squirm out of the ridiculous statement they made in the last election campaign that they were going to get cheap gas for Canadians. I think they had better get off that "cheap gas" idea and tell the truth to the Canadian people. They should tell the people how much of their money is being spent daily to bring imported oil from the OPEC countries. I brought this up in a motion today, Mr. Chairman. It costs $12 million per day for oil from the OPEC countries. They will become wealthy and have all their people working. But not this country, Mr. Chairman.

I should now like to read part of a letter from the chairman of the Hudson's Bay Oil and Gas Company Limited—not some company over in Africa or Asia. The letter states:

Since the passing of the October budget, and the introduction of the National Energy Program, parliamentary and media debate on Canadian energy policy has been intense. As chairman of one of Canada's principal petroleum companies, I am acutely aware of the importance, not only to the industry but also to the economic and social well-being of Canadians, of an energy policy of optimum benefit to the nation.

He enclosed a brochure. I shall not read all of it but just some of the more important parts. On page 5 it states:

The over-all impact of the measures proposed in the National Energy Program will be a very sharp decline in the industry's cash flows and earnings.

With double-digit inflation, Mr. Chairman, you need a large cash flow. You cannot work on a little bit of cash flow.

It continues:

All of the industry forecasts, as well as those made by other knowledgeable observers, indicate that the industry's cash flow will be reduced by approximately 30 per cent and its net earnings by about 50 per cent. This inevitably will result in a substantial reduction in exploration and development activity in western Canada. It also will seriously impair the industry's ability to undertake the risks and finance the massive investment required for development of the oil sands and the frontiers.

So much for energy self-sufficiency under this National Energy Program and these clauses of Bill C-54.

On page 6 the brochure states:

In short, we are firmly convinced that an arbitrarily defined requirement for Canadian control to qualify for the proposed Canadian ownership incentives is not only unnecessary but would unfairly penalize many Canadians who already own shares in the industry. It also could discourage foreign-controlled companies from making shares available for purchase by Canadian investors and thus prove counterproductive to the achievement of greater Canadian ownership of the petroleum industry.

Everything that this government has come out with since it got back into office is counterproductive. It has made absolutely no headway at all in any area.

I have a letter here from a small Canadian company which is struggling to survive, called Riley's Datashare International Ltd., based in Calgary. The letter which was sent to all members on our side of the House states:

Enclosed is an interim financial report which outlines our position on the National Energy Program.

Riley's Datashare International is a data service company providing products to the petroleum industry around the world from offices in Calgary and Houston. We are a public company with over 1,300 shareholders, more than 90% of whom are Canadian residents. While a small company of just 200 employees, 140 of which are in Canada, we believe we are representative of the many petroleum service companies who will be hurt by the NEP.

It is all the little companies, the medium-sized companies and indeed even the multinationals that are being hurt—are getting walloped by these policies. Of course in the end we suffer too.

The letter concludes with the following:

In our view, the program is in need of drastic revision. It threatens economic activity, is furthering the sense of regionalism in western Canada, and jeopardizes our chances of energy security. We urgently suggest reassessment.

I hope that in the near future the finance minister or the energy minister will come up with some way of reassessing or withdrawing this program. They cannot continue with this ridiculous procedure in light of all the evidence that is coming from these firms. We cannot assume they are all lying to us or giving us false information. If they are, then someone had better get up and discount it.

● (1700)

Riley's also enclosed a brochure. In part, under the heading of "National Energy Program" we read:

The major event of the second quarter without doubt was the federal government's National Energy Program and the continued inability of the two senior levels of government in Canada to reach an agreement on petroleum pricing and revenue sharing. Much coherent and sincere opposition to the NEP is being made by the petroleum industry in terms of the impact on the industry and the nation as a whole. In our view the inappropriateness of the program traces to several inconsistent objectives:

They go into great detail about how the program is affecting them. They comment on "Self-sufficiency-Activity" as follows:

The federal government remains committed to energy security and yet the net effect of the NEP is to reduce the industry's ability and willingness to achieve this. Industry cash flow under the program will be reduced.

They go on to explain how this program is affecting their firm and its expansion.

Neither the Minister of Finance nor the Minister of Energy, Mines and Resources is here, but the Minister of State for Finance is. I would like to refer to *Oilweek* magazine for January 12, 1981. There is a lengthy article quoting statements and comments made by various provincial cabinet min-

isters, as well as statements by people in the industry. The only favourable comments I can find in this magazine are some statements made by the Minister of Energy, Mines and Resources and the Minister of Indian Affairs and Northern Development, but the other 15 or 20 statements are extremely critical of the National Energy Program. I think the minister would learn a lot about his government's programs and the effect they are having on the nation if he would read this magazine. If he has not, I would suggest that it would make great reading for him tonight.

The statement by Mr. Robert H. McClelland, minister of energy, mines and petroleum resources for the province of British Columbia, is headed "Significant Slump Expected". I will not read his statement in full, but in part it reads:

—unless the federal government seriously reconsiders its positions, the outlook is very discouraging.

Then there is considerable detail, similar to what was in the two letters I received this week.

The next article to which I will refer is by Mr. Selby W. Porter, president, Canadian Association of Oilwell Drilling Contractors. This is not a multinational firm nor does it have anything to do with OPEC. He states:

The combination of the recent federal budget, the national energy program, the lack of a pricing agreement for crude oil between the federal government and the producing provinces, and the declining gas sales and exports to the United States, combine to ensure a downturn of exploratory and development activity in 1981.

How on earth can we become self-sufficient when every oil company and drilling company is winding down?

Mr. Porter goes on to say:

The outlook for 1981 in the present circumstances is dismal for the contracting industry; with a forecast of only 5,800 wells to be drilled in 1981, and as a consequence we are faced with the prospect of a large surplus of equipment, service facilities and personnel.

This doom and gloom story goes on. Here is a statement by Mr. Jack M. MacLeod, chairman of the board of governors, Canadian Petroleum Association. The heading of his article is "Self sufficiency goal slips away". Here is another statement: "Canada's potential continues to be frustrated by the failures of our national policies."

I cannot find any statement anywhere which gives this government any credit at all for any of its energy or budget policies. I do not know whether this minister wants to make a statement today as to whether the government is looking at changes, is concerned, or whether this is all false information which these people are handing out.

If the minister would like to take a few minutes to make a statement as a start, we would certainly appreciate hearing from him. The explanation to date from the energy minister was meaningless. Perhaps this minister might have a better explanation as to what corrective measures the government is going to take.

Mr. Oberle: Mr. Chairman, I have a few opening comments and then I would like to ask the minister some questions. I assume he is in the House this afternoon to answer some questions.

Mr. McKenzie: Excuse me, Mr. Chairman, I wish to rise on a point of order. I do not like to interrupt my colleague, but if the minister is not going to answer any questions, could he inform the House that he is refusing to do so? That way we will know whether we are wasting our time here, and we will just have to make 20-minute speeches. I allowed time for the minister to answer, and he seemed to be rising. Then you recognized the hon. member for Prince George-Peace River. Let us hear from the minister if he wants to answer any questions.

The Assistant Deputy Chairman: My apologies to the hon. member for Winnipeg-Assiniboine. I did not realize the minister was rising. We will ask the hon. member for Prince George-Peace River if we may continue—as I ought to have done earlier—and hear the minister in reply to questions.

[*Translation*]

Mr. Bussières: Mr. Chairman, I believe that if we start replying to all the questions asked after each speech, we shall never be able to conclude the clause by clause consideration of this bill. However, as concerns the specific question asked by the hon. member at the end of his speech having regard to the energy policy of this government, I would like to repeat that the position of the government as expressed by the Minister of Energy, Mines and Resources is quite clear and very well-known. Not only have the views of the government concerning our energy program been expressed today during the oral question period, but they have also been discussed many times in the last few weeks during the oral question period and outlined during the debate on certain bills. I do not believe that our position in this regard is ambiguous. What we want is to develop the energy sector in Canada and to Canadianize the industry while meeting the objective of self-sufficiency.

The Assistant Deputy Chairman: The hon. President of the Privy Council on a point of order.

[*English*]

Mr. Pinard: Mr. Chairman, in answer to the hon. member from North Carolina—

Some hon. Members: Oh, oh!

Mr. Pinard: I am sorry. I am referring to the hon. member who just rose on a point of order and I apologize to him. I just want to bring to his attention that there is an understanding that we deliver general speeches on clause 1 of the bill. I understand that questions will be posed when we are at clause by clause study of the bill. I hope that we can come to the clause by clause study of the bill as soon as possible so the minister will be in a position to answer all of the questions that will be put to him.

May I add that when the hon. member was asking questions, the minister could not clearly understand what was

being asked because he was politely answering one of his Tory colleagues to whom he was speaking.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I rise on the same point of order. I would like to amend slightly what the House leader has just said. The minister was in the House yesterday. He was asked the same question, whether he was going to answer questions at the end of each speech. He said, "no", that he was going to make a list of them, and when the general debate on item one was over he would answer those points that he could. That was the undertaking he gave last night. I do not think that it is harmful to the House to know he made that pledge to us.

The Assistant Deputy Chairman: Perhaps the Chair might intervene for a moment. My understanding was as indicated by the hon. member for Qu'Appelle-Moose Mountain, that hon. members would not be seeking answers to questions while debate is on clause one, but rather that those questions would be pursued under the relevant clauses. There is no Standing Order of the House at this moment that necessitates that. It is simply, as I understand it, the way members have indicated they wish to proceed.

Mr. Oberle: Mr. Chairman, I am not that enthused with the arrangement. However, if it was an understanding arrived at through discussion by all members of the House, certainly I will respect that. I have a few questions for the minister and I hope he will take note of them this afternoon although, I do not know why he would have his officials here if he is not answering questions. My questions are not so much to do with what is in the bill but rather about matters which were left out of the bill. I would have hoped that those questions could have been answered, but I am prepared, if everyone else is, to wait until the minister sums up the discussions with respect to clause 1 of the bill.

● (1710)

At the outset, I want to make a few comments following on those of my colleagues who spoke earlier. The government should not be too surprised if, when dealing with a tax bill, we talk about such matters as energy, and the economic policy in general, and matters which strike even deeper to the very foundation of the institution as it will be affected in the future by the arrangements we are presently discussing with regard to constitutional reform.

I have here a document. It is a copy of a book in our library which the hon. member for Victoria dug up. It lays out the procedure one would follow to establish an extreme radical alternative to the type of western democracy on which our system is built. The book is called "Birth of the Communist Manifesto". The early advocates of communism talked about some of the things one would have to do in order to achieve a redistribution of wealth and the transfer of productive mechanisms away from the bourgeoisie to the workers. According to this book, the following would be required, and I quote:

1. Abolition of property in land and application of all rents of land to public purposes.

2. A heavy progressive or graduated income tax.

3. Abolition of all right of inheritance.

4. Confiscation of the property of all emigrants and rebels.

5. Centralization of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly.

6. Centralization of the means of communication and transport in the hands of the State.

7. Extension of factories and instruments of production owned by the State; the bringing into cultivation of wastelands, and the improvement of the soil generally in accordance with a common plan.

8. Equal liability of all to labour. Establishment of industrial armies, especially for agriculture.

It goes on and on. What struck me when reading this is that when you go over it you see that many of these things have already been achieved in our society. This document is the foundation for a very progressive and graduated income tax act. The imposition of those kinds of taxes on property would demean them in a way to affect their value when inherited by one's children.

We already have the centralization of banks. Of late, in our constitutional debate, we have been talking about the nationalization of property. It is being said that the right to own property will no longer be looked at as a right in the future, but rather as a privilege. The right to own property, which in my opinion is the most fundamental basis of western civilization, would no longer be respected in our constitution. I wish to quote another sentence from this very interesting document:

In this sense, the theory of the Communists may be summed up in the single sentence: Abolition of private property.

I do not suggest this government is about to go out and confiscate property. However, we do have that in our energy program. There is a clear confiscation of private assets in the sense that, if they are located on federal lands, the Crown corporation will be directed to move in and assume 25 per cent ownership in the lands and the improvements that have been made under the lease without compensation. If that is not confiscation, I would like someone more knowledgeable to explain what it is.

These people, together with their friends to my left, have done more than that. They are abolishing God. I was tempted to stand up before question period today and move a motion under Standing Order 43 suggesting that we rename this place Babylon, and rename our Prime Minister "the king of Babylon". Obviously he has anointed himself as God. He is wiser than the Almighty. We no longer need any reference to God in our constitution. I do not want to be unkind to the right hon. gentleman, but I sincerely hope that he will not be destined to suffer the same fate as the king of Babylon. As you know, when the king of Babylon denounced Jehovah, a mysterious fiery hand came out and wrote on the wall, "weighed, counted and divided". Of course he was assassinated the same night he made the pronouncement. I do not wish that our Prime Minister be assassinated, but I wish he would reassess in more realistic terms the effects of his type of a new society which he is perpetrating upon us.

After that rather gloomy opening, I want to address some remarks to the minister who previously showed some interest in a proposal I made with regard to northern benefits. This is more directly related to the bill. I wish the minister would make some notes and respond to my questions, either now or at an agreed time.

There is a reference in the bill regarding northern benefits. There is a remission order which allows certain northern benefits which employers in northern and remote areas of the country pay to their employees on which no income tax is payable. These benefits are now identified. They basically have to do with travel, housing subsidies, and other direct costs for which the employer wishes to compensate the employee. There is no remission at the moment for actual northern benefits paid out in cash.

I spoke yesterday in the House with respect to my proposals. I laid out to hon. members, and specifically to the minister, the rather serious inequity which exists in northern Canada where living costs are much higher than in other parts of the country. I pointed out the effects of this kind of insensitive income tax policy on lower-income people in the north, particularly those on fixed incomes, old age pensions, unemployment insurance and other forms of social assistance. The payments are the same everywhere in this country. An unemployment cheque is the same amount for a person north of 60 as in the rest of the province. The amount of the old age pension is the same. However, living costs are three times higher in some areas than in the cities.

With the evidence produced through my report, we had every right to expect some reflection of the proposals, which are being actively studied by the department, in this bill. There is no doubt that the report is based on logic. The government compensates employees in the north with cash payments to mitigate the cost differences, the financial hardships associated with northern living. The federal government pays between $1,000 and $12,000 a year to employees of the public service who are posted in isolated areas. I would ask the minister whether it would not be reasonable to expect, if it is costly and difficult for federal employees or employees of large corporations, both of which have chosen to compensate their employees, to cope with these special circumstances, that it is equally costly and difficult for every other Canadian living in the north?

● (1720)

I have enumerated some of the problems that add to the cost of northern living, including the high cost of gasoline. I have pointed out some areas where a gallon of gasoline costs $5 or $6, and that perishable foods have to be flown in by aircraft and therefore are three or four times the cost in cities.

I have pointed out that other countries with similar geographic difficulties are dealing with this problem by establishing different tax zones and allowing taxpayers in those zones greater personal exemptions in order to equalize opportunities and to achieve a greater degree of equality and fairness in the sense of income tax. After all, equity and fairness are supposed to be the basis of the act. With a graduating and progressive tax scheme one is supposed to be charged taxes in accordance with his ability to pay, and there is no doubt that one's ability to pay in this country varies very dramatically in accordance with where one lives.

I was able to table my report before the Committee on Indian Affairs and Northern Development. I know the minister of the department has a serious commitment to give earnest study to that document. I am also told that the committee on northern affairs, on finance, and national revenue, and the officials of the three departments are seriously looking at the whole question of northern benefits and will be making recommendations to the cabinet, the Treasury Board, and the Minister of National Revenue in relation to the handling of the tax act as it applies to northern residents.

I notice that the Minister of National Revenue has just entered the chamber. I know as well of his interest. He has written to me and has said they are earnest and serious in their assessment of this rather serious situation. What I would ask him to do is nothing else but to use the same criteria the federal government uses to compensate its northern employees in terms of housing subsidies, cash payments or northern living allowances, applying that same criteria on a more universal basis, namely, to use the Income Tax Act to allow all northern residents, whether they work for the government, some other business or even northern businessmen, to make the same kind of deductions. After all, that must only be fair.

I would ask him to study seriously, for instance, what Australia is doing in that regard, and what Denmark is doing in its treatment of taxpayers in Greenland. These people undoubtedly have come to the same conlusion that I reached. I want to tell the minister how serious this matter is for the 5 per cent of Canadians who live in the two tax zones I have identified in my study. This percentage of people would have paid $470 million too much in personal income tax if nothing else were done except the application of these criteria. That has to be very dramatic. In many cases the tax dollar is taking food out of the mouths of children. Their parents cannot afford the kind of nutritious food other Canadians could not possibly do without.

I would ask the minister to look seriously at that. I can assure him there is a wide community and constituency of support for this proposal. Certainly the federation of independent business people has embraced the proposal as a policy and many of the unions operating in the north, the steelworkers, for instance, have made that their national policy. Every municipality in the north has written me letters of support, and I am sure the minister has received letters as well. Strangely enough, as I speak on open line programs throughout the country I get nothing but a positive response, even from people in the larger cities who just simply do not understand how difficult and costly it is to cope with the harsh realities of northern winters, the isolation, and having to send children two or three thousand miles away to learning institutions, or to hospitals for special medical treatment, and so on.

All I am saying is that in order to achieve any degree of equity and fairness in the north, the Income Tax Act would be the tool to use. The establishment of different tax zones would be a method that is acceptable. It has been proven in many other countries and deserves the consideration of this government. I am very disappointed that some of these proposals were not reflected in this particular bill, but I am hopeful the minister, in response to my comments, will be able to enlighten us as to how the multidepartmental study is going and what the government's views are in respect of these proposals.

Mr. Howie: Mr. Chairman, I should like to speak for just a moment about the special 50 per cent investment tax credit proposed in this bill.

In my view the designation of areas to receive the special 50 per cent investment tax credit should involve regions of the country which suffer the effects of regional disparity, instead of census divisions within regions and, indeed, within provinces. Last Wednesday I spoke at length on this matter and made my argument in that regard. Today I should like to detail a few points in support of my argument.

According to the data base on which the program is based, 13 of the 42 areas selected do not qualify for designation with regard to the per capita income and family unemployment rate criteria used in the selection process. An additional factor, that of isolation, has to be included in order to effect the qualification.

Eleven areas that do not qualify under the per capita income and family unemployment rate criteria are not included. I would like to illustrate this point by referring to the census divisions identified in the province of Quebec.

L'Islet, census division 13, has a per capita income of $2,760 and a family unemployment rate of 3.3 per cent. This area is not included, while Rivière du Loup, census division 8, with a per capita income of $3,577 and a lower family unemployment rate of 3 per cent, is included.

L'Islet is part of Bellechasse, which for a long time was represented by a distinguished Social Credit member of Parliament, and is now represented by an able member of the government caucus, who may wish to pursue this matter. If he does so, the research material I have gathered will be available to him.

Labelle, census division 16, has a per capita income of $3,227 and a family unemployment rate of 3 per cent. Again, Labelle is worse off than Rivière du Loup, but it too is excluded, and I have to ask why.

Charlevoix, which is represented in the House by my friend, the Minister of State for Small Businesses, has a per capita income of $4,000 and a family unemployment rate of 3.2 per cent, but is not included as an area designated to receive the benefit. Apparently the Minister of State for Small Businesses does not enjoy the same good fortune as the Minister of Regional Economic Expansion and the Minister of Finance whose constituencies are included. That is quite understandable, but perhaps the Minister of State for Small Businesses will have some difficulty explaining to his constituents how the Minister of National Revenue was so fortunate as to have part of his constituency included, with a per capita average income of $5,531 and a family unemployment rate of only 1.5 per cent, in census district number 10, which is Labrador.

• (1730)

I want to be the first one to suggest that the answer is to be found in the weight that is given to an isolation factor, but looking at the per capita income of $5,531 which is higher than most included areas of Quebec, and a family unemployment rate of 1.5 per cent—a lower unemployment rate than all the other areas in Quebec which are included—I have to suggest to the Minister of State for Small Businesses and the Minister of National Revenue that that is some isolation factor!

If my colleagues from Quebec who are left out of the designation marvel at the way that the identification has been done, they will probably find great sympathy from my colleague from Haliburton in Ontario, census district 46, which has an average income of $3,879 and a family unemployment rate of 3.1 per cent. It is the only census division in Ontario to meet the criteria of the program. Yet it is not included in the program.

Part of Thunder Bay district, in census district 58 which is included, has an average income of $6,827 and a family unemployment rate of 2 per cent. Again, it must be some heavy weight that is given to the isolation factor!

If the isolation factor is great in Ontario, some other mysterious and powerful force is at work in Nova Scotia. The Minister of Finance must be delighted that Inverness, census district 15 in his riding, with an average per capita income of $3,674 and a family unemployment rate of 3.1 per cent, is included, while the member for South West Nova is hung out to dry in respect of Digby, census district number 3 in her riding, which has a per capita income of $2,826 and a family unemployment rate of 3.3 per cent. Inverness is in, and Digby is out. In fact they both should be in, but for some strange reason the area represented by the distinguished member for South West Nova has been excluded.

She is in pretty good company because Cumberland, census district number 11 in Nova Scotia, with an average income of $3,524 and an unemployment rate of 3.3 per cent, has also been excluded. The member for South West Nova is in good company with the very able member for Cumberland-Colchester.

For a real shocker we go to Queen's County, New Brunswick, census district number 4, which has the lowest per capita income in all of New Brunswick at $2,484, and is excluded. Its 3.3 per cent family unemployment rate is higher than one, and the same as two areas included from that province.

By removing Rimouski, the urban area, from the county, by removing Sept-Îles from Saguenay in Quebec, by removing Thompson from census district 22 in Manitoba, and Grande Prairie from census district 15 in Alberta, the rest of the census division in each case was able to qualify.

I want to suggest to the minister, who is quite prepared to ignore the city of Moncton in New Brunswick and the city of St. John's in Newfoundland, that he at least consider using this same technique to recognize the balance of the counties in which these areas are located. This is, of course, predicated on the stubborn determination of the government not to do the right thing and to recognize all of the Atlantic provinces as a region that suffers from disparity and should be identified for the benefits of this otherwise excellent program.

Mr. Roche: Mr. Chairman, like my colleagues, I have a terrible temptation to use clause 1 of this bill for a global assault on a government which richly deserves it, but in the interest of time I will zero right in on a point which I wish to draw to the attention of the Minister of State for Finance and also of the Minister of National Revenue who is here, because what I am going to talk about, Mr. Chairman, is the question of voluntary agencies in Canada and the income tax amendment which is very sorely needed on their behalf which will, at one and the same time, be a social advance in this country and save the government $93 million. A proposal to improve the social conditions in our country and make a substantial saving to the public taxpayer, to the government, is a proposal which, if you do not want to build a monument to the one who makes it, at least should be taken seriously by a government concerned about the public purse today.

It is not a new proposal, Mr. Chairman. I am bringing it up again in this debate because the government has not moved on the proposal which has been put forward in the form of various motions over the years by about half a dozen members, and most recently by myself on June 9, 1980. I draw to the minister's attention pages 1898 to 1905 of *Hansard* of that day. In that debate is to be found the detail of a proposal which is not terribly complicated but which contains many figures to sustain the point I made a moment ago, which is that my proposal would actually result in saving the government $93 million in the initial year.

In essence, the proposal is that the standard $100 deduction for charitable donations be done away with and that taxpayers be given an option of either claiming their gifts to charitable and voluntary organizations as deductions from taxable income, or be allowed to claim 50 per cent of the value of the gift or donation as a tax credit.

Doing away with the $100 standard deduction immediately saves the government, on the figures of 1977 which are the most recent ones available, $245 million. It also becomes much more fair to people who are actually giving donations to voluntary organizations, and it becomes more fair to the organizations because there is a greater incentive for people to make donations to voluntary organizations when they can be given the choice of a deduction, if their tax credit is such that it is more advantageous for them to do that, which it would be for high income earners, or the choice of claiming a tax credit for 50 per cent of the gift, which would apply to a great majority of income taxpayers in the middle to lower ends of the scale.

This is not a fly-by-night proposal. The origin of it goes back to the National Voluntary Organization, an umbrella group of 108 national voluntary and charitable organizations representing some 45,000 registered charities in Canada. These are organizations for the disadvantaged, the poor, the sick and the needy. They are organizations for children and the aged, health organizations, organizations for research into heart and lung disease, cancer, diabetes, muscular dystrophy, health services for the mentally and physically handicapped. They are religious organizations sustaining and preserving our spiritual values, international development organizations, educational organizations, environmental organizations, native, ethnic and cultural organizations. There is a wide group within our society which this organization represents. Indeed it would be hard to think of a Canadian who is not touched one way or another by the social benefits provided to our society by voluntary organizations.

● (1740)

What is happening to voluntary organizations today? They are being hit by the inflation factor in such a way that patterns are now established of a decline in giving because of the squeeze in which so many people find themselves and the transferring of that financial squeeze to those groups that have hitherto been the beneficiaries of a charity based upon a reasonable financial position which is now being eroded as a result of inflation.

I am not advancing an argument against controlling inflation. I am only recognizing the inevitability of continuing inflation and what it is doing to voluntary and charitable organizations which perform such a tremendous service to our country. Briefly, they are in a tax squeeze.

If a change were made to the Income Tax Act along the lines that I have mentioned, the situation would be improved. I must say that the hon. member for Winnipeg North Centre gave support to my proposal. Of course he entered certain caveats. There were certain measures in my motion about which the hon. member had some reservations. I accept those reservations because I am not wedded to the precise detail of how the Income Tax Act should be amended in such a way as to give incentive to people to increase their donations to voluntary and charitable organizations. I am only speaking to the principle of it, that the time has come to make a change to the Income Tax Act which will be of benefit to voluntary organizations and will be an enrichment to the social fabric of the country. I can say that there is widespread support in the House for such a move.

The Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance responded to my motion, but he did not even bother to listen to the arguments or to figure out the actual computations of the figures which I advanced on behalf of national voluntary organizations. He made a canned speech which was written beforehand. The figures included in my motion to my knowledge have not yet been disputed by the Department of Finance.

I will not argue about a few dollars one way or another. I am only advancing the position that the introduction of such an amendment would be not only socially beneficial, but it would be a saving to taxpayers. I advanced the argument that the cost to government for such a proposal would be $391 million, whereas at the present time it costs $484 million in tax revenues because of the way in which the present law is written. The parliamentary secretary said that we cannot afford it. I say that we can. I say there is a widespread public support in Canada for such a move and that the time has come for us to advance it.

I have received mail from various voluntary organizations and national associations all over the country. I will refer to only a few to show the wide range of support for this proposal—the Canadian Mental Health Association, the National Council of YMCAs of Canada, the Canadian Heart Foundation, the National Indian Brotherhood, Grant MacEwan Community College in Edmonton, and the Canadian Jesuit Missions. That is only a handful of the organizations in Canada which support the proposal and would be among the beneficiaries.

Finally I come to an argument which I think has an overriding appeal. When we consider what needs to be done to help voluntary organizations which are of tremendous benefit to the country, when we consider the widespread support for an income tax amendment which would increase the incentive for Canadians to give to those organizations, and when we consider that it would be a fair tax return to the Canadian government and to Canadian taxpayers, all of that should carry the case. But, there is one final argument.

On behalf of the political parties of this country we put in place a few years ago an income tax amendment which allowed people to give to political parties and to receive a tax write-off of 75 per cent at the bottom line. I think there is an argument to be advanced for political parties because they also make a very important contribution to the total fabric of our society. As a result of that income tax amendment, the political parties are now able to raise money despite inflation. They are able to raise plenty of money for their needs.

I am particularly directing my remarks to the Minister of National Revenue. If we can make such an amendment on behalf of political parties, I submit the time has come for us to apply the same principle of a tax credit of 50 per cent at the bottom line—I am only asking for 50 per cent of what is given to registered charities and national voluntary organizations. If we can do it for political organizations, I submit the time has come in the spirit of social justice for us to do it for voluntary organizations which are providing such a tremendous benefit to everyone in the country.

Mr. McKnight: Mr. Chairman, I enter this debate with some apprehension. Because the officials of the minister are available in the House and we are meeting in Committee of the Whole, I understood that questions would be answered. But now I am not sure whether I understood that properly. Can I ask questions and expect answers now, or can I ask questions and expect answers later?

Mr. Bussières: Later.

Mr. McKnight: Well, just to start off, we have heard some discussion about the problems in the tax laws of Canada. I am not sure whether it is because they are written by lawyers, economists, or computer experts in a computer language with which not too many of us are familiar.

From watching television and from reading my daily and weekly newspapers, I know that the government spends hundreds—and I would presume hundreds of thousands—of dollars of taxpayers' money telling Canadian taxpayers how simple and easy it is to understand the tax system.

I should like to refer to one clause in Bill C-54. If the minister's officials feel able, when I come close to the end of my time, I would gladly give them an opportunity to explain it. Clause 66.2(6) reads as follows:

> Where a non-resident person is a member of a partnership that is deemed under Paragraph 115(4)(b) to have disposed of a property described in Subsection 59(1.1), his share of any amount that would be an amount referred to in Clause (5)(b)(v)(A) or Subparagraph (5)(b)(vi) or (xi) in respect of the partnership for a taxation year of the partnership if section 96 were read without reference to Paragraph (1)(d) thereof shall, for the purposes of this act, be deemed to be an amount referred to in Clause (5)(b)(v)(A) or Subparagraph (5)(b)(iv) or (xi), as the case may be, in respect of the non-resident person for the taxation year of the non-resident person that is deemed under Paragraph 115(4)(a) to have ended.

● (1750)

I know that sounds like a speech made by the Minister of Transport, or maybe the minister responsible for the Canadian Wheat Board in the other place. To be fair, I think it is maybe a bit extreme. But I think it is an example of the problems that we, as members of Parliament, have in trying to understand the tax laws. It is an example of additional costs accruing to individuals in Canada in trying to meet the requirements of good Canadian citizenship, that is, of fulfilling their tax obligations.

In Bill C-54, and in the budget, a considerable amount of time was spent with respect to the National Energy Program and also with respect to something called COR, Canadian Ownership Rate. I question the ability of this document to say what oil company in Canada, what company, could be called Canadian. There have been discussions with respect to that question during question period. I have been trying to read up on the subject to the best of my ability. There are two companies which come to mind when considering this matter, Dome Petroleum, which is considered by everyone to be Canadian, and Home Oil. The ownership rate which applies to Dome Petroleum, according to the rules as Jack Gallagher and I interpret them, is a tremendously difficult matter. The company's 15,287 registered shareholders, under the COR rules, only bring the Canadian ownership rate up to 52 per cent. Dome requested that it be able to purchase an interest in a company, of which it owns 49 per cent, in order to bring up its Canadian content. That company is TransCanada Pipe Lines. Is Dome Petroleum a Canadian company or is it not? Bill C-54 is mute on that.

The other company I mentioned, Home Oil, is owned 100 per cent by Hiram-Walker Consumers Home Ltd. If the same rules are applied to Home Oil it is 75 per cent to 80 per cent Canadian-owned. These circumstances illustrate some of the problems which industry in Canada sees.

I would like to ask the Department of Finance if it is aware of the computer modules which the Department of Energy, Mines and Resources has established, according to Edmund Clark, for the cash flow of every oil company in Canada? If the department is aware, does the Minister of Energy, Mines and Resources accept the figures that the cash flow of the oil companies will be 28 per cent higher this year than last year, as stated by the Minister of Finance in answer to a question from the hon. member for Calgary Centre? This is cash flow which is needed by the oil companies for reinvestment. Or does the minister accept the figures of Mr. Bell, the Vice-President of Petro-Canada, which show that the cash flow of the oil companies will be 25 per cent less this year than they were last year?

If these computer modules are in place I do not see why there should be a discrepancy of over 50 per cent in these figures. Why is there this discrepancy between the figures of the Minister of Finance and the statement made yesterday in the *Toronto Star* by Mr. Bell?

I would also like to know if the department is aware that the figures for drilling for oil in Canada in the second quarter of 1981 will be 54 per cent to 58 per cent less than last year. If so, do the officials agree with those figures? Do they also agree that more than 50 per cent of the drilling rigs presently working will have their contracts expire before the second quarter of 1981? We hear the gobbledygook from the Minister of Energy, Mines and Resources with respect to there being more rigs drilling this year that at the same time last year. If the minister were to take the time to visit western Canada and go into the oil-producing areas, he would hear some statistics which would bother him considerably.

Most of the drilling rigs are now under contract. The reason they are under contract is because until this present program was put in place under the National Energy Program the use of rigs was at a premium in Canada. So oil companies had to contract on a long-term basis in order to have rigs available. The rigs which are presently drilling are also drilling for another reason. We have heard figures about the increase in drilling in Saskatchewan. The reason there was an increase in November and December is because of the credit system which was set up by the government of Saskatchewan. The system was such that if you drilled so many wells you would get an increase in your royalty. That system was removed as of January 1. So companies looked at their credit pool and decided that they must drill more wells in order to use up their credits. That is what they did. That is one of the reasons why there was more activity in the fourth quarter of 1979.

The problem we have in my constituency is with respect to capital gains. Several of my colleagues have spoken about this matter. In my opinion the capital gains tax is a tax after a tax. In view of statements made here I am sure everyone is aware of the promise made during the election campaign by the government. Ministers promised to change V-Day for capital gains from 1971 to 1974 values. I wonder if the minister could explain why this has not been done. Perhaps I have misread something because of my inability to read computereeze. I do not think I have. I think it is something which this government promised and which it has not given. It is like so many other things. What bothers me with respect to capital gains is that we in this party seem to be the only ones in this House who think it is a double tax.

The hon. member for Broadview-Greenwood accused the government of abandoning a field of wealth taxation when it removed the taxation on capital gains and estate taxes in 1972. We in this party do not stand for a death tax. Apparently the NDP does. I find it strange that the hon. member for Vancouver East suggested in this House that there should be a 100 per cent capital gains tax. The farmers in Saskatchewan, even the ones in NDP constituencies, do not believe there should be a 100 per cent capital gains tax on their sweat, blood and toil, on that which has taken them sometimes three or four generations to build up. This government made a commitment to remove some of the onerous aspects of the capital gains tax in its election promises in the February campaign. We look forward to seeing those promises kept when Bill C-54 is translated into English or French.

Mr. Chairman, I would like to call it six o'clock.

Progress reported.

The Acting Speaker (Mr. Blaker): It being six o'clock I do now leave the chair until two o'clock tomorrow.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, January 29, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

CONSERVATION OF CHINOOK SALMON STOCKS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the Minister of Fisheries and Oceans (Mr. LeBlanc) is planning to close the Fraser River to commercial fishing for the entire 1981 season, and whereas this decision will threaten the livelihood of some 1,000 gill-net fishermen on the Lower Fraser, I therefore move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House instruct the Minister of Fisheries to make a full disclosure of all the management options which have been put forward by his consultants and officials to conserve the depleting chinook salmon stocks; and, furthermore, that the minister be required to amend his management plan for 1981 so that the burden of conservation is shared equitably by all those who fish, instead of imposing closure upon the Fraser River gill-net fishermen.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CONSTITUTION

AMENDMENT RESPECTING PROPERTY RIGHTS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. In light of the very real and serious concern expressed by Canadians that the right to own property will not be contained in the constitution, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House call on the NDP to reconsider their position, change their minds, and give their consent to allow the Liberal government to reintroduce the PC amendment on the right to own property, and that they accept the position of the Saskatchewan NDP government who recognize the importance of entrenching property rights and have provided for this in their provincial bill of rights.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRADE

EXPORT OF BRITISH COLUMBIA COAL TO JAPAN—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas a coal deal for sending northeastern British Columbia coal to Japan has been announced—the largest export contract ever negotiated by Canada, I believe—and whereas not only do we continue to sell off non-renewable resources in an unmanufactured state, but in this deal the taxpayer actually subsidizes the Japanese to the extent of some $578 million, I move, seconded by the hon. member for Comox-Powell River (Mr. Skelly):

That the federal government release immediately all of its cost analysis studies on this incredible deal, and postpone any federal expenditures or subsidies until the matter can be examined by a special committee of the House of Commons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

CANADIAN BROADCASTING CORPORATION

RADIO-CANADA LABOUR DISPUTE—REQUEST FOR NOMINATION OF MEDIATOR—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity.

Considering the unexpected length of the strike by reporters of the CBC French network, which has been going on for 93 days, and the formal commitment made by the Minister of Communications (Mr. Fox) last November when he promised that he would not let that conflict deteriorate, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

S.O. 43

That the minister be called on to appoint an independent mediator from the Department of Labour who would be entrusted with starting negotiations between the parties involved.

Madam Speaker: Order. The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

INDIAN AFFAIRS

APPOINTMENT OF ALBERTA REGIONAL DIRECTOR GENERAL—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the concern and discontent being expressed by the Alberta Indian community over the appointment of the Director General for the province, and since many urgent and critical problems cannot be solved quickly unless the Director General has the complete confidence of the Indian community, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the minister follow the advice of the IAA and have the position of the Alberta regional Director General filled by open competition, and that the Chiefs Committee conduct the screening of applicants and recommend final selection.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

FARM CREDIT CORPORATION INTEREST RATES—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent necessity. Farm bankruptcies in 1980 increased 75 per cent over 1979, which did not incude those who gave up farming to enter other occupations. We all appreciate the importance of agriculture to our national economy. However, with interest rates rapidly increasing and with farm operating costs dramatically high, the only option farmers have is to borrow from the Farm Credit Corporation. Therefore, in view of the fact that CIDA has loaned $6.5 million to Barbados for a water system at a rate of 3½ per cent for 30 years, with seven years grace, I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the Minister of Agriculture meet with the minister responsible for CIDA in order to discover the method by which CIDA can loan money at 3.5 per cent and then employ that knowledge to lower Farm Credit Corporation's rate to 3.5 per cent and thus give agriculture in Canada that necessary boost we give so readily to others.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1410)

THE PRIME MINISTER

PROPOSED VISIT TO BRANDON, MANITOBA—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise pursuant to the provisions of Standing Order 43. In view of the fact that since last February the Prime Minister has travelled to Italy, Britain, Sweden, Norway, Saudi Arabia, North Yemen, Egypt, West Germany, France, Austria, Algeria, Nigeria, Senegal, Brazil and Mexico, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House welcomes yesterday's announcement by the Prime Minister's office that the Prime Minister will be visiting Brandon, Manitoba, on February 4.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

HERD MAINTENANCE PROGRAM—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that many thousands of farmers have been advised that they failed to qualify under the Herd Maintenance Program and have launched appeals against the decision, and in view of the fact that the criteria for qualifying under the plan are based solely on the average yield for cereal grains for the past three years, I move, seconded by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton):

That the Minister of Agriculture review the criteria and instruct the board to change its regulations to take into consideration the average yields of hay and forage crops.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ENERGY

GASOLINE—SUBSIDIZATION OF PURCHASES MADE BY U.S. MOTORISTS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under the provisions of Standing Order 43 to draw attention to an anomaly in Canadian gas prices which is resulting in Canadian taxpayers subsidizing United States vehicle operators. The incidence of one-day United States visitors to Canada is up over 50 per cent, the reason being obvious, that they are crossing the border to fill up their tanks with far cheaper Canadian gasoline. Therefore, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That to emphasize the tangible benefits of our good-neighbour policy, Petro-Canada issue give-away cards indicating to United States motorists the extent to which each gallon of gas they purchase is subsidized by Canadian taxpayers. We have all heard of "Pay as You Go"; in this case "We Pay and They Go". In other words, "Tanks for the Memories".

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENSION ACT

CALL FOR INCREASE IN WAR DISABILITY PENSION—MOTION UNDER S.O. 43

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

That this House urges the Acting Minister of Veterans Affairs to introduce, at an early date, an amendment to the Pension Act to provide for the basic rate of the war disability pension to be set each year at the average take-home pay of the five categories in the public service that were designated for this purpose in 1972, it being the view of this House that veterans should not have to wait several years at a time for adjustments to be made but that the increases agreed to in principle should be made automatically, each year, without fail.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ECONOMY

RISING INTEREST RATES—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise under the provisions of Standing Order 43. Again this week interest rates have risen to unbelievable heights. The new interest rate set by the Bank of Canada is 17.11 per cent.

Therefore, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House does condemn the government for refusing to keep interest rates at reasonable levels and does direct the Prime Minister to accept the resignation of the Minister of Industry, Trade and Commerce so that he can retire from the government with some honour.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

INQUIRY WHETHER CHANGES CONTEMPLATED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question was for the Prime Minister as I thought he was going to be in the House today, but I will direct it either to the acting prime minister or the acting minister of energy, mines and resources. In fact I will direct it to anyone rather than the acting minister of justice.

Before Christmas we were told and we knew, that the Minister of Energy, Mines and Resources made some changes in the National Energy Program proposals that concerned exploratory wells. Last week in Alberta the minister of energy announced that as far as he was concerned in energy policy, everything was open to negotiation and that he was flexible. I wonder if the acting prime minister or the acting minister of energy could tell the House, in light of those statements and developments, whether the government is contemplating any further changes in the National Energy Program and, if so, when those changes will be announced to the House of Commons?

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, the right hon. member opposite is correct in drawing attention to modifications in the details of the program which have come forward as the elaboration of the program has proceeded. He has referred specifically to two areas announced prior to the Christmas recess. As we proceed further with the detailed elaboration of the program there may also be occasion for further modification.

Mr. Clark: Madam Speaker, we are dealing here with a program that is already driving oil rigs, Canadian investment and Canadian jobs out of the country. It is a program that is shrouded in uncertainty. The answer by the parliamentary secretary has just added to that uncertainty because he said that there may be more changes at a time unspecified, and of a

kind unspecified. We need to know, the industry needs to know, and people looking for job security in Canada need to know when these changes will be introduced.

The Prime Minister is now in the House, Madam Speaker, so I shall direct my question again, and with your permission I shall try to bring him up to date.

The Parliamentary Secretary to the Minister of Energy, Mines and Resources has just indicated that there were indeed some changes announced by the minister of energy in the National Energy Program and that—I believe I am paraphrasing correctly—as events develop there may be—there will be further changes in the program.

I have made the point that this is a source of great uncertainty in the country. I should like to have from the Prime Minister an indication of when we will have a detailed announcement of the changes to come in the National Energy Program so that we can put some end, some limit to the uncertainty that is undermining investor confidence and is undermining our capacity to become self-sufficient in energy. When will we have a detailed list of those changes that the parliamentary secretary indicated are being contemplated in the National Energy Program?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I did not hear the parliamentary secretary, and I apologize as I was a couple of minutes late coming into the House.

I am sure that the position of the government is well known. It has been expressed by the minister before. It is that the national energy policy is government policy; that the essence, the thrust, the objectives of it are absolutely unchangeable and that, as we do with legislation and other policy statements, we do what I think the opposition parties have asked us to do, to see if in the application of it certain adjustments could not be made.

The minister has said, and his parliamentary secretary has said, that we are meeting with the industry. I also said that in the House a few weeks ago, that we are meeting with the industry to hear their views on how the policy would affect them in detail, much as we do after a budget when we have tax legislation and we hear representations from concerned citizens on how it would affect them. If there are any minor changes which can be made to make the policy better applicable and fairer for Canadians, we will consider them and we will announce them.

This is not a new procedure. It is done after every budget when we bring in tax measures. We sit down once they are known and see how they could be improved, not in their essence but in their wording or in their application.

Mr. Clark: A supplementary question, Madam Speaker. This is certainly now a new procedure. We saw it in the committee on the constitution the other day. We now have three different statements of the policy of the Government of Canada. The parliamentary secretary says there are going to be some changes; the Prime Minister says that the program is policy, it is the policy of the Government of Canada, and the minister of energy says that everything is open to negotiation. That is what he said. That is exactly what he said in a television interview in Alberta. He also said, which stretches credulity, that he is flexible, and he went on to say that everything is open to negotiation.

● (1420)

The House of Commons has a right to know, and the people have a right to know, just exactly what the state of the National Energy Program is. Is it going to be changed? When is it going to be changed? When will we know exactly what that program is. Let me ask a specific question—

Some hon. Members: Oh, oh!

Madam Speaker: I really thought that was the question. I will let the Prime Minister answer that one.

Mr. Trudeau: Madam Speaker, the policy is policy, and everything in it is not subject to negotiation.

Mr. Clark: Madam Speaker, this is a new record. We have two ministers repudiated by the Prime Minister in the course of one week, because that repudiates the minister of energy.

Some hon. Members: Hear, hear!

Mr. Clark: Let me ask the Prime Minister whether the government is conducting any polls—des sondages—today, or has the government commissioned any polls recently regarding any aspects of the National Energy Program? If it has, will those questions be tabled in the House of Commons immediately?

Mr. Trudeau: Madam Speaker, I take exception to the preface of the question about repudiating ministers. I indicated the other day our position on the constitution. Today we have only the word of the Leader of the Opposition—

Mr. Andre: I heard it on television.

Mr. Trudeau: —based on some press report that everything was negotiable.

Mr. Andre: I saw it.

Mr. Trudeau: I am absolutely certain that that is not the position of the minister.

Mr. Andre: I saw him.

Some hon. Members: Oh, oh!

FINANCE

REQUEST FOR CONFIRMATION RESPECTING EXODUS OF CANADIAN CAPITAL

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is also for the Prime Minister. The dollar is once more under pressure with interest rates again higher, recorded at 17.11 per cent by the Bank of Canada earlier this afternoon. Is the Prime Minister aware, with Canadian oil prices now at $17.75 a barrel, compared with unregulated oil prices in the United States of something between $40 to $50 a barrel there, that there has been a mass exodus of Canadian capital—including capital from Canadian companies—to the United States, which in turn is putting our dollar under pressure and causing unnecessarily high interest rates in this country?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, I am afraid I cannot confirm that.

Mr. Stevens: Madam Speaker, we can only despair for this nation when the Prime Minister said he is not aware of a fact—

Mr. Trudeau: I did not say that.

Some hon. Members: Oh, oh!

Mr. Trudeau: I said I could not confirm the silly statement you made.

Mr. Stevens: It is a silly statement now, Madam Speaker.

My question is for the Prime Minister. Speaking at least about silly actions, would the Prime Minister indicate why he feels that the government is justified in negotiating with Saudi Arabia and with Mexico for oil at world prices while at the same time he is insisting that a fairer price for Canadian oil producers will not be forthcoming?

Mr. Trudeau: Madam Speaker, I hesitate to qualify that question because I thought the hon. member and his party knew that Canada is not self-sufficient in petroleum. We have to import petroleum.

An hon. Member: We will never be self-sufficient.

Mr. Trudeau: Because we have to import petroleum, we cannot pay other than the world price, for the prices asked of us by those who want to export to Canada. It is as simple as that. When we are self-sufficient in petroleum, the price of oil that belongs to Canadians should be set by Canadians in Canada, and that is our position.

EFFECT OF INTEREST RATES ON INFLATION

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, in the absence of the Cape Breton Svengali, my question is for the Minister of State for Finance. It concerns interest rates which were announced today showing again that the Bank of Canada has intervened in the market in order to raise Canadian interest rates.

As a preface to the question I would like to point out to the minister that on December 17 at a press conference governor Bouey said:

> I think that interest rates that high would have an impact on inflation and inflationary expectations if they are kept there for a while.

Does the minister agree that the impact of interest rates, which have been maintained at a high level by the government for a persistently long period of time, will have the inevitable effect of giving all Canadians the expectation that that is what inflation is going to be like, and lead to an increase in inflationary expectations and an increase in the problem of inflation, rather than have the effect of decreasing inflation, which is supposed to be the government's policy?

● (1425)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I do not quite agree with the premise of the hon. member's question. I feel that the statement made by the governor of the Bank of Canada, as quoted by the hon. member, is accurate but that it has in a way a somewhat wider scope in that the governor of the Bank of Canada did not specify a limited time period nor did he indicate when interest rates would start having an impact on inflationary expectations. I suggest that the current interest rates reflect the conditions of the marketplace and demonstrate the need to support the monetary policy as a long-term means of fighting inflation.

* * *

[*English*]

HOUSING

REQUEST FOR MINISTER'S INTERVENTION WITH RESPECT TO HIGHER MORTGAGE RATES

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my supplementary is addressed to the minister responsible for housing. Will the minister explain through this House to the average Canadian how it makes any sense that if you took out a mortgage loan in August, you were taking out a mortgage at 11¾ per cent, but if you took out a mortgage in December, or now, you are taking out a mortgage at 16 per cent or 17 per cent? Is it the minister's position that the Las Vegas morality of a lottery should dictate the level of mortgages of Canadians over time or is there some other principle involved? Is the minister prepared to intervene on behalf of the average Canadian so that there is equity between those Canadians who have to renew in August and those who renew in the winter of our discontent, January and February?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, presumably the greatest number of Canadians looking to renew a mortgage at this time, in the next few weeks or months, have had the mortgage on average for a five-year period. Their five-year renewable mortgages are now maturing. As I explained in an answer before, there is no question

about the ability of the average Canadian to meet those increased costs as incomes have increased on average, especially in areas covered by union contracts, by 10 per cent per year during that five-year period.

Mr. Rae: As the minister is well aware, the average income and purchasing power of Canadians has declined over the last three years. My final supplementary is to the Minister of State for Finance. The minister will be aware that the Inspector General of Banks gave an interview to *The Financial Post* on January 10, 1981, in which he criticized the finance committee for having intervened on behalf of small business and on behalf of competitors with the banks. In referring to future legislation, he sees himself as the spokesman for the banks. He said, "This is a battle we have not lost". I would therefore ask the minister how we can possibly rely on his department and the Inspector General of Banks to do the job necessary to inspect those institutions which have been reaping such profits from the exorbitant interest rate policy, which is a policy of this government, when clearly his own civil servants see themselves not as spokesmen for the Canadian consumer and Canadian small business—but as apologists for the banks.

Madam Speaker: Order, please.

[*Translation*]

Mr. Bussières: Madam Speaker, I would not want hon. members to believe that the duties of the Inspector General of Banks and the rates of interest are connected in any way. First of all, I suggest that these are two separate questions. So much for the first point. Secondly, with regard to the remarks which the Inspector General of Banks is reported to have made, I have been unable to confer with the Inspector General who has not yet returned from his trip to Japan. I will confer with him at the first opportunity and report to the hon. member.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF ECONOMIC PLANNING AND DEVELOPMENT OF ZIMBABWE

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of Dr. Bernard Chidzero, the Minister of Economic Planning and Development of Zimbabwe.

Some hon. Members: Hear, hear!

• (1430)

NORTHERN PIPELINES

ALASKA HIGHWAY GAS PIPELINE—REQUEST FOR WRITTEN GUARANTEE RESPECTING FINANCING

Hon. Erik Nielsen (Yukon): Madam Speaker, I should like to direct my question to the Prime Minister.

In answer to a question by the Right Hon. Leader of the Opposition yesterday, the Minister of Energy, Mines and Resources replied that he had not specifically raised the matter of the continuation of the written guarantees extended by then President Carter last summer, that the Alcan pipeline would be built, in the words of the minister, "whether they do it by financial commitment, legislation, or other means—" which appears at page 3061 of *Hansard*. Is the Prime Minister now prepared to contact President Reagan, just as he did the former president, to seek in writing at least the same kind of written guarantee that the whole pipeline will be built?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would be happy to accept the representation made by the hon. member.

Mr. Nielsen: Madam Speaker, it certainly is a representation, and it is a request for an answer from the Prime Minister which he has not given. On November 5 last year the Minister of Energy, Mines and Resources gave this following guarantee to the House at the time the pre-build legislation was being discussed:

> —as soon as the new administration takes office in January, we will be in touch with it in order to ensure that the commitment will be as firm as it ever was.

It is more than evident from the minister's reply yesterday that this promise has yet to be honoured. Will the Prime Minister take the necessary steps, write President Reagan, so that the government will be keeping the word of the minister, which is on the record of this House, and request the same kind of written guarantee from President Reagan that they thought so important to obtain from President Carter?

Mr. Trudeau: Madam Speaker, from the outset the government's policy has been known; from the very moment we introduced legislation in the House. It has been made clear several times by the Canadian government, at least ours, to the American administration, to the effect that the pre-build would only proceed on the condition that the whole pipeline will proceed. That position has not changed. I will advise, in the best way of conveying that information, the American administration once again.

* * *

STATUS OF WOMEN

REQUEST FOR TABLING OF AFFIDAVIT—GOVERNMENT ASSISTANCE FOR CONSTITUTIONAL CONFERENCE

Mr. Walter McLean (Waterloo): Madam Speaker, the minister responsible for the status of women informed the

House yesterday that he had written to the remaining executive members of the Advisory Council on the Status of Women asking for a copy of the secret affidavit. I should like to ask the minister whether he will table his letter of request to the executive?

As the minister will know, the remnant of the council has rescheduled the conference on the constitution for May 29 and 30. Is the government planning to fund this event, and did the minister or any of his staff have any hand in the further delaying of this important event?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I will be glad to table that letter. The advisory council, which is a legitimate and respected advisory council of this government, has made a decision by a majority vote to proceed with the conference and we will, of course, provide it with every assistance necessary.

Mr. McLean: The minister fails to note, Madam Speaker, that the council has lost its representative nature by the resignations and is now representative of only one group and one component only. Let me, if I may in supplementary, ask the minister, since the dates for the women's conference are now May 29 and 30, should this Parliament understand that the government's constitutional package is not going to go to London until June, or is the government determined not to encourage women to speak on the proposals in the constitutional package?

Mr. Axworthy: Madam Speaker, I would remind the hon. member that the proposal for a constitutional conference was one I made originally, in the first place, to the advisory council. We will encourage any women's group in Canada which wants to discuss constitutional matters to continue discussing them. The decision by the advisory council is their decision to make, an independent decision. It has nothing to do with the timetable of the government.

* * *

RAILWAYS

GRANGE REPORT—INQUIRY RESPECTING PROGRESS OF ADVISORY COMMITTEE DELIBERATIONS

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, I have a question for the Minister of Transport.

Last week the minister indicated in the House that his advisory committee on the Mississauga derailment would meet in a week and he would be making decisions very rapidly. In view of the fact that these decisions affect my riding and the riding of Etobicoke Centre represented by my colleague, and in view of the fact there have been persistent reports that the minister is procrastinating in dealing with Mr. Justice Grange's recommendations, can the minister give us any indication of whether the advisory committee has met and whether he intends to move more quickly to protect communities affected by the movement of dangerous commodities?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, indeed the committee, which is a committee to implement and not a committee to study, met yesterday and reported to me this morning. They gave me their recommendation to accept a number of the report's recommendations and I will accept them. They have established an approach to other recommendations, and that approach will be followed. On recommendation No. 3, which has to do with the length of trains and the speed of trains in built-up areas, the Canadian Transport Commission has issued an order to the railways to show cause why this recommendation should not be implemented very rapidly. The railways have a couple of weeks to do so. We will act upon the advice we receive then. All this is to say that this committee is moving.

* * *

AIRPORTS

WINNIPEG INTERNATIONAL AIRPORT—ASBESTOS LEVELS IN BAGGAGE HANDLING AREAS

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, my question is for the Minister of Labour. He was here and I advised him I was going to be asking the question.

As the minister is surely aware, recent tests into asbestos levels in the baggage handling areas of the Winnipeg International Airport have found levels of asbestos fibres as high as twice the government's own maximum limits, and more than 40 times the limit recently recommended by NIOSH, the American agency charged with research into health and safety. I recently visited the airport at Winnipeg and was shocked to find open asbestos in areas where employees have to work 24 hours a day. Is the minister prepared to launch an investigation immediately into this hazardous situation and demand that the asbestos be cleaned up forthwith?

* * *

THE CONSTITUTION

REPORT OF POSSIBLE REJECTION OF CONSTITUTIONAL PACKAGE BY BRITISH PARLIAMENT

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct my question to the Right Hon. Prime Minister. I am referring to a press copy of a telephone interview with Anthony Kershaw, chairman of the all-party committee studying the Canadian constitutional package in Britain. I should like to refer that matter to the Prime Minister and the fact that Mr. Kershaw has said, in answer to whether Britain would be obligated to pass the package that the Canadian Parliament might send to Britain, including a charter of rights, that indeed, Britain would be "obliged to reject" the package. In view of the difficulties this matter is causing, will the Prime Minister now take the natural course of action which has been occurring in Canada in the past, that is, end the charade that is going on with the package, call a first ministers' meeting,

and come to a conclusion in Canada before the resolution goes to Britain?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not sure if it is within the rules to comment on what is going on in the other place in Britain when it is not even proper to comment on what is going on in the other place in Canada.

I just want to say that the hon. member has obviously had some advance knowledge of a report of an ad hoc committee of the British Parliament, which is not the position of the British Parliament, nor of the British government as stated to me by the Prime Minister. So I can only say that the opinion of one member of the British Parliament will not change the course we have decided to pursue.

• (1440)

Mr. Epp: Madam Speaker, I should like to tell the Prime Minister that it is not an ad hoc committee, it is an all-party committee, and the chairman spoke on behalf of the committee when he said that the committee's decision was unanimous. So it was not only one member speaking.

In view of those difficulties, the Conservative party has put forward an approach that can at least get the government out of this impasse, and that is to split the proposal which the government has put before the committee. Will the Prime Minister at least accept that proposal, namely, to split the package and to send to Britain only the patriation package, and keep the charter and those matters which need provincial consent in order to avoid that embarrassment, not only in Britain but internationally? Will he at least take that proposition and follow it up?

Mr. Trudeau: Madam Speaker, we have taken the position that the British Parliament, according to custom, tradition, and constitutional law, had to act upon a request made jointly by the Parliament of Canada. That is still our position. If one member of the British Parliament spoke to the hon. member on the telephone, it is possible that he had expressed his opinion. I have not seen the report of the committee to which the hon. member refers, and I do not know whether it is ad hoc or select, but I know it is not the position of the British Parliament or the British government.

In so far as the request made by the hon. member is concerned, it seems to me, Madam Speaker, that this again shows that the opposition is more interested in discussing the process than the content, and this has been its attitude all along. It may be a good tactical position—

An hon. Member: An honourable position.

Mr. Trudeau: —but I do not think it is a position which would lead to the results that the hon. party opposite said are desired by the Canadian people, and I quote from the statement made by the hon. member for Provencher on behalf of the Conservative party, that the Canadian people want patriation—

Mr. Clark: Yes.

Mr. Trudeau: —that they want an amending formula—

Mr. Clark: Yes.

Mr. Trudeau: —and that they want a charter of rights.

Some hon. Members: Made in Canada.

Mr. Trudeau: These statements were made on behalf of the party.

Mr. Clark: We are a Canadian party, not colonial.

Mr. Trudeau: They want these three things, but what the opposition members have been discussing since the beginning has not been the substance of these three things; it is the process of how it is attained.

Mr. Clark: Why did you vote against patriation?

Mr. Trudeau: I would point out to the Leader of the Opposition, who is heckling again, that we did not vote against patriation.

An hon. Member: You did.

Mr. Trudeau: When the hon. member from Edmonton moved last May to have patriation without an amending formula, simple patriation, all sides of this House accepted it.

Some hon. Members: Let's do it that way.

Mr. Trudeau: We accepted it. This is the position with which we went to the provinces.

Mr. Clark: You then changed your vote.

Mr. Trudeau: This is the position that not only the provinces changed but that the Leader of the Opposition changed.

An hon. Member: All you are giving us is dictatorship.

Madam Speaker: Order, please.

Mr. Trudeau: Just a short second, Madam Speaker?

Some hon. Members: Hear, hear!

* * *

AIRPORTS

WINNIPEG INTERNATIONAL AIRPORT—ASBESTOS LEVELS IN BAGGAGE HANDLING AREAS

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I should like to follow up on my question to the Minister of Labour. The asbestos problem, as he is aware, consists of the fact that the level is twice as high as the level

recommended under Canadian standards. The minister must surely realize that the federal government has the worst record in the country in so far as the asbestos problem in federal buildings is concerned. In my riding, asbestos is crumbling from the ceiling in the main post office. Right here in Ottawa there are federal buildings with high levels of asbestos, and the standards are ten times as high as that which has been recommended by the United States. Will the minister commit himself now to a national clean-up program so that the men and women who work for the Government of Canada can be protected from this extremely toxic material?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I thank the hon. member for the question, and I regret that when he asked his previous question I had been called to the telephone just a moment before.

I want to say to him, in relation to his initial question, that he should realize that the mining of asbestos and the manufacture of asbestos products are subject to provincial legislation. What we have here is that some of those materials have been put into buildings which had existed for a long time, federal buildings as well as buildings in the private sector. At the Winnipeg airport, which was built a considerable period of time ago, some of the building materials contained a fairly high degree of asbestos fibre—there is no question about that.

The hon. member was one of a group of four members of his party who have been touring across the country examining facilities in relation to health and welfare, so he may have received some misinformation. The situation in relation to the Winnipeg airport is that when alterations are being made which involve any materials which have these asbestos fibres, the immediate area is sealed off and the workers who are working within it use breathing masks to protect themselves.

A procedure in these cases has been developed by both my department and the Department of Transport, as well as by the provincial department of labour. The federal Department of National Health and Welfare is monitoring the situation whenever such work is undertaken. I believe the hon. member can rest assured that every possible safety provision has been taken.

Mr. Parker: Madam Speaker, I should like to inform the minister that this airport was built in 1963—

Some hon. Members: Question.

Madam Speaker: Order, please. The hon. member is not here to give information to the minister but to ask information of the minister.

Mr. Parker: Madam Speaker, the fact is that this dangerously toxic material is 40 times the standard recommended by the United States group, and the Canadian airport, which has members of the public going into it and out of it 24 hours a day—

Madam Speaker: Order, please.

Mr. Regan: Madam Speaker, I certainly want to say that I am sympathetic to the concern of the hon. member, who is a very sincere representative of his constituents and of the Canadian people, but I think he is operating under some misapprehensions in relation to this particular situation. Since November of 1975 we have limited worker exposure to a maximum of two fibres per cubic centimetre in the atmosphere. When the hon. member talks about the content of the insulation material within the walls of the airport, he must recognize that it is not exposed any more than in any other building in the country where that has been used.

The only way that I can see in which that content level of 40 units would be reached is if people were to eat the insulation, which seems to me to be an unlikely proposition. I would be happy to discuss the matter further with the hon. member and to reassure him outside the chamber—

Madam Speaker: Order, please.

* * *

[*Translation*]

CANADIAN BROADCASTING CORPORATION

LABOUR DISPUTE—REQUEST FOR MINISTERIAL INTERVENTION

Mr. Raymond Dupont (Chambly): Madam Speaker, I have a question for the Minister of Labour. In view of the fact that the labour dispute between Radio-Canada and its journalists has now been dragging on for three months could the minister tell the House if he is ready to meet personally with the parties involved in order to ensure that both the union and management are ready to negotiate in good faith in order to reach a settlement as soon as possible so as to allow Francophones throughout Canada to enjoy fully their right to information?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I want to thank the hon. member for this important question.

[*English*]

The matter of the dispute between the French language journalists and Radio-Canada is one of great concern to my department and it has recently been the subject of exploratory mediation by perhaps the most able mediator in the country, Mr. Guy DeMerlis. I want to point out that the federal Department of Labour, through its mediation and conciliation branch, not only has a better record than probably any other province in relation to settlements but also has a better record when compared to any other nation in the western world in arriving at settlements without stoppage.

Sometimes intransigent positions are taken by the parties. This has been a very difficult strike in that regard. But I am sure the hon. member will recognize in a free collective bargaining system that all the Department of Labour can do is to provide expert mediation services, and that the parties themselves must make the adjustments from their positions in order to make a settlement possible.

● (1450)

Some hon. Members: Order, order.

Mr. Regan: We will continue to provide those services at the moment when it is judged by the experts that it is appropriate and possible to make progress. We will leave no stone unturned in attempting to achieve a settlement.

Some hon. Members: Hear, hear!

[*Translation*]

REQUEST FOR APPOINTMENT OF INDEPENDENT MEDIATOR

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Minister of Communications.

In light of the worsening conflict between a Crown corporation and the union of journalists, I wonder if the minister is prepared to appoint an independent mediator; in other words, someone who does not answer to the government, since it is directly involved?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the hon. member put a question to which he already knows the answer. He is perfectly aware that it is up to the Minister of Labour to appoint a mediator in labour conflicts between Crown corporations and unionized employees working for those corporations. I must say, however, that it is a labour dispute over which I am deeply concerned, mainly because it is still continuing. It began more than three months ago and I have the impression that such long-lasting disputes can only worsen.

As I said before in the House, I have already met with the president of the union involved, and again late this afternoon I will have discussions with labour spokesmen and Department of Communications officials with a view to seeking grounds for agreement and understanding better the position of the union in this matter.

Mr. Munro (Esquimalt-Saanich): At his meeting this afternoon, does the minister intend to suggest the name of an independent government mediator in the discussion, or will it be nothing more than an opportunity for the strikers to air their views before the minister?

Mr. Fox: Madam Speaker, the meeting has yet to take place, so I will see what kind of representations the union president and the CNTU president want to make. Still I can only repeat that the appointment of a mediator is a matter which falls exclusively under the jurisdiction of my colleague, the Minister of Labour.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FORMER SPEAKER, HON. LUCIEN LAMOUREUX

Madam Speaker: I am sure hon. members will want to acknowledge the presence in our gallery of a former Speaker of the House of Commons, Mr. Lamoureux.

Some hon. Members: Hear, hear!

* * *

[*English*]

COMBINES

INQUIRY WHETHER DEPARTMENT SANCTIONED VANCOUVER NEWSPAPER CONSOLIDATION

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs and Postmaster General. It relates to the concentration of ownership in the Canadian newspaper industry, particularly the consolidation of ownership of the *The Province* and *The Sun* in the city of Vancouver. For the benefit of the House, will the minister confirm or deny that his department was advised in advance of the consolidation manœuvre and at that time raised no objection and in effect approved the manœuvres by these companies?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, common practice in the House has it that the minister cannot confirm or deny that the combines investigation director is involved in an investigation.

[*English*]

Mr. Skelly: Madam Speaker, that was clearly not in response to my question. It related to some suggestions that the minister and his department were advised in advance. I would suggest this statement really advocates a denial of truth by the publisher of *The Province* and Paddy Sherman, the vice president of Southam, that in fact the consultation took place and that by refusing to comment upon it they in fact gave approval in advance.

Would the minister be prepared to explain the apparent conflict, now that they wish to prosecute those companies after in effect giving them approval to go ahead with these manoeuvres in the beginning, or prior to the event?

[*Translation*]

Mr. Ouellet: Madam Speaker, I am not prepared to make any comment on that subject today.

[*English*]

THE CONSTITUTION

REQUEST FOR FURTHER CONSULTATION WITH PROVINCES

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is supplementary to the one raised by the hon. member for Provencher. I want to say to the Prime Minister that the report to which we are referring is not one of the ad hoc committee of the British parliament; it is one of the select committee on foreign affairs. I think that may make a difference to the Prime Minister. It may make a difference to the Prime Minister as well that the chairman of the committee indicated that 26 copies of the report of the committee were sent to the Canadian High Commission on Wednesday. Obviously the government is aware of it.

In order to avoid the national shame, and indeed the national disgrace, of the resolution of this Parliament being rejected by the parliament of Westminster, will the Prime Minister now consider going back to the provinces? One of the reasons indicated by the committee for its position was:

—the Statute of Westminster makes Britain a guardian of both federal and provincial interests.

I may say that my party has taken this position throughout.

Some hon. Members: Hear, hear!

Mr. McGrath: In the interest of national pride, is the Prime Minister now prepared to go back to the first ministers?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, we have the testimony of one of the first ministers, Premier Hatfield—

Mr. Siddon: How about the other nine?

Mr. Trudeau: —that it would be to no avail because the provinces—and I think Canadians were witness to this on television last September—could not agree among themselves on many subjects before them.

Mr. Clark: Except the Vancouver formula.

Mr. Trudeau: Several of the premiers took the position publicly that they would not agree even to simple patriation with an amending formula until one got fisheries, the other offshore, the other cultural sovereignty, and so on. This has been the position of the provinces. If the hon. member's party was so convinced that the provinces could deliver unanimous agreement on patriation with an amending formula, it would be surprising that all ten of them have not made that statement by now. The fact they have not made that statement is a clear indication to me that the provinces cannot agree among themselves—

Mr. Siddon: Just sit down and talk with them.

Mr. Trudeau: —any more than they could agree with the Conservative Party of Canada when it takes its position that they should have the so-called Alberta-Vancouver formula which has not yet been agreed upon among the provinces. There is no unanimity; there is not even a consensus among the provinces.

Some hon. Members: Oh, oh!

Mr. Trudeau: The party of the right hon. gentleman opposite has not been able to adduce that consensus. It is because we have not been able to adduce it over the last 12 years that we say what must be done should be done, and that is what is being done.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. McGrath: Madam Speaker, in light of the fact that six provinces have taken the unilateral action of the government to court, and that 64 per cent of the people of Canada stated in a Gallup poll that they opposed the entrenchment of a bill of rights by the parliament of Westminster—facts which are not unknown to British parliamentarians—is the Prime Minister, again in the interests of national pride and the integrity of this Parliament, prepared to suspend the steamrolling of the constitutional package through this Parliament until he has at least had a chance to consult with the Prime Minister of Great Britain?

Mr. Trudeau: Madam Speaker, I have spoken to the Prime Minister of Great Britain. I have spoken to her as early as last June.

Mr. Clark: What did you say?

Mr. Trudeau: I have her word, and I still have her word, that she will make this a government measure—

Mr. Clark: Did you tell her about the charter of rights?

Mr. Trudeau: —and she will put on a three-line whip to pass it through the House of Commons.

Some hon. Members: Oh, oh!

● (1500)

Mr. Trudeau: Madam Speaker, members opposite may laugh at the words solemnly delivered to me by the Prime Minister of Great Britain. This is not consistent with their position.

When the hon. member tells me that it is the select committee on foreign affairs, that is precisely my objection—it is a foreign country which is telling the Canadian Parliament what it can do.

Some hon. Members: Hear, hear!

REQUEST TO EXPLORE POSSIBILITY OF PROVINCIAL AGREEMENT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, has the Prime Minister considered the incongruity of the

position he has just taken? He is asking the British parliament to lay on a three-line whip, to do something about which the people of Canada have expressed some doubt. It is incongruous that he should take that position.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): If I may, Madam Speaker, I would like to put this to the Prime Minister. The propositions which the committee are now dealing with are quite different from the propositions put to the first ministers in September. The atmosphere in the country is quite different from what it was in September. The discussions have taken a new tack from those in September. I ask the Prime Minister if he will, as head of the Canadian family, exhibit some faith in that—

Some hon. Members: Oh.

Mr. Rae: Head of the Canadian family?

Mr. Baker (Nepean-Carleton): That is what a Prime Minister is supposed to be. I want to ask the Prime Minister whether or not he has enough faith in Canadian federalism, as the head of the Canadian family—as he would like to call himself—to take the matter back to the provinces to see if there cannot be some reasonable agreement from the result of that process. I think the country is worthy of that move, even if the Prime Minister would disagree with it. I ask him at least to consider it.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member talks about the will of the Canadian people. In this House a moment ago I quoted the spokesman for his own party, who said that the Canadian people wanted a charter of rights.

Mr. Beatty: In Canada.

Mr. Trudeau: Madam Speaker, this Parliament is in Canada.

Some hon. Members: Hear, hear!

Mr. Clark: The British parliament is in Britain.

Madam Speaker: Order, please. Will the Prime Minister please continue?

Mr. Trudeau: Madam Speaker, this Parliament is in Canada. It is studying, in Canada, a measure which the honourable party opposite says the people want. It is studying a measure which several premiers have said they do not want. Therefore, this Parliament is doing what the premiers do not want but what the people want, and what this Parliament expects they want.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): To be sure, this is the Canadian Parliament. But what the Prime Minister seems to have forgotten is that Canada is a federal system. For the sake of the country I say: is the Prime Minister now prepared to consider taking what is a different package to the premiers than what was taken to them in September, after this Parliament has spoken?

Mr. Trudeau: Madam Speaker, the answer to that was given in reply to an earlier question. If the premiers really thought they could agree amongst themselves—indeed, agree with the Leader of the Opposition—they would have met by now and they would have said, "This is what we want." They have not done that.

Mr. Clark: Because you have given no leadership.

Mr. Trudeau: They have told me privately, and they have told the Canadian people publicly, that they would not agree to patriation.

An hon. Member: Bring it back.

Mr. Trudeau: Madam Speaker, they would not agree to simple patriation until they got the offshore, the fisheries and so on.

Mr. Clark: That has changed and you know it.

Mr. Trudeau: They have said that publicly. If they say the contrary now, then I will take the hon. member's question seriously.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): That is an undertaking, Prime Minister.

* * *

PRIVILEGE

MR. KAPLAN—ALLEGED UNPARLIAMENTARY REMARKS BY MR. NIELSEN

Madam Speaker: I have a notice of a question of privilege in the name of the hon. Solicitor General.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I rise on a question of privilege relating to the remarks made about me yesterday by the hon. member for Yukon (Mr. Nielsen). They are set out in *Hansard* at pages 6652 and 6653. The hon. member himself was raising a question of privilege. In his question he attempted to couch the matters he was referring to in hypothetical terms. However, as he proceeded it became obvious he was attempting to build a case and make unparliamentary allegations based on matters arising out of the meeting of the Special Joint Committee on the Constitution, at the time I was attending that committee as a witness. He refers to statements which I made. He refers to me as a minister of the Crown making statements "on behalf of the government in a parliamentary process," as if there was any doubt that it was me he was attempting to describe. I was not in the House during most of his intervention, but he noted my return and some other remarks, tying me to the incidents on

which he was building his case. I will refer to those in a moment.

With respect to my conduct before that committee, he said:

—in other forums that would fall within the definition of false pretences, under the provisions of the Criminal Code.

I want to draw that remark to your attention, Madam Speaker. He suggested that my conduct in a civil forum "would be regarded as a civil wrong, commonly called a tort". He said, referring to my conduct in the committee:

It is not far-fetched, in my submission, to draw from that that there was a deliberate intent—

—on my part—

—to make a commitment to the committee in question, which he knew was a commitment which could not be kept.

A paragraph later he said that my action—as he put it, it was a question, but I take it he was submitting that for consideration—would be subject to a quotation from Erskine May's Parliamentary Practice, "Conspiracy to Deceive Either House or Committees of Either House", which he read. He also read the paragraph under the heading "Corruption in the Execution of Their Office as Members".

At that point I returned to the House. The hon. member said he was glad to see me come back. He said the passage which he had quoted under the heading "Corruption in the Execution of Their Office as Members" might be viewed:

—in the light of the very special relationship which existed in this instance between those cozy bedmates, the NDP and the Liberal members.

Madam Speaker, I consider that unparliamentary language which is designed to blacken my name and impede my work as a member of Parliament and minister of the Crown. The full explanation of the events and my conduct before the committee were described. They were closely questioned by members opposite. They were answered fully by the Prime Minister (Mr. Trudeau), by the Minister of Justice (Mr. Chrétien) and by myself when I rose that day on a question of privilege. I therefore ask that the hon. member retract his statement. If he does not, Madam Speaker, I am prepared to move the appropriate motion.

● (1510)

Hon. Erik Nielsen (Yukon): Madam Speaker, it is appropriate under the practices of the House when an hon. member submits for consideration a question of privilege which is to be followed by a substantive motion that the motion be read before the reply.

Mr. Kaplan: Madam Speaker, I would like to hear from the hon. member before I move my motion.

Mr. Nielsen: Madam Speaker, the reason for the practice is that I may either agree with or want to second the motion which the minister has prepared. The minister owes it to the House to read his motion.

Madam Speaker: I believe I can solve the matter now. I listened very carefully yesterday while the hon. member for Yukon (Mr. Nielsen) made his speech and subsequently I read *Hansard*. I received verbal notice from the Solicitor General (Mr. Kaplan) yesterday and written notice today that he would raise this question of privilege. I reviewed the matter very carefully, and I must say, although the hon. member for Yukon came very close to linking some of the very strong words which he used in his speech to the Solicitor General's conduct or to him personally, I do feel that the linkage was not sufficiently direct to constitute unparliamentary language, though it came extremely close.

* * *

POINT OF ORDER

MR. EPP—CORRECTION OF REMARKS OF PRIME MINISTER

Hon. Jake Epp (Provencher): Madam Speaker, I will be very brief. In the exchange between the Prime Minister (Mr. Trudeau) and myself today, the Prime Minister made the statement that I had had an interview or telephone conversation with Anthony Kershaw. That was not the case. I was using a Canadian Press story, and I would appreciate it if the Prime Minister would take this as notice.

Madam Speaker: The hon. member has raised a point of order rather than a question of privilege, and he has made his point.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Nepean-Carleton): Madam Speaker, could I ask the government House leader his intentions with respect to House business for the balance of this week and into next week. If he is intending to designate an allotted opposition day for next week, would he do so today?

Mr. Pinard: Madam Speaker, today the House will deal with the second reading stage of the access to information bill, as agreed upon by members on both sides of the House. Tomorrow we will begin debate on the second reading stage of the borrowing authority bill which will be introduced in a few minutes.

[*Translation*]

Monday we shall resume debate in Committee of the Whole of the bill to amend the income tax legislation. Hopefully, consideration of the bill at this stage will be completed early in the week so that the bill can be passed on third reading. I also hope that we will be able to continue second reading of the bill to provide supplementary borrowing authority. Finally, Friday will be an opposition day and, if I am not mistaken, the third allotted day in this supply period.

Point of Order—Mr. Fox

[*English*]

Mr. Knowles: Madam Speaker, as the government House leader must realize, Monday, February, 16, just two weeks away, will be recognized by many people in this country as Heritage Day. The government from time to time has had legislation before the House to make that day a holiday. It is not there in this year's Bill C-37, but in view of the wide public interest in Heritage Day, would the government consider bringing some measure before Parliament to establish that day as a holiday, even before February 16 of this year?

[*Translation*]

Mr. Pinard: Madam Speaker, that might be difficult, but I shall nevertheless consider the hon. member's request.

* * *

[*English*]

POINT OF ORDER

MR. FOX—ESTABLISHED PROGRAMS FINANCING—CORRECTION OF FIGURES USED

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, last Friday in an exchange in the House between myself and the hon. member for Hillsborough (Mr. McMillan) concerning the exact participation of the federal government in education programs, the hon. member indicated that the total contribution of the federal government for post-secondary education under the EPF arrangements, totalled some $3 billion. I indicated that it was $4 billion.

As far as the EPF arrangements are concerned, the hon. member for Hillsborough is correct. The total contribution by the federal government is $3 billion of which $1.65 billion is in cash and a further $1.42 billion in the form of tax points. If we add to the EPF fiscal arrangements the funds spent by the federal government in the field of education in this country through programs in the fields of minority language, Canada student loans, grants respecting research councils, northern education, native education and the manpower training programs, the total amount approaches some $5 billion.

Mr. Tom McMillan (Hillsborough): Madam Speaker, to comment briefly on that, I wish to thank the Secretary of State (Mr. Fox) for rising this afternoon, in effect, to set the record straight with regard to the figures the minister quoted on Friday in response to my question. The minister's figures on federal funding for post-secondary education in Canada under the established programs financing now conform to the figures I quoted in my questions.

The Association of Universities and Colleges of Canada and the Canadian Association of University Teachers have expressed alarm at the federal government's plan to cut drastically expenditures on post-secondary education. The Progressive Conservative Party shares that alarm.

Madam Speaker: Order, please. Obviously, the hon. member is debating.

ROUTINE PROCEEDINGS

[*Translation*]

BORROWING AUTHORITY ACT, 1981-82

SUPPLEMENTARY BORROWING AUTHORITY

Hon. Pierre Bussières (for the Minister of Finance) moved for leave to introduce Bill C-59 entitled "An act to provide supplementary borrowing authority".

Motion agreed to, bill read the first time and ordered to be printed.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,754, 1,832, 1,905 and 1,963.

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

[*Text*]

ADVERTISING EXPENDITURES

Question No. 1,754—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Department of Justice for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): The Department of Justice: (a) $2,000, (b) $5,000, (c) $421,000.

GRANTS AWARDED UNDER THE OFFICIAL LANGUAGE MINORITY GROUPS PROGRAM

Question No. 1,832—**Mr. Herbert:**

In each of the past five years, by province, what amount was awarded under the Official Language Minority Groups Program?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

Secretary of State

Province	1975-76	1976-77	1977-78	1978-79	1979-80
National Organizations	588,490.00	658,115.00	1,409,076.00	1,623,993.72	1,971,310.44
Newfoundland	23,500.00	64,100.00	162,645.00	288,899.00	243,006.00
Prince Edward Island	58,393.80	77,050.00	266,000.00	481,950.00	416,100.00
Nova Scotia	115,650.00	149,262.00	99,850.00	202,516.00	655,760.00
New Brunswick	366,592.20	420,679.00	679,926.36	1,245,269.00	1,606,739.36
Quebec	287,000.00	153,290.00	211,000.00	435,642.00	692,900.00
Ontario	741,240.00	863,110.00	1,127,783.00	1,973,174.50	2,582,516.50
Manitoba	311,090.00	374,382.03	586,550.00	818,180.00	985,815.00
Saskatchewan	173,060.00	209,745.00	363,895.00	525,812.45	779,528.00
Alberta	206,900.00	234,645.00	383,850.00	645,400.00	809,537.00
British Columbia	150,314.00	320,500.00	502,800.00	687,619.00	921,705.00

TREATY OF FRIENDSHIP WITH SOVIET UNION

Question No. 1,905—**Mr. Blenkarn:**

1. Does Canada have a treaty of friendship and co-operation with the Soviet Union and, if so, on what date was it negotiated?

2. To the knowledge of the government, does (a) Great Britain (b) France (c) West Germany (d) Italy (e) Turkey (f) Greece (g) The Netherlands have such a treaty with the Soviet Union and, if so, in each case, on what date was it negotiated?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. Canada does not have any treaty with the Soviet Union described as a "treaty of friendship and co-operation". Several Canadian-Soviet treaties accord due recognition to the principle of promoting friendship and co-operation between the two countries, but all deal essentially with practical measures for governing interstate relations in such fields as political consultations, commercial relations, fisheries, civil aviation, and scientific, academic, cultural and sports exchanges. The Canadian-Soviet Protocol on Consultations, signed on May 19, 1971, has occasionally been described inaccurately as a "treaty of friendship and co-operation". It is, in fact, an agreement to "enlarge and deepen consultations on important international problems of mutual interest and on questions of bilateral relations".

2. No NATO country has a "treaty of friendship and co-operation" with the Soviet Union, including those countries named in the question. Such treaties have generally been limited to the U.S.S.R.'s Warsaw Pact allies and to selected Third World countries.

RAILWAY CAR NO. 53

Question No. 1,963—**Mr. Cossitt:**

On or about September 2 or 3, 1980, did the Minister of State for Science and Technology use a government owned private railway car and, if so (a) was the car known as No. 53 (b) what was the purpose of such usage and what were the names of all persons on board at any time (c) what was the point of departure and the point of termination of the car?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): No. (a), (b) and (c) Not applicable.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ACCESS TO INFORMATION

MEASURE TO AMEND CERTAIN ACTS

Hon. Francis Fox (Secretary of State and Minister of Communications) moved that Bill C-43, to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof, be read the second time and referred to the Standing Committee on Communications and Culture.

He said: Madam Speaker, I am, of course, happy that we were able to set aside this day in a very tight and heavy schedule for the second reading debate on Bill C-43, which deals with access to information and privacy. I am particularly gratified because this was made possible through the co-operation of all parties in the House. This unanimity shows that we are all anxious to see progress made toward enacting this important piece of legislation.

[*Translation*]

This bill has three equally important purposes. First, the bill provides a right of access to information in the hands of the government to all Canadians, subject to a limited number of exemptions set out in the bill. Second, the bill contains provisions strengthening the right of access of individuals to information about them in government files and providing a code restricting the use of such personal information by the government. Third, the bill abolishes the statutory right of ministers to prevent information from being used in court cases without review by the courts.

This legislation will, over time, become one of the cornerstones of Canadian democracy. The access legislation will be an important tool of accountability to Parliament and the electorate, while the Crown privilege provisions will create better conditions for the administration of justice by the courts. The privacy provisions will do much to protect the individual rights of Canadians.

● (1520)

[*English*]

The legislation before us benefits from, and is inspired by, the efforts of many. It owes most, however, to the contributions of many past and present members of this House—to mention only some, Barry Mather, the Minister of the Environment (Mr. Roberts), the hon. member for Nepean-Carleton (Mr. Baker), and, most of all, Ged Baldwin.

The present bill has important innovations. It deals with both access to information and privacy, assuring a consistent treatment of personal information and the protection of individual privacy. It addresses the issue of access to computerized information. It includes a procedure allowing for those who have supplied information to the government to make themselves heard before decisions are made on the release of information. As well, the exemptions are made more precise and the review process has been tailored to circumstances specific to Canada. Finally, it will facilitate access to government records in the official language of the applicant.

The development of this bill has shown Parliament at its best, and, given the nature of the subject, I am sure the contribution of members will continue to be most important when the bill is in committee and even more so once the legislation is in force and a committee of Parliament is monitoring progress of the legislation.

The purpose of the access legislation is stated in clause 2 of schedule I—to provide a right to access, subject to limited and specific exceptions and with an independent review process to ensure that the right can be fully used.

Simply put, the bill reverses the present situation whereby access to information is a matter of government discretion. Under this legislation, access to information becomes a matter of public right, with the burden of proof on the government to establish that information need not be released.

The right of access created by the bill is very broad: information in any form, held by more than 130 government institutions. The right will be exercised simply by making an application to the appropriate government institution.

There are certain narrowly-defined exceptions to the broad right of access, designed to protect information which it is in the public interest to withhold. These exceptions were the most difficult part of the bill to draft. Most knowledgeable observers seem to agree with the need to protect the general areas of international affairs and defence, law enforcement, the privacy of individuals, unions and corporations, and the efficiency of government operations. There is, naturally, some concern about details of wording—which I know will not surprise the hon. members who have attempted to draft this kind of legislation, especially the hon. member for Nepean-Carleton.

[*Translation*]

The difficulty facing the drafter is that defining the exceptions requires addressing, in a single statute, the fundamental responsibilities of government. This must be done with enough breadth to capture all the areas where protection is necessary and in the public interest. But it also must be done with sufficient precision to allow general access to the inner workings of government which it is in the public interest to see. One exemption which gave us particular difficulty is that relating to the confidentiality clauses in other statutes. There are roughly 35 such clauses. Examples of these are section 241 of the Income Tax Act and section 17 of the Family Allowances Act. By inserting these clauses in other statutes, Parliament sought to protect certain types of sensitive government information. Therefore, I think that Parliament should have an opportunity to review them carefully and to determine whether they should be maintained. I am confident that this demanding task can be completed within the three years provided for in the bill.

I know that the standing committee which will soon be examining the bill can help refine the exemptions still further. At that stage I hope to deal with many of the specific comments already made about the exemptions.

So that the committee will have a thorough appreciation of how the bill will work in practice, I plan also to outline the kind of guidelines the government will use in implementing the act. These will explain how officials can release certain information which technically, in an exemptable category, the government sees no need to withhold. As U.S. experience has shown, guidelines make it possible to achieve more openness in practice than can be reflected in legislation.

The procedures in the bill range from the very simple rules applicable to requests for access to the review procedures themselves. Procedures for requests for access are straightforward, but it is in the area of review that this bill, borrowing in large part from Bill C-15, represents a major advance on all other freedom of information legislation, existing or proposed. The bill sets up machinery to guarantee independent review of any decision by the government to withhold information under the exemptions. This independence is crucial—not so much because ministers might misuse their prerogatives without it, but because it ensures that justice will be done and seen to be done. This is vital if public confidence in government is to be upheld.

This independent review process is two-tiered. It begins with an information commissioner with sweeping investigative powers, responsible to Parliament, not to the government. The use of the commissioner is a uniquely Canadian approach, giving an independent person access to all government documents and a chance to take a position on the matter vis-à-vis the government before it is heard by the court. The commissioner's appointment must be approved by formal resolutions of this House and the other place. The commissioner would report directly to the Speakers of both Houses, not through a minister. Being fully independent from the executive, the commissioner will be free to lobby, criticize, table his recommendations in Parliament, and even take the government to court to obtain release of information.

The commissioner is the key to making access to information an effective reality for every Canadian, regardless of income, status or knowledge of the law. The procedure for triggering an investigation by the commissioner will be informal, expeditious and free of charge—an entitlement by right of every Canadian. I anticipate that the bulk of complaints will be handled satisfactorily at the commissioner level. I expect the office of the information commissioner to become over time more than an information ombudsman, more than an access advocate. I expect it to be the heart of the system.

[*English*]

At the second level, a person who was refused access to a document even after examination of his complaint by the commissioner would have the right to apply to the federal court for judicial review. The court would be empowered to review denials and issue binding orders for the release of requested documents.

An interesting aspect of this bill is the way it reconciles judicial review and the principles of ministerial responsibility. In some cases, the government might claim the right to withhold information under an exempted category involving the responsibility of a minister to Parliament. Such a category would be injurious to national defence. Under this bill, the court would order the release of the documents in question if it determines that the minister did not have reasonable grounds for refusing access. In all other cases, the court would be empowered to conduct a full, *de novo* review and ultimately to substitute its opinion for that of the minister as to whether or not an exemption applies.

● (1530)

I want to make absolutely clear that in all cases the commissioner and the court will have the right to examine any government record. In all cases the burden of proof is squarely on the shoulders of government. In all cases the commissioner and the court will be empowered to refer evidence of illegal activity to the proper authorities. In all cases the court is empowered to overturn a minister's decision and to order release. The effectiveness of this two-tiered and independent review process has been commended by U.S. freedom of information advocates. Moreover, it is my belief that our legislation compares very favourably over all with the United States freedom of information act.

Finally, the legislation provides that a parliamentary committee will have permanent, ongoing oversight of the administration of the legislation to ensure that it is being implemented in accordance with its spirit.

I will now take a few moments to speak about schedule II of Bill C-43, which will enact a new privacy act to replace part IV of the Canadian Human Rights Act. This important piece of legislation was introduced in and piloted through the House by a most dedicated parliamentarian and justice minister, the Hon. Ron Basford.

The scope of the access to information scheme now makes it necessary to replace part IV with new privacy legislation. This step will ensure that the rights of access to personal information held by the federal government, and the protection provided to ensure compliance with this right, are as extensive as that to be granted under the general access to information legislation.

In developing the proposed new privacy act we were greatly assisted by the work which had already been done by the previous government. I understand this is reflected in Bill C-535 introduced last May by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty).

Under the new act, the right of access would apply to more personal information than under part IV. The exemptions have been refined and brought in line with those of the access proposals. Finally, a parallel two-tier review mechanism is included involving complaints to a privacy commissioner and review of denials by the Federal Court.

With the experience gained under part IV, the government proposes to strengthen the protection of personal privacy. The new legislation will create a comprehensive code of fair information practices in the federal government's handling of personal information.

Our society is gradually becoming aware that a vital element of the right to privacy is the ability of an individual to control information about himself. This principle is reflected in the code. Further, the code will not supersede limitations imposed by other statutes but will provide additional controls.

The rights of individuals to know how personal information will be used, to ensure that the information used for decision-making purposes is accurate, up to date and complete, and that information collected by government institutions is relevant to their legitimate programs and operations—all these are given further recognition in this bill. The privacy commissioner will provide an independent check on compliance, having the duty to oversee and monitor the way in which personal information is collected, used and disseminated by government institutions.

[*Translation*]

Now, as a final word about privacy, I would like to emphasize that the government has not ignored the concerns of Canadians about the increasing use of the social insurance number. The provisions in the bill dealing with the use and disclosure of personal information will regulate the use of the social insurance number within the federal government. However, as was recognized by the previous government in setting up the study of the social insurance number by the privacy commissioner, dealing effectively with this problem goes beyond regulating its use within the federal government and, thus, the scope of this bill. It is anticipated, however, that the privacy commissioner's report will be tabled shortly. This will assist in developing an understanding of the problems involved and will form the basis for analysing specific proposals with respect to the social insurance number.

Schedule III contains the third piece of legislation in this package. This schedule would repeal section 41 of the Federal Court Act and enact new rules dealing with Crown privilege in

the Canada Evidence Act. The basic effect of this provision will be that ministers will no longer be able to absolutely refuse to produce documents to a court or a commission of inquiry on the basis of Crown privilege. In all cases, such a claim will be reviewable by a superior court.

To conclude, I want to say that the set of proposals in bill C-43 constitute a major thrust in our efforts toward openness of government. The government has already adopted guidelines for dealing openly with the press and is endeavouring to apply the spirit of this legislation before it is passed. Reforms will follow in many important areas, such as the classification system, the Official Secrets Act and the operation of the public archives. In putting the legislation together, we have found that in many areas a general approach to openness and accountability in government is frankly not going to be adequate and that precise answers for specific situations are necessary. This bill should be seen as a dramatic starting point which will lead to even more openness in many areas of government once it becomes law. I would predict that numerous federal statutes passed in coming years will contain specific access codes pertinent to their subject matter. Over time, once the principles behind this bill are established as the basic framework for openness, a great deal of information will flow to the public upon request without the need for all the protections for both parties that are contained in this legislation.

[*English*]

The access to information and protection of privacy bill is seminal legislation. We anticipate it will have a major influence on all institutions in the country and will constitute a major step forward in making our institutions more open and democratic.

Over the past months I have been fortunate enough to receive the representations of various groups interested in the legislation, such as Access, the National Indian Brotherhood and the Canadian Historical Association. I have also written to all provinces and I am now informed of their views. At committee stage we will have an opportunity to give careful consideration to their suggestions. I am confident that this exchange of ideas will be of considerable assistance to Parliament in producing legislation which is truly reflective of the largest possible consensus in this area.

[*Translation*]

Right Hon. Joe Clark (Leader of the Opposition): Mr. Speaker, today we are debating the bill to extend the Canadian legislation relating to access to the documents of the federal administration. It establishes the principle that the public has the right to gain access to such documents and provides that the executive branch cannot stand in the way of appeals concerning decisions taken on that subject. In other words, today we are debating the principle of freedom of information, the responsibility of the government to let Canadians have free access to information it holds.

The House will note that the government does not respect the objectives it has set out in the bill. One basic aspect of our system, Mr. Speaker, is that any government is answerable for its actions to the people, through Parliament. That is impossible if Canadians do not know what the government is doing. When the government operates in secrecy and refuses to let the public have certain documents, it creates an atmosphere of public mistrust. It was precisely that type of mistrust we wanted to avoid in our own bill on that subject. It is a question of power and we all know that those who have information are those who wield real power. But in a democracy such as ours, power and information must be widely shared. The bill introduced by my administration was aimed at giving the public the widest access possible to government information.

Freedom of information means that the government endorses the basic principle that any such information belongs to the people of Canada, unless there is very specific and fundamental reason for keeping it secret. The government, not the citizen, must prove that certain documents cannot be released. In our bill we had set very strict criteria under which the onus of the proof fell on the government: it had to demonstrate without a doubt that a document had to remain secret. The exceptions contained in the Liberal measure make it easier for the government to refuse to divulge the information it has.

Mr. Speaker, the issue of freedom of information is not new. It is an objective which my party has been trying to achieve for a number of years.

● (1540)

[*English*]

I was happy with the recognition by the Secretary of State and Minister of Communications (Mr. Fox) in his opening remarks of the pioneer work done by the former member of Parliament for Peace River, Ged Baldwin, in introducing this principle and pursuing it through the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: He began that work some 11 years ago when he introduced a private member's bill. The Standing Joint Committee on Regulations and Other Statutory Instruments recommended the concept as long ago as 1975. The House of Commons approved it in principle in 1976. There it rested until 1979 when my colleague, the member for Nepean-Carleton (Mr. Baker), as House leader of the government I had the honour to lead, introduced the law known as Bill C-15 in this House, and introduced it as a priority of a new government.

I think the House will recognize, as the country does, that most of the principal strengths and advantages of this legislation are advantages which were incorporated in the bill introduced by my colleague from Nepean-Carleton and by the Progressive Conservative government.

I will make the point that there have been some modest improvements in the bill brought down by the minister today.

For example, information now gathered by computer may be released after request. Two supplementary bulletins are to update the annual list of documents published by the government. Third parties who might be adversely affected by the release of information to an applicant must be told of the application for release and given an opportunity to object. We approve the provision which will allow translation into the language of the applicant as a matter of course. We think it is valuable to have this "Access to Information Act", as this is called, combined with a new "Privacy Act" to replace part IV of the Canadian Human Rights Act.

Those are modest improvements. I regret to say that they pale beside some of the major weaknesses and retreats that are evident in this bill, retreats from the standards established by the legislation introduced by the Conservative government in 1979.

Indeed, the difference is evident even in the name of this legislation. The bill we introduced was a freedom of information bill. The bill this government introduces is a bill entitled "access to information". It would be much more properly entitled "access to information that the government wants to release", because there is a very severe limitation, as I intend to indicate later, upon the right of the public to seek information which would have been available to the public under the legislation introduced by the Conservative government.

We have here a much more narrow bill. It gives much more power to the government and much less power to the citizen. I know of the pressures that come from the bureaucracy for secrecy. I know of the pressures which come from elsewhere in society for secrecy. We faced those pressures as well. The difference is that we rejected several arguments for secrecy which the Liberal government in this bill has accepted and acquiesced to. This reflects itself in the difference between what could honestly be called a bureaucratic bill and a citizens' bill, which is the accurate way to describe the freedom of information legislation introduced by my colleague for Nepean-Carleton.

I want the House to look, at this stage in a short debate on an important matter, at some of these specific new limitations that are built into this bill. For example, there is a provision which indicates that the government will not be required to list in a bulletin, material which "the head of a government institution would be entitled to refuse". That clearly is the first line of defence for a department which wants to keep material secret that might otherwise be released under the act.

A very large potential series of loopholes is written into this legislation by the widespread use of that innocent sounding adjective "reasonable". Let me cite one example of a word that appears frequently throughout the bill in a way that I believe is designed to assist the government. Under one clause, material requested must not only be identifiable in such a way that an "experienced employee of the institution" can find it, but it now must be found "with a reasonable effort". There is ample room for abuse, ample room for someone who does not want information to be released to say that it would require more than a reasonable effort, whatever that might be, to have that information released to a public which has a right to that information.

Both bills define certain exemptions to the basic principles of the right to access. The minister indicated that they were narrowly defined. They were much more narrowly defined in the bill that we introduced than they are in the bill now before this House of Commons. These are the four specific categories of exemptions: national defence and international relations, federal-provincial relations, economic matters and cabinet documents. The titles of the exemptions are the same. The contents are significantly different. This bill is much more restrictive than the freedom of information legislation introduced by my colleague.

Let me deal with the question of national defence and international relations. Clause 13 of this bill provides that the head of a government institution shall refuse to disclose a record containing information that was obtained in confidence from the government of a foreign or international organization of states. This exemption, which makes sense, is expanded to include information from the government of a province or "an institution thereof" or from "a municipal or regional government" or "an institution of such a government". Therefore, the scope of secrecy is very much broadened by this change in language and approach to the principle of freedom of limitation—I mean freedom of information. I wish it were freedom of limitation. Unfortunately, there is too much limitation and too little access to information.

Clause 15 stipulates that the head of a government institution may refuse to release a record containing information, the disclosure of which could reasonably be expected to be injurious to the conduct of international relations, the defence of Canada or any state allied or associated with Canada, or the efforts of Canada toward detecting, preventing or suppressing subversive or hostile activities. I have no problem at all with that provision as it applies to a state allied with Canada, but what in the world is meant by the phrase "associated with Canada"?

Mr. Fox: Treaties.

Mr. Clark: Associated with Canada but not allied with Canada. What does that mean? What is the distinction between countries allied with Canada and countries with Canada? Of course, the treaties can explain the word "association", but what kind of countries are contemplated here? Why is this language there? Why was the original language having to do with "allied with Canada" not adequate?

What is the government attempting to incorporate in this legislation which was not incorporated in the language of the previous draft? What kind of information will be withheld as a result of this language which would have been available as a result of the previous language? That is a question of detail, but important detail that we will want to pursue in the committee.

Several of the definitions in this category relating to national defence and international relations have been widened, including that the prohibition of publication shall include

"information obtained or prepared for the purpose of intelligence". In this case, the purpose of the gathering becomes the standard, not the content of what is gathered. That means that if there is information which would normally be harmless to release on its basis, merit or content, that information by this law could be withheld because of the purpose for which it was gathered. The content is put aside. The purpose of the gathering is what is at issue here. That casts a very broad net underneath which a great deal can be concealed. We will want to know why the net has been cast so broadly in this case.

Further, it states that intelligence information will be withheld if it is "used by the Government of Canada in the process"—and I underline that—"of deliberation and consultation or in the conduct of international affairs". The bill we introduced stated that non-release was justifiable if "the release . . . would interfere with the formation of policy of the Government of Canada"; but now interference need no longer be demonstrated. The only standard is that the process of deliberation and consultation be affected. Here again there is a significant widening of limitation and of the scope of secrecy available to the government in keeping information from the public. That speaks of international and defence matters.

● (1550)

Let me come to the old *bête noire* of the government, the question of federal-provincial relations where its paranoia most often expresses itself most vigorously. Bill C-15, the bill we introduced, proposed to retain any record the disclosure of which "could reasonably be expected to affect adversely federal-provincial relations". What we have here now is new language which says that information will be withheld, and will include "information on . . . consultations or deliberations" and then, most interestingly, "information on . . . strategy or tactics adopted . . . by the Government of Canada". That is to say, when the government next dreams up an advertising campaign to have geese flying across the country trying to persuade us to bring our constitution home in an unacceptable way, when it dreams up some new program of manipulation of public opinion trying to achieve in a devious or indirect way what it cannot achieve directly with the provinces, that information will be held secret from the people of Canada. It is not a question of substance that would harm substantively federal-provincial relations; what this government is trying to do, this government which has made such a horrendous failure of its federal-provincial relations, is keep secret from the people of Canada the tactics and strategy used by the Government of Canada in dealing with what it should regard as its partners in the Canadian confederation.

Indeed, that language might even make it possible for the government to refuse to release polls which were the basis upon which it developed its strategy or its tactics for approaching some subject that is the subject of federal-provincial negotiations.

Again, in economic matters, there has been a significant broadening of the language which, in light of the time limitation on this debate, I do not have the opportunity to go into at great length. But the cabinet documents provision is of some interest. It is a very sweeping provision. The result of this provision would seem to be that the public would be denied the right to see any memorandum which may ultimately be destined for cabinet—any memorandum, any piece of paper at all that may ultimately be destined for cabinet.

The proposed law that we brought in specified that secrecy would apply only to "documents submitted or prepared for submission . . . by a minister of the Crown", and other documents that were directly relevant to a cabinet proceeding.

The new clause of this Liberal bill includes discussion papers with "background explanations, analysis of problems or policy options to counsel", and it includes "records used to brief ministers in relation to matters that are before, or are proposed to be brought before", the Privy Council which are the subject of consultations between ministers.

While the previous clause 21 of Bill C-15 clearly restricted that exclusion to genuine cabinet documents, this new version allows for the possibility of labelling literally any document at all a draft for the cabinet or a memorandum to a minister, and by so labelling, by putting on it the words "for the information of the minister", the most innocent piece of paper will be kept secret from the people of Canada. That is a very large loophole, a very large cover under which things can be kept secret, and that is one provision the minister will have to defend very seriously when the matter gets to the committee. We believe it makes a total mockery of any system of freedom of information in this country simply to put a stamp on a piece of paper saying it will ultimately be considered by the cabinet, and in that way keep that information from the people of Canada whose taxes keep the government in business.

The minister spoke about judicial review. I want to make the point, because he glided over it, that in the case of these exempted categories new limits are placed upon judicial review. He used the phrase that "on matters outside the limitations, the Federal Court of Canada would be authorized to undertake to take a *de novo* review in every case", and that was the proposed Conservative law. In this bill that flexibility of the Federal Court of Canada is limited. It cannot undertake that kind of wide review within the four restricted categories. As I have indicated, those four restricted categories involve language so broad as to cover a great range of information of the Government of Canada. The court can order the release of a record only if it determines that the head of an institution "did not have reasonable grounds" on which to refuse to disclose the record. In other words, what can happen is that the court could look at a matter—and the minister has said it will be able to look at all the documents—and find that it should be released. But it also could find that the government had a reasonable reason to hide it and, therefore, even though it should be released the court would be prevented by this language from ordering its release. That is a very severe restriction placed upon the Federal Court and a very real limitation of the principle of judicial review which is held to be important by very many of us who take seriously the principle of freedom of information in this country.

Again, the previous legislation required that a committee of the House or a joint committee table a comprehensive report within three years. This provision has been dropped from this bill. Clause 72 requires a parliamentary committee to conduct a permanent review of the act. That looks on its face to be quite attractive. The danger is that it will also be looking at a great deal of other legislation, and it may well be that in fact, instead of having greater power to consider the adequacy of the freedom of information legislation, this committee will be so cluttered up with other matters it will not be able to deal with all the things with which it should be dealing.

In summary, this is not a bill that is as strong as the freedom of information legislation introduced by the Conservative government. But I will say this; it is better than what the Liberals had proposed to do before. That is one minor recommendation. We can have a long and detailed discussion in committee as to the improvements that can be made in this bill, and I would expect, certainly from our point of view, we will be seeking extensive changes in the language and in the philosophy of the bill. Because this is restrictive philosophy in this legislation, and we believe that kind of restrictive philosophy has no place in legislation designed honestly to achieve freedom of information in the country. We want a bill which respects the rights of citizens to have information. What we have is a bill that respects and protects the rights of governments to hide information.

Some hon. Members: Hear, hear!

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I too rise to join in the debate on Bill C-43, this very important piece of legislation dealing both with access to information and protection of privacy in Canada, both fundamental principles, and long overdue in Canadian society. I am pleased this bill has finally come before the House and that all parties in the House were able to co-operate to see the bill through second reading today.

Let me also point out that we have been dealing in recent weeks with the Constitution of Canada and the proposed Charter of Rights and Freedoms. Members in this House will know that we in the New Democratic Party, and I must also say my friends in the Progressive Conservative Party, proposed that the fundamental principle of the right of Canadians to access to information, and the fundamental right of Canadians to protection from unreasonable interference with privacy, should be recognized in the Constitution of Canada.

● (1600)

That principle we put forward during the course of debate in committee, and I regret that those principles, which we regard as fundamental, were not accepted as part of the constitutional package which we put forward to the people of Canada. As I say, if we truly believe that these principles, the right of access to information and the protection from incursion into privacy, are to be recognized in Canadian society, we must ensure that they can never be eroded or taken away by an ordinary statute of the federal or provincial government. That was one of the reasons we suggested that these provisions should be extended throughout the Constitution.

I would also like to refer in passing to the report of the Canadian Bar Association on this very question. The Canadian Bar Association recommended the entrenchment in the Constitution of the right to freedom of information, and they quoted Ralph Nader who said—and I certainly agree with his remarks:

> A well informed citizenry is the lifeblood of democracy... The democratic process cannot function adequately without timely information about the activities of Parliament. A person should have the right of reasonable access to all public information in the possession of governments—

It is only if Canadians have access to information that they are able fully to exercise the other rights, such as freedom to vote, freedom to be candidates and freedom of the press, which we take for granted in Canadian society. We say that this fundamental principle should be recognized in the Constitution, and we regret that it was not accepted by the government in committee.

In commenting upon similar legislation last year at second reading of Bill C-15 of the Conservative government, I recognized, as have the minister and the Right Hon. Leader of the Opposition (Mr. Clark) today, the valuable contribution which was made by a number of individuals and groups on this important question. This includes Barry Mather, former member of this party who in many ways pioneered in this area. He tabled a bill in 1965, some 16 years ago, and on succeeding occasions, and he was joined in that, and was in fact superseded in that, by the outstanding work of the former member for Peace River, Ged Baldwin. As I said, Ged Baldwin can truly be considered the father, mother and uncle of freedom of information legislation in this country because it was his tireless work which resulted in the review of freedom of information legislation by the Standing Joint Committee on Regulations and Other Statutory Instruments; and it was his prodding, no doubt, that had a good deal of influence on his own government in bringing forward Bill C-15 in 1979.

I cannot leave this area without giving some recognition to the outstanding work which is being done by a number of very effective lobby groups in this area, persons working entirely on a voluntary basis, such as Access, The National Capital Association, The Civil Liberties Association, and a number of other groups which have spent a great deal of time pursuing this very important objective.

We do not need to look very far in Canadian society to see the need for this legislation and to understand why it is long overdue. I was pleased, for example, to note that the government is proposing the repeal of section 41(2) of the Federal Court Act, a section which has, unfortunately, been abused far too frequently in the past, a sweeping, exclusionary section which permits the minister simply to dictate to the courts that they cannot view particular documents, and at that point the documents are excluded from the court. We saw, for example, the present Secretary of State (Mr. Fox) using that provision with respect to certain documents forwarded to the Laycraft inquiry, and it now appears that there may have been some

concern about the use of that section. I am pleased to see that section 41(2) of the Federal Court Act is to be repealed.

My colleagues in the House will be commenting upon some of the difficulties in obtaining information with respect to defence activities which may adversely affect the population of this country. One need only point to the recent shocking revelations in Gagetown, New Brunswick. I can assure you, Mr. Speaker, that my colleagues will be speaking further on that subject.

There has been a veil of secrecy cast over the activities of the RCMP. I would suggest that one of the reasons for that secrecy and lack of accountability in the past is that there have been violations of the law, and by opening up the activities of the RCMP security service to greater scrutiny we will ensure, I hope, that never again will the rule of law be eroded in this country and never again will wrongdoing and law-breaking on the part of the RCMP be condoned or accepted.

One need only look at the prison system in this country, which the subcommittee on penitentiaries insisted must become open and accountable; even today it still remains one of the bastions of secrecy in Canadian society. It is still a fact that in order to obtain vital information about what is going on in the penitentiaries, it is necessary to obtain this information, in some cases, through illicit channels. To find out what has happened in the Dorchester Penitentiary, for example, it would have been desirable to receive this information from the minister—and, hopefully, it will be required under the freedom of information legislation. Yet it was necessary to obtain a document through illicit channels which showed that there were serious problems at that institution.

One need only look at the abuse of opinion polls in this country by the present government and, I suspect, by the previous government as well, the right of Canadians to know exactly how this particular information is being collected and what the information is in order that we may all join together in formulating policies based upon the assessment of that information, not just restricting that information to government.

Finally there is the question of the War Measures Act. As was pointed out yesterday by one of my colleagues, we still do not have, over ten years after the event, information on which that decision was based, namely, the decision to sweep away fundamental civil liberties not only of the people of Quebec but of all Canadians. That decision, I suggest history will show, was one of the most shocking abuses of government power which has ever taken place in this country.

There is no question that in Canadian society there is a need to end the pervasive secrecy which exists, and that is the avowed objective of this particular legislation. In addition, there is no question, particularly as we approach that famous year of 1984, that we must ensure that the government does not have sweeping and arbitrary powers to intrude into the private lives of Canadians. That is the avowed objective of the privacy legislation which is being put forward for second reading today. We must recognize the fundamental right of Canadian citizens to prevent the explosion of information, which is at present taking place in this society and which, in many cases is being abused, from being extended far too widely. That is one of the avowed purposes of this bill, as I said. Big Brother must be kept out of the lives of Canadian citizens. We have seen too many incursions.

The door has already been opened with respect, for example, to abuses of wiretapping under the Official Secrets Act. The Solicitor General (Mr. Kaplan) eagerly jumped on the bandwagon of the RCMP when they said they wanted to invade the right of privacy of first-class mail of Canadians. We have been waiting in vain for months and months for the evidence which he promised to bring forward justifying that invasion of the privacy of Canadians, and I suggest that that evidence does not exist. These trends are dangerous, and any legislation which can effectively deal with invasion of privacy will, I hope, assist us in checking them.

We also want to look at certain related areas when we talk about freedom of information and the right to privacy. We must look, for example, at the Official Secrets Act, an act which has been recognized by many as being archaic and repressive. I suggest, in looking at the repeal of that document, that we ignore the recommendations of the McDonald commission on this subject, because if they were to be accepted we would not be very much further ahead than we are now. As I said, we need to repeal the Official Secrets Act, which should be replaced only where necessary by much more restrictive provisions. It is important that the right of access to information be extended to the private sector where the activities of the private sector directly affect the interests of the public. For example, I need point only to the importance of extending this to the private sector where the private sector is engaged in the testing of chemicals in abuse of our environment, and also if the private sector has been involved in tests of products which they then attempt to flog on the Canadian market. Surely we have a right to know the results of those tests. Workers who work in the factories, plants and offices of the private sector have a right to know the conditions under which they are working. That principle must be recognized in any freedom of information legislation which is to be truly comprehensive.

● (1610)

We must look at opening up the processes of government. Surely it is not good enough to say that information which has been obtained is to be extended after the fact. The next great battle in this country will be the battle for sunshine laws to open up the processes of government, to open up the meeting places of government to ensure that Canadians are entitled to watch as those decisions are being made and not be provided with the information only after those decisions have been made.

We in this party take that obligation very seriously. We will be pursuing strong and effective sunshine laws to open up the processes of government at the earliest possible opportunity. That would include the obligation to look very seriously at the actions of the lobbyists who have in many cases pervasive and sweeping influence on the process of government. We want to

see what they are saying. We want to know what the bankers' association is saying to the government about the Bank Act. We want to be there when these lobbyists are making their representations to the government and to know exactly what is being said. Let us open up the processes of government by introducing tough, effective sunshine legislation.

Last year at this time when a similar bill was introduced, the hon. member for Vancouver-Kingsway (Mr. Waddell) symbolized our approach to the Conservative bill, as it was then, by presenting a rose in a dump truck. Well, the rose is slightly wilted and the dump truck we need is perhaps a bit bigger than it was last year; but the principle is the same. The rose symbolizes our acceptance of the fundamental right of Canadians to information and to privacy, and the dump truck recognizes that there are still some very serious loopholes in both parts of this particular bill.

As I say, we welcome the principles which underlie the bill, but we have a number of serious concerns with it. Naturally we will be elaborating on these concerns when we get to committee, but I should like to take this opportunity to elaborate on a number of the more serious concerns. Of course, a number of these concerns were dealt with in the course of the remarks of the Right Hon. Leader of the Opposition.

When we talk about the fundamental right of access to information and the right not to have one's privacy unreasonably interfered with, surely it is not a right which should only be extended to Canadian citizens, for it is all residents of Canada who are affected by the actions of government. For example, I need only point to the question of product testing or environmental testing. How can one possibly suggest that it is only citizens of Canada who are affected by possibly hazardous products, or that it is only citizens of Canada who have the right to a decent, clean environment or at least the knowledge of how that environment may have been affected? We will be proposing that this right should be extended to all residents of Canada and not restricted to citizens of Canada, a right which, incidentally, is extended in the United States and Sweden under freedom of information legislation.

We have a number of other concerns; I do not intend to elaborate at any great length on them. I acknowledge the assistance of the lobby group, Access, on this question. I should like to highlight some of its recommendations regarding areas where the bill needs improvement. For example, we believe that the right of access should extend specifically to all government institutions. If an institution is to be exempted, it should be specified by the government. We want to ensure that the indexing system adequately deals with the concerns which have been raised by Access and by other individuals and groups in this area. There must be efficient and prompt access to government records. We have some concerns about the time limits contained in this bill. We want to ensure that the poor as well as the rich have access to information, that it is not restricted to the corporate sector. We want to ensure that the fees involved in obtaining access to information are not excessive.

The Right Hon. Leader of the Opposition raised many concerns which we share about the sweeping scope of the exemption clause. I do not intend to repeat his remarks. We associate ourselves with many of those concerns. I would merely like to highlight one of them today, and that is the exemption with respect to product and environmental testing. I strongly urge the government to consider very seriously substantially tightening the provisions with respect to product and environmental testing because, as they stand now, they are completely unacceptable. Back in 1976, the kind of information which has been kept from Canadians so far and which, if the provision is to be retained in its present form, may continue to be kept from Canadians, was pointed out. I should like to give a couple of examples. Federal inspectors found ground beef padded out with pork and bags of fertilizer which were as much as 12 pounds underweight. They refused to release the names of these products. Surely Canadians have the right to know this. The reports of our health inspectors who check working conditions in mines to ensure they meet occupational safety standards are not made public. Councils have refused to disclose the names of stores which may be selling contaminated goods. The results of tests done on beer, which perhaps can be obtained in Germany or the United States, are denied to Canadian citizens. The provision with respect to product and environmental testing must be substantially strengthened.

I want to repeat our very serious concerns about the judicial review provisions in this bill. There are two standards of judicial review, not one as there should be. We recognize that the government has had to take a major leap forward in its consciousness in accepting the principle of judicial review. We welcome the acceptance of that principle, but to then in turn water it down when dealing with a number of very fundamental exemptions is unacceptable. There must be the right to full *de novo* review on the part of the Federal Court. This reasonableness test must be eliminated and there must be an objective opportunity for the Federal Court to examine for itself the documents in question to ensure that these important principles are indeed reflected in the decision of the government.

Other concerns have been raised. The minister referred to certain representations by a number of groups. For example, we share the concerns of the Canadian Historical Society with respect to the archives provisions. I hope the minister will be open to amendments which would reflect their concerns, and that we are not in fact restricting access to information which historians already have available to them.

We share some concerns which have been raised by provincial governments with respect to possible abuses in the section on RCMP data flow. We recognize the importance of making this information available, but we want to examine very carefully whether the wording of the bill is the most effective wording in achieving the objectives which I am sure we all share. Also we have concerns with respect to a number of the provisions on privacy. We believe that the third party access which is proposed is too sweeping. We believe there are some concerns about the elements relating to transborder data flow.

We want to ensure that the possible abuse of social insurance numbers can be dealt with adequately. There are a number of other concerns which we will be outlining in committee.

As I said before, we welcome the principle in this important bill. It is long overdue. But we must go beyond the bill because, if we are to be successful in ensuring full and comprehensive access to information and protection of privacy in Canadian society, ultimately it will require the full co-operation of those officials who are charged with the implementation of these provisions. It will be the next great step in this process.

I conclude by urging the government to move quickly on this bill and to bring it speedily to committee where we will propose a number of substantial amendments. I hope we will have a bill of which all Canadians can be proud.

Some hon. Members: Hear, hear!

• (1620)

Hon. Bob Kaplan (Solicitor General): Mr. Speaker, I am also very glad to be able to participate in this debate. Because of my time commitments I find that I cannot stay as long as I would like or make as many of the points I would wish. But I cannot resist taking a few moments at the beginning of my remarks to congratulate my colleague, the Secretary of State (Mr. Fox), for this major piece of legislation. I have no doubt that this legislation will stand as the major achievement of this Parliament, or certainly one of them, apart from the Charter of Rights and Freedoms about which I will speak in a moment.

It has not been easy to bring about this legislation, since one is dealing with a tradition where secrecy tended to be overused. I am glad that from the beginning of this government's term a decision was made that the policy of this legislation would be complied with and that ministers have been expected to operate as if this law was in force. It is acknowledged by the government and those members of the previous Liberal government that there will be less withholding of information from the public than before. For the first time there will be the right, rather than the discretion which existed in the past on the part of the government, to information.

I must say that as Solicitor General I welcome this legislation as much as any other minister, even though in my own ministry there are many matters which will be covered by the confidentiality provisions of the measure which will not be made public. That will continue. In spite of that, there will be, in effect, a second opinion with regard to the decisions the Solicitor General must make to withhold information on the legitimate grounds which are provided in the act. Under the present system, when I stand in my place, write to a citizen or answer a reporter and say that I cannot comment on something or cannot release information, my decision cannot be challenged. But it can be challenged when this legislation is in place.

I think it is great progress that every single piece of paper, every document which belongs to the Government of Canada—to the people of Canada—will be subject to review. All of these documents will not be released; there are exemptions, exceptions and tests provided for in the act. But a minister, such as myself, who must withhold information will see that information go through two stages of review, the commissioner and the courts, to determine by the tests provided for in the legislation whether withholding is justified. I say candidly that I welcome that. I am looking forward to being able to tell a citizen, "I do not think I can give you this information" or "I cannot tell you why this decision was made about you", and then tell them that they do not have to take my word for it. Under this legislation I will be able to say, "You are entitled to go to the Information Commissioner and you are entitled to appeal to the courts and have the decision reviewed." As I say, I take very great comfort from that.

I do not know if hon. members are aware, but as Solicitor General of Canada I receive 65 per cent of all requests made to the government concerning information about an individual. In most cases, the overwhelming majority, information can be provided straight out. But from the time this legislation is enacted, people would not have to take my word for it.

The hon. member for Burnaby (Mr. Robinson) referred to the nature of judicial review. It is that subject about which I particularly wanted to speak. The two of us had an exchange, in which other members participated, before the joint committee. We were dealing with the matter of whether our charter of rights and freedoms ought to contain the absolute right for a court to review a decision made by a minister to withhold information and for the court to substitute its decision for the decision made by a minister.

That is not the test provided for in some of the very fundamental sections dealing with international relations and defence. There is judicial review provided for in those areas but it takes the following form, as I understand it. The court will look at the decision made by the minister. The information which the minister has decided to withhold will be considered. The court will ask, not what it would have done if it had been the minister, but whether the minister's decision is a reasonable one and does the material fit within the class provided for in the statute. I wish to argue that the test which the government has put forward in this area is a very much better one than a completely open review in which a court would have the right to substitute its judgment and decide that the document in question should be made public.

I think the government's test is a better one, which is evident when one considers the consequences of a court substituting, in a particular case, its decision for that of a minister. As I understand it, this is what the opposition will be saying: The judge will say that the minister may have acted reasonably but he does not agree with that decision. Therefore, in spite of the fact that the minister was acting reasonably, that particular piece of information should be made public.

Let us take a hypothetical case. Suppose we are talking about a document which, if disclosed, would seriously damage relations between Canada and a foreign country. For example, say the foreign country confided in us, or sought our advice or support for some matter of great importance to the foreign

country. They send us a document and in levelling with us tell us all the political consequences. They tell us how various interest groups in the country feel about the particular issue. They try to convince us to agree with them. Let us say this is the document in question, or a document prepared by our officials relating to that circumstance, commenting on it or analysing it; I think a minister is in a good position to make a decision about whether or not the release of such a document will damage relations between the two countries, perhaps better than a judge. In fact, I would have to say that I think a minister could make that decision better than a judge. I also think the minister should take the responsibility for the decision in the same way the judge would.

Suppose we had the test which some members opposite argue should be in place, and the judge decides in that hypothetical case that he does not think the release of the document would damage relations between Canada and another country and he orders its release. Suppose the release of that document does damage these relations. Who is responsible for that? How can the situation be rectified? This is why I resisted the approach which would allow a judge to substitute his decision for that of a minister when I appeared before the joint committee on behalf of the government.

With respect to the question of reasonableness, there is a provision for judicial review. That review is directed to the question of how reasonable the minister was in making the decision he made. So the special kind of political decisions which ministers are supposed to make will remain with the minister, while the legal question of whether the decision was reasonable or whether the information was within the prescribed category is left with the court. I view this measure as great progress. As I indicated, it will assist me in making decisions which will be perceived to be well founded and more acceptable to those who will be affected by them. I very much welcome this new legislation.

I would like to point out two other excellent features of this legislation which deserve a tremendous amount of recognition and support. One is that an auditing process will continue within the Government of Canada in which officials will have access to all documents within government. Independent officials, on their own initiative, will be able to have access without their requests being triggered by public requests for information, although that may also happen. These officials can come and look through our files which we claim are police files. They can make sure that there are not documents being put in there to receive the benefit of the exception which applies to them. I think that is a very valuable feature of this legislation from the citizen's viewpoint. We will not be able to use special banks for police information and other secure information as a way of hiding things which we want to keep citizens from finding out. This change is a very valuable part of the legislation.

● (1630)

The other change in this legislation which is very valuable is that no matter how protected a document is or how justified the government may be on valid grounds for withholding the document, if it discloses any wrongdoing then it is the responsibility of the courts or the commissioner to bring that wrongdoing to the attention of the proper authorities. So not only does this legislation provide for the giving of information to citizens, but even in instances where it is determined that the withholding of information is justified if wrongdoing is revealed, it cannot be withheld under the security classification which applies to the document as a whole.

Finally, I would like to say a word in support of the passing of section 41 which in the past has permitted a minister, by fiat in effect, to withhold any document or information from a court in any proceeding. This provision is being abandoned by the government. It is perhaps the last vestige of the ancient monarchial tradition where it was not the citizens who gave but the monarch who gave. The removal of this provision is an important step forward.

I am looking forward to living with the requirement of having to defend a decision in response to a request or submission why a particular piece of information or document should be withheld and to leaving the decision with the courts. I do not know how quickly this bill will be enacted, but I know hon. members will have many ideas for improving the legislation. The minister indicated his willingness to hear good ideas and suggestions for improvement, that he is not wedded to all the language or all the ideas in the legislation.

I do hope that, in an attempt to make something perfect, we do not become involved in arguments over relatively trivial matters and thereby postpone the enactment of this legislation. I doubt if any hon. member can stand up and say that as it is written this bill should not be passed, that it does not represent important progress or that it is not worth having. On the contrary, I believe that all of us welcome this legislation. Recognizing the priorities and the business to which this Parliament ought to turn its attention, I hope hon. members will, at a certain point, settle for something which, I submit, is very good and put into effect this legislation which, to end as I began, the Solicitor General of Canada would very much welcome.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I would like to begin by commenting on one remark made by the Solicitor General (Mr. Kaplan) just a few minutes ago, that no member of this House could say that this bill should not be passed. I agree with the Solicitor General. I do not think that any member of the House would say that this bill should not be passed. However, as some hon. members would say, when the bill is finally dealt with, I hope it is in considerably different form from what it is today in terms of the exemptions, the operation of the committee which is proposed and in other areas.

The fact that House leaders of all three parties have agreed that Bill C-43 is of such importance that the bill should pass in one day and that we would eliminate private members' hour for one day in order that the matter may be considered is an indication of the importance which we attach to this piece of

legislation. I merely wanted to make sure that nothing flowed out of the remarks made by the Solicitor General.

It is not the intention of my party to vote against this bill at the end of this day. In fact, it is our intention to send the bill to committee quickly because there are some obvious deficiencies which have been pointed out to the Secretary of State (Mr. Fox) by the Leader of the Opposition (Mr. Clark), by the hon. member for Burnaby (Mr. Robinson), and which will be pointed out by other speakers in the course of this debate.

This fundamental piece of legislation strikes right at the heart of ministerial responsibility. When the Secretary of State introduced Bill C-43 into the House and held his press conference, I had occasion to comment on the bill, and on first blush I joined with other observers in saying that I was absolutely delighted with the bill. I thank the minister for his kindnesses to me, but I must say that on close reading of that bill those thoughts have become a bit sour. If I were asked to make a comment today, I would have to say that the bill is a giant leap forward for a Liberal government, but not quite the leap that I thought it was when I first looked at the bill, and indeed which other observers thought it was on first examination.

In fact, when I first examined the bill I came to a surprising conclusion because I had thought that the struggles in which I first participated during the period of time when, as the then government House leader, I had the pleasure of piloting the first freedom of information bill through the House at second reading had won acceptance within the bureaucracy and that this work was not in vain. As I say, when I saw that a majority of the clauses were left untouched, I was happy to congratulate the minister. But I was surprised, quite frankly, when I first ventured into this legislation. I do not believe that I am speaking out of school if I say to the minister—because he has probably run into similar situations—that I was surprised at the number of roadblocks put up by right thinking public servants who were used to dealing with things in a particular way to the concept of so dramatically changing the idea of openness which we were discussing. These were the same public servants who had contributed to the Roberts green paper. What I found was that there was a willingness to release more information, but not a willingness to lose control over what might be released.

Among the plaudits which should be extended today, I have to say that as the then president of the privy council responsible for introducing freedom of information legislation, I do not believe our bill would have gone through the various stages known to the minister in cabinet and within the public service, and ultimately to the floor of this House of Commons, if our government had not had the commitment of the then prime minister, now the Leader of the Opposition, to the concept of freedom of information.

At the time we recognized that even our bill, which in modesty I believe, as the discussions go on, will prove to be the bill toward which the Secretary of State should move in terms of some of the exemptions and other clauses, broke new ground. At the outset, what we were talking about then was not intended to be the last word in the freedom of information legislation, but actually the first word. It was a new concept in terms of government operations. It is something to which the public service, ministers, parliamentarians and others would have to become accustomed. Parliament should be given a free rein in terms of its work in the committee to discuss the terms of the bill. The government ought not to tramp hard in its desire to maintain the words or the breadth of the exemptions if a good case can be made for changing them, subject to the best interests of the country. That was the attitude with which the matter was pursued by our government.

I regret to say this to the minister—and I say it in a most positive way—but upon reviewing Bill C-43, it is clear to me that really nothing has been gained. It is true that the bill has some technical improvements, and they were listed by the Leader of the Opposition. In so far as improving on the breadth of the exemptions, for example, the trail that we hacked out has been paved with the same old tar by the same old road gang. The cabinet has added a high profile improvement every few pages, all the while rather gutting the important clauses in the bill.

● (1640)

There is nothing that is really of value that can be released that would not happily have been surrendered under the old regime. Those clauses exempting information from release have been expanded to such a degree that the bill, I must say in kindness at least at this point—and I hope it will not be so when it comes back to the House for third reading—has to be described as an organized giant leap backwards. I should say that openly to the minister because I think he has become subject to the tradition of his party and perhaps the traditions within the Canadian government other than those at the political level. While those improvements that I am prepared to acknowledge are noteworthy, I think we will have to examine some of the others that have been detailed by other speakers.

I want to say something about a couple of other matters now. I think all of us are blinded by the government's seeming conversion, on the face of it, to the concept of judicial review. The idea of putting this in a freedom of information bill is certainly new. I recall that in 1979 when I brough forward Bill C-15, the hon. member for Kenora-Rainy River (Mr. Reid), who had been the minister for federal-provincial relations in the previous government, spoke as opposition critic. He took great issue with the idea of judicial review, saying that ministers must ultimately be responsible. I think he was putting forth very forcefully what has been the traditional line of a party that has been most conservative on the subject of freedom of information. I hope hon. members opposite will not consider themselves blasphemed if I use that term; I use it with a small "c" to protect their honour and my own.

In Bill C-43 the minister has brought forth a form of judicial review. I do not quarrel now with the details of judicial review as we will deal with that in committee, but it is balanced, indeed counterbalanced, by a broadening of the exemptions to such an extent that I believe, when putting

traditional review into operation, the concept will not be as fully utilized as it would have been under Bill C-15. We will want to look at this in committee.

There has been talk about the exemptions. I shall not bother with the specific aspects of some of them because in the 20-minute time limit that we have imposed there is not time to do so. Whatever has been accomplished by inserting the concept of judicial review has been limited, narrowed and diminished as a result of the broadening of the exemptions in the bill. When we examine the bill clause by clause I think we shall have to review that aspect very carefully.

This becomes more worrisome when considered in conjunction with clause 51 of the bill. In Bill C-15 the court was required to rule whether the government was entitled to refuse to disclose a record. That was a straightforward direction and it is retained in Bill C-43 for the less important exemptions. But if the grounds for refusing disclosures are related to federal-provincial affairs, international affairs, defence, special investigative bodies relating to law enforcement or the financial interests of Canada, the judge must be satisfied not only with respect to that test but must be satisfied that the refusal to release was done not on reasonable grounds. In other words, not only have the exemption categories been greatly enlarged; the question before the court is not only whether they apply but whether it is reasonable to think that they might apply. I think this is the best example of the broadening of those exemptions and it is the only example I want to deal with now because of the time limitation. Committee members will find as they go through each of those exemptions that there are words that fudge, make woolly or make vague the specific aspects of exemptions.

Whether we sit to the right of Mr. Speaker or to the left of Mr. Speaker, if we honestly believe in the principle that everything is "releaseable" except that which is specifically exempted, then I think the work of the committee will have to concentrate on those exemptions and attempt to remove the woolliness. This is necessary so that what the Solicitor General wanted to say about the exemptions will come true; that if there is a refusal, the case before the information commissioner and, ultimately, the court will be clear, and there will not be the necessity for the so-called Philadelphia lawyer to advise a suppliant for information from a government or a department as to exactly what those words mean. Some people call them "weasel words". That is a vulgar expression but for the moment I will adopt it. If I may say so, I think in using that kind of word the Secretary of State has perhaps succumbed to the blandishments of certain people in the public service. He knows who they are because he has to deal with them, as I did.

In any event, Mr. Speaker, that is the issue. I do not suggest that those who make such blandishments act in bad faith. Indeed, I believe they act in good faith. But I believe the minister has succumbed, perhaps aided and abetted by the fact that there has not traditionally been within the Liberal party that desire for openness that I found when I took the matter to my cabinet colleagues.

I have just one final matter to raise, Mr. Speaker, because we will be dealing with all of this at length in committee, and that is with respect to the parliamentary committee. The requirement is dropped that within three years of the coming into force of the act a committee of the House must undertake a comprehensive review of the act and produce a report. Oddly enough, section 72 requires the committee to conduct a permanent review of the act and 25(2) requires the committee to review all acts except Bill C-43 within three years. I do not know why that occurred but there may be an explanation for it.

The cumulative effect is that the freedom of information committee will have a continuing reference but instead of a stipulation that the entire scheme be reviewed, only other acts must be reviewed within that short period. At the same time all government institutions will produce yearly reports on the act. I am worried that the effect and intent could be to put the committee in the position of reacting to a yearly barrage of criticism on the operation of the act from inside the public service.

It is in that sense that I want to have the parliamentary committee aspect reviewed. I am happy that the government has taken steps to include it; it was a step in our Bill C-15. I worry about the reason for the change. In the drafting of Bill C-15 I wanted to have that parliamentary committee not only as the place of criticism of the operation of freedom of information, but of the way in which the whole program could be reviewed by its proponents and supporters, not just its detractors. I am concerned that may not happen.

● (1650)

I look forward to working with the Secretary of State, his officials and other members of this House of Commons who will be dealing with this statute. I hope the work will be comprehensive and that the committee will allow the broadest number of witnesses to come.

Tribute has been paid to Access. There have been other organizations as well which deserve credit. When we were involved in the preparation of legislation as a government, I suppose, like everything else, all of us wanted to see our bill improved by the next. That is the attitude with which I approach the work and I look forward to the end of the day when this bill will be referred to the appropriate standing committee of the House.

Mr. Fox: Mr. Speaker, I rise on a point of order. The hon. member for Nepean-Carleton (Mr. Baker) mentioned that the bill would be referred to a committee at the end of the day which brings to mind that I discussed the matter with the House leader of the official opposition and with the hon. member for Burnaby (Mr. Robinson) who is representing the New Democratic Party on this issue. There is unanimous agreement to make a request that the bill be referred not to the Standing Committee on Communications and Culture but rather to the Standing Committee on Justice and Legal Affairs.

Therefore, I ask for the unanimous consent of this House that the order of reference be modified and that there be reference to the Standing Committee on Justice and Legal Affairs.

Mr. Baker (Nepean-Carleton): Madam Speaker, the hon. member for Burnaby has just left the chamber for a minute. However, I had a discussion with him about this point. He is agreeable, I am agreeable and we are agreeable to the request. Therefore, I think it appropriate to make a House order to that effect.

The Acting Speaker (Mr. Ethier): Hon. members have heard the request of the Secretary of State. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I thank my colleagues for their applause and I hope I will get a little more when I am finished.

I begin on an agreeable note and I hope my remarks will also be agreeable. However, I must say I was somewhat surprised at the tone of the remarks of the Leader of the Opposition (Mr. Clark). While he did approve of the principle of the bill, it seemed to me he was somewhat overly critical of its substance. I found that a little surprising coming from a leader of a party who is opposed to the entrenchment of a charter of human rights and freedoms in the Canadian Constitution. On the other hand, I thought the remarks made by the House leader for the Progressive Conservative Party were much more constructive and much less strident. I will try to put my remarks in that category as well.

I am participating in this debate today not as an expert in law but as an ordinary citizen. I am concerned that big government, big corporations and big unions can withhold information from the average individual which may affect their very livelihood and in some cases their very lives. It is important that we, in a free society, have laws which prevent that kind of insidious use of information which may be a threat to a person's ability to earn a living and in some instances even a threat to his life.

As a member of Parliament I have sometimes wondered whether, in the performance of my duties, I have been given all the necessary information that I have asked for and to which I believe I have a right. There is a tendency in big government for some people to withhold information which they think may not be convenient for them to release. I think that is wrong. We must have protection in law for legislators and representatives of the people to have full access to any information they need in the performance of their duties. With the coming into force of this bill, which I hope will be relatively soon, at least now there will be redress if access is denied.

I am pleased the parties have agreed to have a short debate with time limitation on speeches so we can send this bill to committee. I hope that we will see more of this party co-operation with agreement to limit the amount of verbiage which pass as speeches in this chamber. It seems to me that if someone cannot express themselves in 20 minutes, they should review what it is they want to say and find out if anyone is going to listen. I look forward to the day when all speeches in this chamber, with the exception of major speeches by party leaders, are limited to 20 minutes.

This bill is another step in the desire to enhance and protect personal freedom in our nation. In a world of increasing complexity, both information and the power to withhold it are potent weapons. Because we have agreed that information may be gathered surreptitiously under certain circumstances, it is more and more urgent to have written law to protect precious individual rights, which all too often can be arbitrarily suppressed for the common good by some nameless but powerful individual or group whose anonymity made them immune not only to prosecution but also to appeal.

I have some reservations about the bill, as I have about almost every bill, but one must assess one's reservations or the weaknesses one sees in a bill, with the over-all benefit of the bill itself.

First, I want to deal very briefly with clause 11(4). This clause gives the head of a department the authority to require a monetary deposit before a search is started for the production of a record. I can understand the reason for that. In fact, I agree that there should be some incentive for people not to make frivolous requests or to expect that very costly requests are going to be carried out without any onus on the individual making the request. I would hope that in the regulations to this bill there will be some circumvention of the power of heads of departments to require deposits that are so big as to be impossible for individuals to make. In other words, I hope that heads of departments will not be allowed to use that section of the bill as an excuse not to provide information or to fulfil requests for information.

Second, clause 22 also gives me concern. I can understand the need for exemptions. However, it might well serve governments better to release the kind of information referred to in clause 22 than to keep it secret, or attempt to keep it secret, only to have it leaked in a brown envelope. Unless there is a mechanism for preventing that kind of leak which is designed usually to embarrass a government, I feel that it would be in the best interests of the government to release it. So I wonder about that clause as well.

Third, clause 26 is the clause on severability. My concern with that clause is pretty much the same as with the clause requiring a deposit. I hope that regulations will be devised to prevent officials who wish to withhold certain information, which may not be of the type or kind specified in the exemptions under this bill, from severing the information requested. I know that is not the purpose of this clause. I hope the regulation will make the purpose abundantly clear and circumscribe any attempt to use clause 26 to prevent release of the information.

• (1700)

Clause 28, the transitional provision in the bill, gives me concern as well. I am not sure of the purpose of that clause or what it means; that is why I am concerned about it. I suppose it falls into my general concern about the way in which legislation is written. I hope that one day in this country we will have in our legal drafting department some draftsman who can speak at least one of the official languages of this nation.

I wish to comment on a few more clauses. I want to refer to clause 37(2) which is a very powerful clause promoting exactly what the bill intends to do. I quote that clause:

> Notwithstanding any other act of Parliament or any privilege under the law of evidence, the information commissioner may, during the investigation of any complaint under this act, examine any record under the control of a government institution, and no such record may be withheld from the commissioner on any grounds.

That is a very good clause. It gives the commission the power needed to enforce the act. It is a very positive clause.

I am pleased that the bill provides for the commissioner to make reports to Parliament. Not only must he make annual reports, but he can make special reports if he so chooses. However, I do have one concern. I would like to see it provided that the reports of the commissioner stand as a permanent reference to a committee of this House or a joint committee of both Houses. It could be the Standing Committee on Justice and Legal Affairs or the committee referred to in the bill which will be established to review the functioning of the act. I believe it is clause 73 which establishes the special committee or committees to review the act and make recommendations. That, of course, will be done by members of Parliament.

Today we have heard a lot about what this bill does not do. It is important to put on record what it does. I want to talk for a minute or two about the contents of the bill. The bill would provide a right of access to information in government records "in accordance with the principle that government information should be available to the public, that necessary exemptions to the right of access should be limited and specific, and that decisions on the disclosure of government information should be reviewed independently of government".

The second part of the bill dealing with personal information in government files would reaffirm the right of individuals to see and amend personal information and broaden that category to include all personal information, not only personal information used for decision-making purposes.

As promised in the Speech from the Throne, the bill would abolish section 41 of the Federal Court Act so that the government would no longer have the absolute right to withhold information from the courts during any litigation. A minister's objections to disclosure on public interest grounds would be subject to review by a court. The court would have access to the information at issue and the right to decide whether that information should be introduced as evidence. There are a number of exemptions. They are limited, defined and specific.

Another provision in the bill which is absolutely essential to protect individual rights is the third party notice. The bill would establish a third party notice procedure with respect to information provided to the government by unions, businesses and other commercial enterprises. It would require that such persons or organizations be notified when information that could adversely affect their interests is to be released, allow them to make representations as to why the information should not be released, and to appeal a decision to release it. There is a two-layer appeal system provided in the bill, the appeal to the commissioner and, if the individual is not satisfied with that decision, there is a judicial review before the Federal Court.

In closing, I congratulate the Secretary of State (Mr. Fox) on introducing this bill. I hope it will have the deliberate but not delaying scrutiny in committee that it deserves and will soon be entered into the statute books of Canada as the law of the land.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, for each of us in the House of Commons who has been involved in this issue of privacy and freedom of information over the course of the years, today has to be considered a happy day. Clearly on our side of the House there are concerns about aspects of the bill, both as it relates to privacy and to freedom of information.

We will be supporting this measure. We will be moving to get it before committee as quickly as possible and will be making proposals in committee and in the House designed to make this a better bill for all Canadians. I think I would be doing an injustice to all of those involved in these issues over the years if I did not say that the bill before the House today represents a significant step in the right direction.

Credit has been paid to Gerald Baldwin, our former colleague, who is well known as the father of freedom of information in Canada. Perhaps I would broaden that to refer to the committee of which he was the co-chairman and of which I am co-chairman at the present time, the Standing Joint Committee on Regulations and Other Statutory Instruments. It went on record a number of years ago as being in favour of the concept of freedom of information and pressing the government to take the action it is now taking today. It is important that we recognize the work being done by so many members to promote action in these two areas.

It might be useful at the outset of my remarks to review briefly some of the philosophy behind this legislation and something of the history behind it. During the course of time I have been here, the last eight years, it became apparent to me that the government's attitude toward control of information has been that if it has information related to its activities, as to how decisions are made which affect the day to day lives of Canadians or how Canadians' tax dollars are to be spent, that information is the property of the government. The onus is put upon the average Canadian to justify having access to that information. If governments want information about the private lives of individuals, they maintain the right to compel that

information on pain of penalty of law if the individual chooses not to give it.

It was felt necessary by members on this side, who believe that the role of the state should be limited and the state should be the servant of the people and not its master, to turn that onus around. Control over information is not a right of the government. That information is not the property of the state but of the people of Canada.

In those instances where the government feels there is a compelling reason why information should be suppressed, the onus should be upon the government to justify taking that action. In those instances where the government feels it is necessary to compel information from individuals, the onus should be put upon the government to justify compelling release of that information, not put upon the individual to justify his reluctance to give it. This is why we felt it was important to bring in integrated legislation which would deal with both aspects of this matter, freedom of information and privacy.

● (1710)

It has been said in the past that in some ways legislation on privacy and on freedom of information are somehow in contradiction with one another, but that is not so. The two concepts are different sides of the same coin. The real issue here is the control of information. Who owns information, who controls it? Does it belong to the state or does it belong to the people? That is why the first bill of the Clark government, introduced by my colleague, the hon. member for Nepean-Carleton (Mr. Baker), was a bill which would have brought forward the concept of freedom of information.

In conjunction with my colleague, Senator Jacques Flynn, the then minister of justice, I was working on a complimentary bill on the issue of privacy which would be passed separately by this House but which upon passage would interlock and integrate those two principles; it would ensure, for example, that the mechanisms of access to one's own file would be the same as those used for files about how the government was spending your money, or how decisions are made. The exemptions would as much as possible be consistent so we would not run into the situation where public servants were put in the position of having to choose between, on the one hand, penalties for withholding information, and on the other hand penalties for giving out information to which they felt the public should be entitled. We felt it was essential that we should eliminate or at least reduce the possibility of conflict and try to have as coherent a package as possible, recognizing the philosophy that information belongs not to the state but to the people of Canada.

As I have mentioned, my colleagues who have spoken before me have given their evaluations of the government's bill, and particularly of the freedom of information section. They have pointed out at least four areas where Bill C-43 is weaker than the legislation proposed by our government.

First, it is apparent that the government's legislation will make it harder for interested individuals to discover what documents actually exist. Clause 5(3) implies that if information appears to be exempt from release, it does not have to be even listed on information bulletins.

Second, these exemption categories, particularly in the areas of international affairs and defence, law enforcement and investigations and economic interests of Canada, appear to go much further than the Clark government's bill to protect information from release to the people of Canada.

Third, the powers, status and pay of the information commissioner appear to have been considerably eroded.

Fourth, and perhaps most importantly, it does not appear that the additional power given to the courts will come close to promoting the degree of openness that ought to be expected in this bill. This is largely the result of the fact that when a judge decides on the appropriateness of withholding information or documents in certain categories, he cannot determine whether the department head is entitled to withhold it, but merely if he had "reasonable grounds for doing so". For my purposes I would like to shift the focus of the debate from the freedom of information section of Bill C-43 to the privacy section of the bill.

Hon. members will remember that I introduced a similar private member's bill earlier last year which was the final draft of the bill prepared by Senator Flynn and myself for introduction under the Conservative government. I am pleased, obviously, to see that the substance of that bill has been incorporated in the government's legislation which has come forward, and I am delighted by the fact that, while there has been retreat on some of the important areas of the bill, by and large the substance has been incorporated in this legislation.

In fact, the timing of this debate could not have come at a more appropriate moment. Parliament is currently embroiled in an historic conflict over the type of rights that ought to be entrenched in the Constitution of Canada. The current government has endlessly argued that a complete and fundamental bill of rights ought to be included in any constitutional amendments we send over to Britain. Yet, Mr. Speaker, shockingly, one of the most basic of human rights has been left out of the government's charter of rights, and that is the right to privacy.

That right has an ancient history both in the west and in the history of man throughout the world. On this continent the right to privacy, for example, dates back to the first, third, fourth, fifth and ninth amendments of the constitution of the United States. Judge Thomas Cooley, in his influential treatise on torts, described privacy as the inalienable and natural "right to be let alone". Almost 100 years later the Younger committee redefined the concept as the right of "freedom from intrusion upon oneself, one's home, family and relationships". In the western democracies the right to privacy was born out of the Enlightenment's suspicion of the state. To paraphrase Locke, the democratic state became the sum total of the persons comprising society. In this sense the state was established to serve society, a group of individuals who led their own private lives.

In terms of the history of man the need for personal privacy is a universal quest in the human experience. According to I.C. Velecky, evidence of this fact can be found in the social conditions of ancient Greece and was manifested in the customs and communal life of primitive tribes.

The amount of privacy each one of us wants or needs varies from one person to another, but every one of us requires at least a modicum of privacy if we are to protect our very humanity. It is not because we have some evil to hide from detection, but because each one of us needs to keep part of our life private if we are to maintain our dignity and pride. Clearly the historical root of the right to privacy can be said to be inalienable and natural.

In Canada there has been legislation in this field over the last several years. For example, in 1974 there was the legislation which gave control over electronic surveillance, and in March, 1978, part IV of the Canadian Human Rights Act was proclaimed. I must stress that part IV of the Canadian Human Rights Act was totally inadequate. Indeed, even though it provided for the publishing of an index of federal government data banks which would give Canadians some indication of which government departments held information about them, the government made a conscious decision not to publicize that right because it did not want to be overburdened by people seeking to exercise those rights. What could be a more devastating criticism of the government's commitment to the right of privacy than the fact that it wanted to leave it largely unmentioned?

My party has put forward an amendment to the government's constitutional package to enshrine the right to privacy in the bill of rights. Freedom from unreasonable interference in privacy, family, home and correspondence is the very least people demand that the state provide Canadians. Despite the government's perceived commitment to privacy, members opposite voted down our amendment, striking a blow at the very heart of our Canadian traditions. Government was created by the people to serve the people. It was not created, as members often seem to feel, to give the state the powers to interfere with people's lives.

The reasons it is essential we have legislation on privacy have been obvious to anyone living in modern society. As the needs of society for information about the individual have increased, the threat to privacy has increased commensurately. Indeed, in a survey done by the Department of Communications, 52 per cent of the respondents felt that computers were reducing people to just numbers; 69 per cent felt that computers caused errors because they do not take human factors into account; 37 per cent felt that computers threatened personal privacy; and 52 per cent felt that computers caused violation of confidentiality. This bill goes some distance along the way toward addressing some of the concerns which were left unaddressed by part IV of the Canadian Human Rights Act.

One of the very essential areas which is not covered in this legislation is the public concern, and a very justified public concern, about the development which has been taking place in the use of the social insurance number, moving it toward becoming a universal identification number. The Clark government, as part of the legislation which we drew up, had a proposal to roll back the use of the social insurance number to six purposes for which it was basically designed. One of those instances, which would be the Canada student loans provision, would be a sunset law over the course of three years, and after that time the government would not be able to insist upon it in that area.

We believe it is essential that the federal government act now to show leadership in the whole field of privacy. We do not believe it was adequate for the government and for the Minister of Communications (Mr. Fox) to take the action of striking that provision from our bill, because the evidence is there today that a real and grave threat to the privacy of Canadians exists in the case of abuse of the social insurance number, and that it is essential that the federal government should show leadership, acting in this area, demonstrating that it is prepared to restrict its use of social insurance numbers. Instead, what it has done is simply broaden the study which we had commissioned into the use of social insurance numbers at the provincial level and among the private sector, and to ask the privacy commissioner to look at the federal government as well. We believe that is totally inadequate.

It is interesting to note that even one of the most compelling arguments in favour of social insurance numbers has been its very credibility; that it is believed there is only one social insurance number per customer. Yet in testimony before the McDonald inquiry it was revealed by one RCMP officer that 50 per cent of all cases of false pretences in one detachment he was policing made use of social insurance number cards.

● (1720)

The lack of security surrounding the social insurance number was illustrated recently by the case of the Calgary man who obtained 109 social insurance numbers to enable him to collect 59 UIC claims and a monthly income of $33,000. Similarly, two chaps from Montreal used 60 social insurance cards over a period of two months to collect $32,867 from the UIC. Then there was the case of the Winnipeg man who secured 25 social insurance cards and proceeded to collect $92,000 over four and a half years.

Members on this side of the House applaud initiative, but this is not the sort of initiative we believe the government should be condoning or should be putting programs in place to foster. Yet the present Minister of National Health and Welfare (Miss Bégin) has cautioned Canadians that it is essential that social insurance numbers be used even more in the future than they have been in the past. I believe, Mr. Speaker, that my time is rapidly running out.

In wrapping up my remarks let me say that we support the government's legislation which is going forward today. We believe that it should be considered in committee and that it should be considered closely. Neither the legislation which we proposed last year nor the legislation which is before the House today should go without improvement. Both of them deserve close scrutiny and the attention of all members of

Parliament. We believe that this is an important step forward. We will be calling upon the government to show flexibility before the committee in listening to Canadians and be prepared to make improvements to this legislation so that we will ensure once and for all that the right of Canadians to control information about themselves and about how government is affecting their lives and spending their money belongs to them and should not be under the sole jurisdiction of the state.

Mr. Robert Daudlin (Essex-Kent): Mr. Speaker, my intervention in this matter will be short. I trust, as a matter of fact I am relatively certain, that I will be able to put those particular points of view across in the 20 minutes allotted to me and thus will be able to demonstrate, as have colleagues on both sides of the House, that the particular agreement which we have been able to reach in this debate to reduce our speeches to 20 minutes as opposed to 40 minutes is an exceptionally good idea, a great step forward, indeed almost a great leap forward, as the hon. member for Nepean-Carleton (Mr. Baker) originally described the bill, a description which he later retracted.

At least the method of dealing with this bill is a great leap forward, and I am sure even he agrees with me on that. I hope that we will all be able to agree from time to time, and I hope lots of times, on dealing with other debates in the same manner. It is an enlightened approach which we have taken and this is something on which we should be complimenting all our House leaders and for which we should be pressing our caucuses.

Mr. Baker (Nepean-Carleton): It all depends on the substance of the legislation.

Mr. Daudlin: The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) spoke of onuses of proof and the fact that in his opinion the onus of proof should be on the government with respect to those items which they wanted not to release to the public view. On its face I have to say that I agree with the hon. member. I think that he is putting forward a wise position, but I am a little concerned with respect to some of the presumptions which appear to underlie his concept in the way in which he put it forward.

I have sat in this chamber since 1974 and many of my colleagues have been here even longer than that. Those who have sat on the government benches have come to the realization that when colleagues from the other side of the House speak of what people's rights are, they seem somehow to make the distinction between a government member, whom they judge does not speak for the people, and themselves, whom they judge do speak for the people.

Perhaps I have an old-fashioned idea of what this place should be, but I believe the presumption should be that all members in this place, including hon. members who have been elevated to the ministry, speak for the people, and that the opposition has no particular claim to speak for the people over that which we are able to exercise from this side of the House and on these benches. So long as we can all agree on that presumption, I concur with the hon. member for Wellington-Dufferin-Simcoe that the onus be on the party presuming to withhold the documents from public view.

However, I do not share his view that the method to be used in determining whether a document is being fairly or unfairly held is one that should be given over to the courts. I happen to believe that the method which has been struck upon in Bill C-43 is the appropriate and proper method because, in my view, it takes from the courts a job which I am sure any judicial appointee in this country would not want to have. It seems to me, from my practice of law and from what I have heard in the Hosue, that the judges on our benches are jealously protecting the concept of the division and the distinction between the judiciary and the legislative branch. If we are going to put the judges of this land in the position of being asked to make political decisions—because that is exactly what we would be asking them to do—then how can they stand up and claim to be separate from this place?

The Solicitor General (Mr. Kaplan) earlier spoke of the particular problem in which any judge would find himself in terms of having overturned a political decision on some item relating to external affairs and relations between countries and ourselves, a political decision made on behalf of the minister. In my view, the same sort of thing applies to any other minister in the government. Once a political decision is taken, it is reasonable and fair that a commissioner in the first instance, and a court thereafter, make the determination as to whether or not the ministerial discretion or the ministerial decision-making power was exercised in a fair and reasonable manner. If it were not, I challenge any member of the House to find in himself or in any minister of the Crown sufficient political clout to withstand the kind of public pressure, and political pressure from this House itself, which would be brought to bear on a person who challenged the finding of, first, the commissioner and then the court that the decision to withhold a document was unreasonable. I cannot believe that anyone would withstand that kind of pressure, and I think that that is the kind of pressure that is built into this this bill. It puts the political decision-making power squarely where it belongs, namely, on the cabinet, and it withholds it from the judges of our land who, I am satisfied, would be running as fast as they could from that kind of power. I am satisfied they do not want it.

In terms of the indeces of private citizens which currently exist in Canada, I was interested as well in the comments made by the hon. member for Wellington-Dufferin-Simcoe. I share with him many of the concerns which he expressed in terms of the ability of an individual citizen to have access to those banks of information which are continuously being increased on us all. We all want to have access to information, if for no other reason than to correct the faults which many of us find are there. I cannot say specifically that I heard that hon. member complain about funds being used by the government to publicize a particular act—I would not say that without having first researched it, something which I have not had a chance to do—but it is passing strange to find that at

least his party would challenge and chastise the government, for using public funds to publicize its position. Indeed, Mr. Speaker, were I allowed to use stronger language, I would be able to describe more aptly what they have done in terms of commenting on what this government has done with public funds to publicize a particular act of the government, a bill, a position or a point of view that was put forward.

But when it comes to something which they would like to have publicized, the fact that public funds were not used for the purpose, of course, is wrong too. So we find ourselves in the strange position of being dammed if we do and dammed if we don't, and only the party over there can do the damming.

Some hon. Members: Oh, oh!

• (1730)

Mr. Dionne (Northumberland-Miramichi): You are getting to them, Bob.

Mr. Daudlin: I do not know whether I am getting to them. I am starting to hear some life on the other side. It is good to know they are listening. There are occasions when one's words fall either on deaf ears or the ears of those who do not want to hear. But today someone is listening, and I express my appreciation to hon. members across the way.

The hon. member for Wellington-Dufferin-Simcoe made reference to social insurance numbers. There are many members on both sides of the House who share his comments and thoughts with respect to the ever-increasing use of social insurance numbers. As a matter of fact, some of my colleagues and I have absolutely refused to provide our social insurance numbers when we felt that it was an unreasonable and unfair request. This practice has crept in. Perhaps we should be exercising some leadership in an attempt to stop it.

The hon. member for Wellington-Dufferin-Simcoe formed part of a government which started a review on how those numbers were being used. He should know—and indeed he must know—that the Minister of Justice and Minister of State for Social Development (Mr. Chrétien) renewed and continued the mandate which in fact had been given by the former government. More than that, he enlarged the mandate with respect to that review and examination to determine just how widespread the use of social insurance numbers had become, for what they were being used, whether they were being used for the kinds of things which should be allowed and whether there were uses of which we were not even aware that should be stopped. The mandate has not been concluded; the report has not been done. I am glad to say that the government does not act in advance of the reports and recommendations it is seeking. It would be false economy to ask for a report and then prepare legislation in advance of it. It would be wrong to request a report and then attempt to pass legislation through the House without the benefit of the report. It is my understanding that in fact the report will be available shortly. Once we have it, we will be able to examine social insurance numbers much more comprehensively than we would have been able to had we brought that matter in at the same time as this legislation. In short, it would have been premature. I am glad it has not been done without the benefit of the report and that recommendations will come forward once the report is completed.

I had the honour of being parliamentary secretary to the secretary of state in a former government when in fact the green paper on freedom of information was being discussed. I was parliamentary secretary at the time the committee appointed to conduct a study was examining that paper.

I recognize full well the difficulties of the Secretary of State and Minister of Communications (Mr. Fox) in bringing forward this particular piece of legislation. It was not an easy job. It is not the kind of thing one can sit down in a night or even a full month of nights and come forward with, because of the balancing act one must do between the rights of access and privacy. Also there are difficulties with periods, commas and words in terms of drafting. I sincerely congratulate the Secretary of State for bringing forward this piece of legislation. All of us recognize that it is high time, but we are glad it is now before us and we are moving forward to have the matter sent to committee. Ultimately we hope it will be brought into law.

I echo hon. members on both sides of the House who have said it would be folly for us to believe what we have before us in its present state is perfection. It will require work, polishing and amendment before it comes back. The minister indicated that he is prepared to assist in that regard. It would be folly to believe after it has been considered in committee, brought back to the House and debated at third reading, that it will be perfect. Indeed, it will not be, but it is a starting point. It is a credit to the House that we are moving toward that position.

I want to make the point as strongly as I can that the review provision included in this bill is the correct direction in which to go in terms of attempting to retain the division between the judiciary and the legislative branches. Also it gives credence to the concerns expressed not only by those people who want further, more and greater access to information, but also those who have expressed the possible severe interference which could take place if we go too far. I need go no further than the police chiefs associations that have been very concerned, not only the ones in Canada but also the ones in the United States when its particular legislation was passed. It seems to me that associations across the world have been concerned whenever this type of legislation came forward. They are concerned among other things, that if we go too far, we will run into terrible problems in terms of how information such as the names of informants will be kept secret. If in fact informants come forward to assist in combating organized crime, surely we will have to be careful to ensure secrecy. Such information cannot go through many hands. We all know how easily information such as that can slip through fingers, disappear or get into the wrong hands. Surely we would not want one informant disappearing by taking a long walk off a short pier.

It would result in the drying up of that source of information and the inability of our police forces to obtain the assistance they need to combat the crime which we all want

stopped. I think the government has achieved this balancing act in this bill.

We should all listen very carefully to the groups which will come forward with their particular points of view. As members of Parliament we have received the usual lobbying documents in this particular case. I have copies of Access documents about which the hon. member for Burnaby (Mr. Robinson) spoke. We will look at these documents very carefully. I am particularly happy to have heard the minister indicate when he introduced the bill this afternoon that we will be receiving amendments with open minds. In fact, I have some particular amendments which I want to bring forward. I will be attending committee meetings diligently in order to see that my points of view are brought forward. I trust that the opposition members who have spoken this afternoon will be doing the same.

I hope we all realize that we are producing something as nearly perfect as we can but not totally perfect and that we are not creating some kind of a panacea. We will create a tool which perhaps will make this House more lively from time to time and will afford the press gallery an opportunity to obtain information which its members now feel is not readily available.

Mr. Dionne (Northumberland-Miramichi): Will it mean more brown envelopes?

Mr. Daudlin: It will probably reduce the number of brown envelopes being used on the hill; perhaps that will be cost-effective. But I have the feeling that all of us on the Hill, being as busy as we are and having a volume of information going across our desks, will find that access to more information, in addition to not being a panacea, may have the effect of glutting our offices as well. I trust that when we have this kind of information available to us and it is not accomplishing the kind of miracle which I know some hope it will, we will not blame the legislation. I hope we will not come up with some kind of perverse decision about the government making certain that this legislation does not work. If it works at all, it will have done so because, by putting forward the bill, by stating the concept and by coming up with these words, the civil servants, whom I think we all recognize are here to serve Canadians, and not somehow not to do their will, will recognize that it is the wish and the will of this Parliament and Canadians, wherever they are, to have access to information being produced by those same civil servants at the request of and on behalf of the government. Knowing that their will has been expressed will, in fact, indicate through their own actions the kind of openness which the government has expressed is its will in this bill.

● (1740)

If that takes place, and I am almost certain it must as a result of what we are doing here, then I think we will have accomplished a step toward what we are seeking. As I say, it will be a panacea for us. But certainly, contrary to the expressed opinion of the hon. member for Nepean-Carleton, it is a giant leap forward, not a giant leap sideways or backward, as he would rather characterize it.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I appreciate the opportunity to rise and speak briefly on the freedom of information legislation. I think it is a step in the right direction, and I would like to commend the government for bringing it forward. There are many changes which we would like to see made in it. We will be addressing those here today, and we will be moving some amendments in the committee.

I think this legislation goes a long way toward improving the accountability of government. I think Parliament itself is fairly accountable, since we are before the eyes of the public. What we say and do here is written into the verbatim transcript of *Hansard*. Quite often, when we become involved with government and some of its programs, information which should be accessible to the public at large and to members of Parliament in some cases is hidden away. It is not released at times when it actually should be in order to make government more accountable. I think the disclosure aspect with respect to many pieces of information is necessary so that members of Parliament and the public can be made aware of some of the things which our government—either elected members or public employees—does.

A few instances come to mind in which we can actually obtain more information about our own country in the United States than we can right here at home. The most recent incident is with respect to the events at Gagetown. A few members of Parliament from this caucus had to obtain their information about the spraying of Agent Orange in New Brunswick from the American government. We should be able to find information about our country here at home and not in another country. We should have full disclosure in these cases which affect the public to a large degree.

There are other matters about which information would be very useful to me as a member of Parliament. This is particularly true in cases where I have gone to government departments and asked for internal documents which contain the interpretation of the statutes or supplementary regulations which are used to enforce those statutes. In some cases I find it is impossible to obtain that information from government departments. This puts us in a very awkward position when we are dealing with the public and trying to overcome some of the problems they run into in dealing with certain government programs. As I mentioned before, Mr. Speaker, I think this measure goes a long way toward accountability.

There have been different reports on this subject, recommending government accountability. The D'Avignon report and the Lambert commission report come to mind. The freedom of information legislation is certainly not the be-all and end-all, but it is a step in the right direction. I am a member of the public accounts committee. Quite often cases come before us which would not be there if we had a freedom of information act in place in this country.

I would also like to tell the House that I had an opportunity to serve as a member of the task force on regulatory reform, which was struck by this government. We heard a great deal about people who could not obtain information they needed in order to function properly. I think this hampers our process. People cannot work effectively if they are at the disadvantage of not having all the information which pertains to them or where the government has set a regulation in a unilateral way without a great deal of consultation with the people who will be affected. The government does not allow a great deal of intervention. It does not consult people who will be affected by regulations. Then the regulations are enacted, and we still do not have access to the information. We do not have access to the internal workings of the regulations and the statutes of Canada. This places the general public at a great disadvantage when dealing with government. Companies, labour unions, consumer groups and individuals throughout the country told us of their frustration when they came before the task force on regulatory reform.

Although it does not directly relate to this bill, at this time I would like to say that I enjoyed being a member of the task force on regulatory reform. I hope the government will move to implement some of the recommendations made in our final report, which was tabled in this House on December 19. It was presented to the President of the Treasury Board (Mr. Johnston). I encourage him and his government to take action with respect to some of those recommendations. These recommendations, along with this freedom of information legislation, will do a great deal to bridge some of the gap between the public and the government. I suppose I should say the private sector and the government.

My main concern about freedom of information is with respect to the protection of the rights of individuals about whom the government has information in its files. I want to see very stringent controls applied so that information about individuals or companies will not be released by the government, which would place individuals in an embarrassing position or which would place businesses, large or small, in an uncompetitive position. I hope these rights will be protected and that there will not be any information released with respect to the internal secrets of a company which would place it in a bad position in the free market.

As I said, these many concerns will be addressed in the committee, Mr. Speaker. I have enjoyed the opportunity of speaking briefly on the freedom of information legislation. In closing, I would again like to commend the government for taking a step toward improving government accountability.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I really had no intention of rising on this bill until problems with respect to certain files in my office brought it to mind. I thought I should relate to this House some of my thoughts with respect to the obligation of ministers of the Crown to be more forthcoming with members of Parliament. After all, Mr. Speaker, there are not very many of us. There are only 282 of us in Canada. As members of Parliament we have taken an oath before the Clerk of this House to respect Parliament and our obligations to the Queen.

● (1750)

Often it is necessary for an hon. member in the exercise of his duty to have additional information about the people with whom he may be dealing. Some time ago I had a problem with respect to representations made to me by a constituent. I suspected that somehow this constituent may be a member of an organization which was not operating in the interests of Canada. In that regard I made inquiries of the Solicitor General (Mr. Kaplan) because I wanted a private briefing with him in order to obtain information which the Royal Canadian Mounted Police might have on that person and the organizations with which he was involved.

As a member of Parliament, I take my obligations to Canada seriously. I did not want to wind up taking a position on behalf of that person which would in any way jeopardize my obligations to Canada or assist in the promotion of some organization the real purpose of which may not be in the interests of Canada. I was disappointed because I did not get that confidence from the minister. The minister's view was that he should not tell me anything and, therefore, I was on my own.

In a way it is sad that we must have a freedom of information bill. Ministers of the Crown have an obligation to members of Parliament, their colleagues, to be forthcoming, even if it is on a very personal, private or confidential basis. We, as members of Parliament, are entitled to the confidence of ministers, and ministers are entitled to rely on our undertakings not to divulge the sources from which we obtain confidential information. To some extent, this bill is required by members of Parliament because in many cases we have not been able to obtain some of the most elementary information from the Crown.

I would like to outline a matter of elementary information because some suggestion has been made that contracts and things which might affect private corporations and businesses should not necessarily be made public. I understand that line of thought. However, recently, I have been carrying on a running battle with the Minister of Fisheries and Oceans (Mr. LeBlanc) concerning some leases on waterfront property in the city of Mississauga. The waterfront property was at one point in the town of Port Credit.

Roughly six years to eight years ago the Government of Canada leased a large harbour facility in Port Credit to a company called Port Credit Harbour Marine. That lease was negotiated in a very interesting fashion for a period of 20 years, and it covers an important marina on a very important commercial facility in my city. Over the past year I have been renegotiating a lease on an abutting property with the Government of Canada for the Port Credit Yacht Club. Strangely enough, the rental arrangements for this very significant facility occupied by Port Credit Harbour Marine are not available.

Members of Parliament sometimes have other methods of learning about matters. I was told that I could go to the

assessment department of the Region of Peel and that if they would tell me, then it was fine, but the minister would not tell me. In effect, the minister would supply the information to a municipal department of the government of Ontario, but he would not supply that information to a member of Parliament. So here we have a lease on which a company is paying rent to the Government of Canada for the use of Crown property, the Crown is negotiating a lease on the abutting property to another person, and it is impossible to find out the terms of the lease on the abutting property.

It turns out that the rent being charged to Port Credit Harbour Marine is significantly less on a square footage basis, a building value basis, an anchorage basis or any other basis than the rent which the Port Credit Yacht Club is being asked to pay. The rent which the Port Credit Yacht Club is being asked to pay is higher than the rent paid by any yacht club in the entire greater Toronto area. Indeed, the rent is three times the rent on a mooring basis or a square footage basis than the rent paid by the RCYC, perhaps the richest yacht club in all of Ontario or indeed, Canada.

The facts and figures upon which rent is determined, upon which a fair lease is arranged and upon which the ministry relies are withheld simply because, I presume, the information would not back the government's claim with respect to a negotiable fair rent. That is wrong. I expect that on the passage of this act the government will be obligated to supply the information.

I am bothered by the cost to the bureaucracy involved in scanning requests for information to make sure that those requests are not of the class and kind prohibited under the bill. I say again, if we did not have the situation where governments have refused to come clean and be fair to the citizens of Canada, we would not need this bill. But because governments for some time now have refused to be open and above board, we are required to organize a bureaucracy to judge and arbitrate on whether a piece of information can be released.

If one really believes that our democratic representative system is worth while, one would expect the government at least to have the belief that members of Parliament are trustworthy and that if a constituent has a need which the government can fulfil, the member of Parliament could get the information, if it is possible, and thereby solve the matter. Because of the refusal of the ministries to be above board, open and free with members of Parliament and with people, we must introduce a bill which—

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

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Mr. Speaker, I am pleased indeed that at long last there is before the House of Commons Bill C-43 dealing with freedom of information and the right to privacy. This matter has had a rather checkered career going back as far as the days of Barry Mather, the former member for Surrey-White Rock, who brought in a private member's bill. That was followed by a bill brought in by the former member for Peace River, Mr. Ged Baldwin. They were the forerunners of freedom of information in Canada.

Following those two private members' bills in June, 1977, a green paper entitled "Legislation on Public Access to Government Documents" was tabled by the then secretary of state, now the Minister of State for Science and Technology and the Minister of the Environment (Mr. Roberts). The Standing Joint Committee on Regulations and other Statutory Instruments reported on the green paper.

Senator E. A. Forsey was joint chairman of the drafting committee. He is now retired from the Senate. The other joint chairman was Gerald W. Baldwin, the former member of Parliament for Peace River, now retired. Senator J. M. Godfrey is still in the other place. Mr. Andrew Brewin, formerly the member of Parliament for Greenwood, is now retired. I was the fifth member of the committee.

Next came Bill C-535, a privacy bill presented by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty). He spoke on this matter today and expressed considerable concern about the use of social insurance numbers by the federal government and the fact that there is no mention of this practice in Bill C-43. I point out to him that the study of the use of social insurance numbers was commissioned by the privacy commissioner and was extended to May, 1980, and was to include a study of the use of social insurance numbers by the federal government. The hon. member will recall that the matter was initiated by the Conservative minister of justice in the last Parliament.

Obviously, to include specific provisions dealing with social insurance numbers in this legislation would prejudice the findings of the privacy commissioner. However, it is understood that the general provisions in the bill dealing with the collection, use and dissemination of personal information by the federal government will apply to social insurance numbers, and this will accomplish much of what the hon. member for Wellington-Dufferin-Simcoe wanted to achieve.

● (2010)

There are some very important points in Bill C-43. The bill represents a significant development in making our institutions more open and more democratic. This is what it is all about. We call ourselves a democratic nation, and we want to be sure it is democratic in every way. Openness is certainly part of what we are looking at. Canadians will have a powerful tool to gain greater insight into the activities and functions of their government when this bill is put in place. Politicians and civil servants will be more accountable to the Canadian public, and I am sure the Canadian public is quite concerned about this.

The people will also become more aware of the operations of their governments. This is openness, and it is the kind of openness we want Canadians to have today.

An independent review process will be established, which will take away a minister's right not to give information at his own whim and fancy. But matters would be determined by courts if necessary.

The burden of proof with respect to withholding information will be put on the government, where it rightfully belongs. After all, at the present time it is the government which has the documents and is able to withhold them if it wants to. Moreover, a judge would be able to overrule a decision of the government to withhold information and order the release of a document. This is in accordance with our present judicial process which, I am sure, is quite adequate to carry out this function.

I am also pleased that section 41 of the Federal Court Act would be abolished so the government would no longer have the absolute right to withhold information from the courts during any litigation.

Access to information is a prerequisite to the exercise of other fundamental rights and freedoms.

In summary, we need openness of government. In effect, we need freedom of information, and we will get that to some extent in this bill.

There are four basic principles in the bill. The first is the right of Canadians to have access to all information held by the government, except where specific exemptions apply. Second, the burden of proof is to be upon government to justify the withholding of information. Third, it is the right of the courts to order the release of information which has been wrongly withheld. Fourth, there is a procedure to ensure that no exemptions, however drafted, could be used by any government to cover up evidence of illegal conduct. In my view, this set of basic principles goes a long way toward addressing the present situation.

When we talk about freedom of information, we must also consider the right to privacy. Part IV of the Canadian Human Rights Act, entitled "Protection of Personal Information", received royal assent in July, 1977. The legislation became operational on March 1, 1978. The objects of the legislation were to inform individuals of the types of personal information which the government holds about them and the uses to which such information is put. It was also to provide the right of access of individuals to information about them held by the government, to control the way in which personal information held by the government is used and made available to others and to regulate the collection and storage of personal information. This is the important issue in the interrelationship between protection of personal information and access to information legislation. There must be a proper balance between the public's right to access to information held by the government and the protection to which the individual is entitled regarding his personal privacy.

I refer hon. members to the minutes of proceedings and evidence of the Standing Joint Committee on Regulations and other Statutory Instruments for June 27, 1978, and particularly to page 34:6. Under the heading "Personal Privacy" we read:

> —your committee favours the approach taken in the U.S. legislation and in the Australian minority report bill whereby the use of the term "unwarranted invasion of personal privacy" implies a balancing process in which the right of privacy of affected individuals must be balanced against the right of the public to be informed.

I also refer hon. members to the Australian act of parliament of August 25, 1980, where the same concern is indicated with regard to the right to privacy. Included in the bill we find that amongst other things a document is exempt from disclosure if its disclosure would involve the unreasonable disclosure of information relating to the personal affairs of any person.

Some concern was also indicated about the possibility of a conflict between privacy and freedom of information. It was determined by the Australian government that there was in fact no conflict. However, the Australian government put in a precautionary clause that the whole matter would be subject to review three years after the act came into effect.

I hope the government will consider doing exactly the same thing in this jurisdiction. It is to be noted that this bill provides the right to make corrections to personal information in government files. This is a very important aspect of the bill. It will strengthen the protection of privacy by imposing strict controls on the use and disclosure to third parties of all personal information held by government departments and agencies. Under this bill an individual would have to be notified when information that could adversely affect his or her interest is to be released and the individual allowed to make representations as to why the information should not be released, and to appeal a decision to release it.

Let it be understood that personal privacy is the right of access to one's own file and to know and control what information the government holds about us. This freedom of information legislation extends the right of access to all retrievable personal information held by the government.

In the United States the right of access is granted under the U.S. freedom of information act to a third party to obtain personal information, provided the access does not amount to a clearly unwarranted invasion of privacy. In this case, the onus to establish that the invasion is clearly unwarranted, rests with the government and/or the individual whose privacy is being invaded. Our bill, in effect, follows this same tenor, and the same principles will be carried out and adopted. In practice this means the government is put on the defensive, as is the individual and, of course, where either fails to establish a case, the information would be released.

There is much history that goes with freedom of information. Among developed countries, Sweden has the longest history of public access to government information. It goes back as far as 1766 to one of the country's basic constitution laws know as the freedom of the press act. There have been freedom of information laws in the United States since 1966.

Denmark and Norway have had freedom of information laws since 1970, Austria since 1973 and France since 1978. Unfortunately, freedom of information has been far from generally assured in the United States throughout history, particularly during the cold war period when an administrative tendency to protect national security information was intense.

The green paper on public access to government documents which I mentioned earlier was a very important document as far as freedom of information in Canada is concerned. This green paper was referred to the Standing Joint Committee on Regulations and Other Statutory Instruments. The committee insisted on strong freedom of information legislation. It criticized the green paper for its broad and ill-defined exemptions to public access, and it opposed the green paper's preference for ministerial authority or disclosure of information. The committee also reasserted suggestions for a review process.

Fortunately, this bill we have before us today addresses many of the concerns we had at that time. However, there are many more concerns, and it is desirable that some changes take place when the bill is before the committee.

● (2020)

I might mention one thing with regard to fees. There is always a cost involved when this kind of service is provided. At the present time it is suggested that an application fee of up to, but not exceeding, $25 be charged for the processing and releasing of documents. Many witnesses who appeared before the Standing Joint Committee on Regulations and Other Statutory Instruments suggested that the fees to be charged for information provided should be solely the reproduction costs so that people across Canada would have the same access to information. Charges for supplying information should, if possible, be consistent and low in price throughout government agencies and departments so as to be within the means of the ordinary citizen. I point out to hon. members that in the green paper to which I have already referred under the heading "Fees" we find on page 27 the following:

> Under the American freedom of information act, agencies may charge applicants only for the actual costs incurred in the search for and reproduction of documents requested. The cost of reviewing documents for exemption cannot be charged. The legislation also provides that departmental officials may waive any fees chargeable where it is "in the public interest" to do so. In practice most departments waive all fees under $5 and some departments waive all fees under $25 on the grounds that it would cost more than the amount of the fee to collect it. As a result, when total fees collected are compared to the total volume of requests, the average fee turns out to be less than $1 per request.

I hope we will have the same results in Canada, although there have been occasions where this has not necessarily been the case. I refer to the celebrated Rosenberg case. Someone asked for information regarding that case. In order to get all the information and records requested, it cost the United States government about a quarter of a million dollars. I hope we in Canada will not fall into that same trap.

It should be pointed out that everyone will be entitled to this information. However, we must be realistic. Most ordinary citizens will not ask for information. It will be writers, the media, those writing their theses for Ph.D.s, politicians, legislators and so on. We have to be fair and ensure that they have access, but the cost must be considered. Certainly a reporter doing an in-depth story should not be able to get a free ride at public cost. In his study, "Will the Doors Stay Shut" Professor Rankin said, and I quote:

> Properly understood freedom of information offers no threat to full and frank discussion of policy alternatives within the executive, since only the facts and data are to be available.

Information in the hands of the people, freely available with few exceptions, and clearly defined exemptions are essential to any democracy. This is imperative to the efficient functioning of governments. There is a middle ground on which the public can be best served and government will not be prevented from doing its job.

There is a general trend in the west today for more openness in government. Bill C-43 is not everything to everyone in the area of freedom of information and the right to privacy, but it is a big step in the right direction. I look forward to its going before a committee of the House of Commons to be discussed further and, hopefully, amended.

Mr. Howard Crosby (Halifax West): Mr. Speaker, my purpose this evening is to make some general remarks respecting the principles and provisions involved in Bill C-43, which would enact the proposed access to information act and the privacy act. Let me begin by pointing out that the process followed in the bill before the House is rather unusual in that the bill contains relatively short provisions which simply refer to schedules of the bill, which in turn contain the proposed access to information act and the privacy act.

My purpose is not to consider the legal technicalities of the bill but rather to deal with the proper principles involved in freedom of information legislation. I will not attempt to review history, but it might be noted that the parliamentary cabinet system of government was not one which easily gave rise to free access to information in the hands of government and government officials. In fact, the tendency of governments under the parliamentary system was to guard very zealously their right to information and only yield it to those who inquired under the strictest of conditions.

That is why in the parliaments of the British Commonwealth it became the practice for members to seek information by the various means open to them in the parliamentary process. We need only look at the order paper to realize that the same system prevails today. The order paper of this House of Commons is crowded with questions by members which have been left unanswered. Therefore, today we have the same attitude which existed many years ago on the part of government, to yield information only under very strenuous urgings by members of the opposition and other members of Parliament.

We hope the present freedom of information tendency will give rise to greater access to information, not just to members of Parliament, but to all citizens of Canada.

The thought in that regard cannot be better expressed than it was by the Leader of the Opposition (Mr. Clark) when he spoke in November, 1979, at the time the freedom of informa-

tion bill of that time was introduced in this House. He said that the starting point for a freedom of information law is a freedom of information attitude. We can all take a lesson from those words, and realize that free information and free access to information is not something that can be written on a piece of paper. It must exist in the spirit of the government of the day. As the Leader of the Opposition said, the government must have a freedom of information attitude.

The history of freedom of information in British Commonwealth nations is relatively recent and evolving. Some provinces of Canada have enacted freedom of information legislation, but it is still in the very beginnings of its development. Members ought to view the bill now before us in that light. We cannot expect it to be a perfect document, but we hope it evidences a proper attitude on the part of the government. We hope that in committee and in future years in this House of Commons and elsewhere the government will move to remedy any defects in this bill which are bound to show up in the future as it is administered and applied.

I should, as others have done, pay tribute to the work done in the past by members of this House with respect to freedom of information. Of course, the person who first comes to mind is the former member for Peace River, Ged Baldwin, who served in this House for many years. His major concern was freedom of information.

Let me quote very briefly one of the remarks he made with respect to the need for freedom of information legislation. He said it was necessary to break the long and encrusted tradition of secrecy which has been the ruling fashion of the bureaucracy since the first day.

I also want to pay tribute to the hon. member for Nepean-Carleton (Mr. Baker), who stood in this House in the fall of 1979 and introduced Bill C-15, which was a true freedom of information bill. I want to note for the record that his efforts and those of his colleagues at that time were lauded by the Canadian Bar Association. I quote from what was said about the efforts with respect to Bill C-15:

> The strength of the legislation lies in its recognition of the principle that government information should be available to the public, that exemptions should be limited and specific, and that the exceptions should be reviewed independently of government.

That is the pith and substance of freedom of information legislation. With that in mind, I want to note the subtle difference between the legislation I have been describing and the legislation now before us, which by its name merely provides for access to information. There is a real difference in the philosophy involved in the two terms.

Freedom of information represents a commitment to the right of members of Parliament and citizens generally to have access to government information. It is in the nature of a right. Access to information, on the other hand, merely provides a mechanism by which citizens, members of Parliament and others can get at the information they seek within the very limited framework of the access to information legislation. We should be careful to note the difference in philosophy. We hope that the government during the course of this debate, in committee or at some subsequent time, will recognize there is a very substantive difference between merely granting access to information as opposed to establishing and enshrining the principle of freedom of information.

What is at stake in this matter for the public? Information is the lifeblood of knowledge. It has been said many times that it is knowledge which sets society free. We ought not to take lightly this type of legislation because it does not have an immediate effect on the economic or other aspects of our national life with which we are perhaps more concerned on a day to day basis.

Another important feature of broad interest to the public is the right to privacy. Under English common law and the common law which prevails in most of the provinces of Canada, the right to privacy has not been as well developed as it is in many national jurisdictions. We look forward to greater recognition of that kind of right and the enshrinement of that kind of right to privacy in legislation which applies across this land. I believe it is the right of every person to keep his or her own personal records and information, and only in very limited circumstances should other persons, government agencies, corporations and the like have that personal information.

● (2030)

Not everyone believes in this concept of freedom of information, nor does everybody believe in this right to privacy. In particular, governments that seek more to enslave than to liberate their populations are opposed to this kind of legislation. This has extended even beyond those government which perhaps do not have the democratic way that has evolved in Canada through our long association with the traditions of Great Britain and the British Commonwealth; this principle has also been neglected by some of our democratic states. They seek to keep in the hands of government and government officials information which ought to be disclosed to the public. I think we need only look at the unfortunate Watergate matter. Fortunately it did not occur in this country. It occured in the United States. Just that kind of thinking was involved. There was a tendency among government officers involved in that case to cover up, smarm over the events that took place and keep information from the public. That is why in some cases governments, even of a democratic kind, are inclined not to allow the right of access to information because that could cause to be disclosed the kinds of improper activities which were prevalent in the Watergate matter. Before we look askance at our great neighbour to the south, let us remind ourselves that this very kind of thing occurs in Canada. It would not be proper to take a superior attitude, but to learn from their experience.

May I just briefly review some of the details of this legislation in order to indicate the kinds of concerns I have and I think the kind all members of this House and all Canadians ought to consider in respect of this measure. First of all, it does provide the right of access to government information, but that information is in the form of records kept by government institutions. While this appears at first blush to be very broad,

I can assure you there is a great deal of information which ought to be publicly disclosed that is not in the form of records and not in the hands, under the control or within the jurisdiction of government institutions as defined in the bill.

I hasten to point out that the long list of government institutions contained in the schedule is another reminder of the extent to which government operations have grown in this country. As I leaf through the bill I see seven or eight pages listing government institutions which are subject to this bill.

It has been pointed out by other speakers that there is a fee involved in exercising one's right under this legislation in connection with attempting to obtain access to the kind of information covered by the act. The fee appears to be very nominal in the sense that it cannot be more than $25. However, any payment can be used as a deterrent under certain circumstances. I hope that provision for the right to impose a fee for access to information will not in any way be a deterrent to the right of access granted by the legislation.

Of course, there are exemptions provided for in the bill. We all recognize there must be exceptions to the right of access to information in areas such as foreign affairs, national defence and intergovernment dealings. However, the bill does not describe all the exemptions with the care and caution I recall Bill C-15 did, as introduced in 1979. However, we can only hope, as I have indicated time and time again, the government has the right attitude toward the provisions of this bill, and as difficulties develop in respect of exemptions as outlined the government will move to remedy the situation.

Attention ought to be drawn to the access which is granted by the bill. This is not simply a matter of walking into a government department or institution listed in the bill obtaining the records one may seek. There is definitely a relatively complex procedure involved. In the case of personal information the provisions of the proposed privacy act apply, and they involve a slightly different procedure. There may be no difference in principle, but a person may find himself deflected from one set of provisions to another set, particularly by a government officer who is seeking to deny access rather than to allow ease of access.

When a person is denied access under the legislation, he can make a complaint to the information commissioner. That may seem like a relatively simple matter, but as a lawyer who practised law I can assure you that when you are dealing with the Government of Canada and its various departments and emanations, nothing is simple. There are forms to be completed, there are time limits to be met, there are office hours to be observed, there are places one must go, there are addresses one must find, and, as I said—and I repeat and underline—nothing is simple. When we see provisions that say there may be complaints to the information commissioner and that the information commissioner may conduct an investigation, we do not know what to expect. That may be something like appearing before the Supreme Court of Canada on a weighty case or it may, if the proper spirit is there, be simplified in order to give real effect to the right of access.

In the end there is a right to review refusals to grant access to information in the Federal Court. I have to repeat what I just said. If you think the procedure involved in dealing with the information commissioner can be complicated, then go down to the Federal Court and see how it operates; look at the myriad of regulations you are put through as you seek access to the Federal Court. I do not want anybody to be lulled into thinking they can walk into government departments, talk to information commissioners, speak to judges and get the information they desire, because they can be put through very difficult and very complex processes, processes which I am afraid may be very expensive.

That is about all I need to say in respect of the mechanics of the legislation. I should add in respect of the privacy section that provisions similar to those provisions in Bill C-43 are to some extent already in force. There is a privacy commissioner operating in Canada. According to the report filed by the privacy commissioner for the year 1979, there were what I consider to be a relatively small number of complaints made to him under existing legislation. As I read the report, in 1978 there were 286 complaints, and in 1979 there were 159 complaints. Those would be complaints in respect of persons who sought information of a personal kind from government departments. We may not be dealing here with a vast thing. I repeat that if the proper spirit prevails in the government, there will be no need to go through these processes.

Let me say very generally in concluding my remarks in respect of Bill C-43 that what we really have to look for in this bill is a determination as to whether we have before us merely a paper tiger, a piece of legislation which will indicate that there is some right of access to information, but the mechanics are there to allow government officials effectively to deny that right of access.

What we want, and what has been effective in other jurisdictions in Canada and elsewhere, is a sunshine law, a law that allows the sun to shine in on government legislation and government activities. It is that kind of legislation which can have a real purpose in a democratic society. It can keep the government within the spirit and the intention of its powers; it can root out evils in government for the benefit not only of all Canadians but, indeed, also for government itself. I hope that is what we have before us in Bill C-43. I hope we have a sunshine law and not a paper tiger. I repeat what I said in the beginning, in the words of the Right Hon. Leader of the Opposition, it is a freedom of information attitude that will resolve these problems, and that is the beginning of a freedom of information law. Thank you.

● (2040)

Mr. Simon de Jong (Regina East): Mr. Speaker, I rise today to participate in the debate on this very important piece of legislation. As hon. members have pointed out earlier in the debate, the need for a free flow of information is essential in a democratic society. If the democratic process is to work and to function well in a healthy state, citizens must have information. Information is what is required to make decisions. With-

out full, complete and adequate information, you cannot make proper decisions. That is true, not only for governments having information, but also for citizens of the country having information.

There is no greater need today than the need for adequate, essential information to be available to decision-makers, whether they be people or government. In the type of society in which we are living today we have to make very important decisions, decisions which affect not just a few people, not just a little community, not just a little country, but which affect large masses of people, not just for a week or a year but for generations to come.

Because of rapid technological and social changes, we have within our hands the power to destroy the environment and to affect the genetic pool of the human race, of plants and of all living things for generations to come. These are very important decisions which we as a race now have the power to make.

As the critic for science and technology for my party, I find that it is important that we have in this country not only legislation but, more importantly, practice and custom, as the previous speaker pointed out. We can have legislation in the books, but lawyers and bureaucrats will always be able to find a crack or exemption to prevent the release of any information which they do not want to be released. In the end, it is the practice, the custom and the appreciation of the importance of the process of free information that will determine how effective and how real this legislation is.

In the field of science, as I have indicated, the free flow of information is totally essential. Information is needed to spread understanding and knowledge. In a period of very rapid technological changes, we are making decisions, the ramifications of which we are not certain of a year, a decade or a generation later. It is essential that we have free information so that when it becomes known, observable and shown that these new technologies are having a negative and harmful effect on the environment or on the human being, the public is made aware of it, because if the public does not know about it, then the natural social progress of public pressure to change technology and to set boundaries to these technologies, will not occur. We depend upon the public eventually to make decisions as to what technologies are developed and how they are developed. The public cannot make those decisions unless there is a free flow of information available.

Information is not a privilege but a right. It is an essential right in a democracy. It is essential if a democracy is to work and be healthy. It is essential if we are to live and see new science and new technologies developed and if they are to be developed in a human and responsible way.

So I ask: does Bill C-43 guarantee that this will occur? I am afraid I cannot answer that, in spite of the enthusiastic "yes" which I hear from the benches opposite. There are areas in the bill which suggest that important information will not necessarily become public. I refer, for example, to clause 20 of the bill which reads:

Access to Information

Subject to subsections (2) and (3), the head of a government institution shall refuse to disclose any record requested under this act that contains

(a) trade secrets of a third party;

We have chemical companies which will not reveal publicly what the contents of their products are, and yet their products are being used over a wide area and will affect the environment for years to come. I feel that the public should know exactly what is being put into the environment and what is being put into the food chain.

Some hon. Members: Hear, hear!

Mr. de Jong: I suggest that knowledge which will have an effect upon such a wide area of space as our environment for many years to come, something which will have such an effect upon the health of so many people as will these new products being introduced into our food chain and into our diets, should not be considered private property.

Surely all this should be public knowledge so that no mistakes are made. Surely mistakes can happen, and I think we all agree that mistakes will happen, when knowledge is possessed only in a little corner here or in a little patent office there. If the government has the knowledge, then surely it has the responsibility to make certain that that knowledge is made public.

Earlier this month I brought a case to the attention of the Minister of National Health and Welfare (Miss Bégin) concerning a certain fungicide called captan. The Canadian government has been reviewing tests and studies concerning the carcinogenic qualities of this fungicide. We could not get this information in Canada. This information was shared with the U.S. government, and we had to use freedom of information legislation in the United States to get Canadian documents which had been sent to the U.S. government. What do these documents reveal? They reveal that this particular fungicide is not very safe, yet it remains on the shelves. The documents reveal that the company which manufactures this product, namely Chevron Corporation, a big chemical company, asked the testing corporation to change five pages of its data because it showed that this particular product was having a mutational effect on test animals.

Chevron Corporation did not want to see these test results, so it deliberately asked the company to change the results. This information was contained in the secret government documents.

I believe that such information should be made public so that the public knows how responsible these corporations are. I am afraid that there are too many loopholes in the bill in front of us for this law to have had much effect when it came to my attempting to get information about the fungicide captan. Recently my colleague and I have drawn attention to certain aerial spraying of a chemical called Agent Orange in New Brunswick. I wonder if clause 15, governing our relations with other countries, would not have prevented making that information public in this country. Yet, it was important that that information became public information. We know from the experience in the United States with veterans returning from

Vietnam that many of them developed various illnesses because they handled Agent Orange. Also we know that Canadian personnel were involved. If any of the Canadian personnel—and I hope none will—develop an illness because of handling Agent Orange, it is important that they know exactly what they were handling. They should be in positions where they can make claims to the Department of Veterans Affairs or the government to receive disability pensions. It is important to the Canadian personnel involved that this information be made public. Then they could make claims to the government for their illnesses, if they can show that they were caused by handling Agent Orange.

● (2050)

I have dealt with many veterans in my constituency who have tried to make claims. It is a very tedious and difficult process. They are required to go through too many loops to make their points. If the government is conducting various secret tests in which personnel are being used as guinea pigs, and if it is not making that information known because it may interfere in its relations with another country, it is not to the benefit of the servicemen. If the information is made public, of course, it is of benefit to them. We will continue to try to make such information as public as possible.

I am concerned about many clauses in the proposed legislation. For example, clause 15 deals with international affairs and refers to "any state allied or associated with Canada". What does "associated" mean? The government could refuse to make public any information that might disturb its relations with an associated state. For example, there is an arms embargo against South Africa. A certain corporation might try to manoeuvre around this embargo and might be interested in obtaining certain information concerning importing and exporting arms permits. They may apply to the government for copies of such permits, and the government may say, "No, you cannot have those because under this section it disturbs our relations with South Africa". I do not think that would be right. If it occurred, surely it would destroy the spirit of freedom of information.

Also I think of other entities such as the Crown corporations which will be exempt. The records of any corporation in the public domain which uses public funds or deals with public lands should be open. For example, under this particular exemption, an environmental impact study by Dome Petroleum of proposed drillings in the north could be considered ineligible for public disclosure. Surely this study would have such an effect upon the public domain, public lands and the future that it should be open to public perusal. The public should be allowed to look at such an environmental impact study because its land and future are at stake.

If we expect our citizens to make wise decisions, this type of information should be made available to them. I could look at some of the regulations concerning the information commissioner, who is supposed to be an ombudsman but is compelled to hold his proceedings in private. Further on in the bill it is indicated that the court can hold its hearings in camera. This leaves the court open to a charge that secret laws are bad laws. It will be difficult to know what is reasonable and what is not, without public precedent.

The bill makes reference to reasonable disclosure, but that is a matter which will have to be defined in the courts. If the court hearings are held in camera, we will be faced with the ultimate irony, that is, that the best kept secret will be how the proposed access to information act works. It will be a double contradiction. No one will be able to figure out how the act works because the proceedings will be conducted in secret. It is ultimate lunacy.

In the end the importance will be the practice and desire of the government, its commitment in terms of philosophy, its commitment to public access and its commitment to the principle that in a free and democratic society and in a society of rapid technological change information is essential.

The spirit in which these commitments are applied is essential. It is the philosophy of those who are applying it which will ultimately determine how well we as a society will survive and function in the years ahead.

Some hon. Members: Hear, hear!

Hon. Jim Fleming (Minister of State (Multiculturalism)): Mr. Speaker, I am pleased to participate this evening in the debate on the access to information and privacy legislation proposed by this government. I say that for two reasons, which I suppose are evident to anyone who knows a little bit about my adult working life. First, I spent more than a decade as a journalist and now almost ten years as a member of Parliament and until recently sat on the back benches. If I have learned nothing else over that time and my time as a journalist, it is that nothing is more important to this massive and diverse country than to have Canadians better understand why governments reach decisions and what the base of debate in the House of Commons means to them.

The Secretary of State and Minister of Communications (Mr. Fox) emphasized that the adoption of this legislation means certain important principles will become part of the legal fabric of Canada. One of these basic principles is that Canadians will have access, as a matter of rights, to all information held by the government, except where specific exemptions apply. When the Secretary of State led off the debate this afternoon, he made it clear that he looks forward in committee to members on all sides of the House reviewing the exemptions in the bill.

Another principle is that the burden of proof will be on the government to justify the withholding of information. It will not be for the politicians but for the courts to adjudicate, with power to order the release of information which has been wrongly withheld.

There is obvious significance in enshrining these principles in law with provisions to ensure that Canadians will be readily able to exercise the legal rights under it. This bill is the culmination of efforts that have been under way for may years. It represents a significant advance in the application of demo-

cratic principles to the relationship between citizens and their national government. The spirit of co-operation exhibited here today in allowing consideration of this legislation to proceed is evidence of the basically non-partisan nature of the movement toward more open government in our country.

I should like to add, as others have in the debate, to the tribute which is due a former member of this House from Peace River, my friend, Ged Baldwin, who devoted to this endeavour so much of his wisdom, energy and concern for the public good. Community leaders, including parliamentarians of all political persuasions, have added their voices to the cause. It would also be remiss to neglect the contribution of the media in ensuring that this issue has remained high on the public agenda.

As I indicated briefly a few moments ago, my first involvement in this issue was as a journalist in the 1960s when the proposals we are now considering were usually described as "right to know" laws. The concept was initiated and tested in other jurisdictions, and we have enjoyed the benefit of that experience in designing Bill C-43.

• (2100)

Under the title "access to information" Bill C-43 encompasses both what I prefer to think of as freedom of information and also the protection of personal information, involving the rights of an individual to privacy. Both are vitally important, but I will concentrate my remarks this evening on the question of freedom of information.

It is a fundamental belief that citizens are entitled to information about their government so that they can participate fully in the democratic process. Correspondingly, it is a duty of government to inform the public. This means, of course, that government has an obligation to provide information about its policies and about the legislation and programs approved by Parliament. Clearly, citizens must be aware of the laws which affect them in their daily lives and the programs which have been designed to serve them. More than that, it is also critically important that information be available to them about the policies and issues on which they make judgments, if they are to exercise their rights of citizenship. I do not deny that there is also an obligation upon the people to make some effort to seek the information they require to make those informed judgments. That is a duty of citizenship. Nevertheless, it is a duty which government, in its attitude toward communicating with people, can render either easier or more difficult.

The access to information bill before this House forcefully demonstrates the desire of this government to assist citizens in obtaining information, by conferring upon them the right to have it, with clearly delineated exceptions. The legislation reflects, in its design, the intention to make it easy for citizens to avail themselves of their rights under Canadian law.

I would not be satisfied, however, if we went no further; or worse, if the government and its public servants conducted themselves so as to observe only the letter of the law, narrowly interpreting its intent. The objective is surely not only to give citizens legal rights which they may invoke; the objective must also be to provide to them information freely, as and when they can use it, so that it will be unnecessary for them to invoke those legal rights.

A spirit of openness must prevail. As the minister in this government who is charged with particular responsibilities for communicating with the public, I have given high priority to encouraging that spirit of openness. One of the first steps taken in this regard was approval by the government, in April, of formal guidelines encouraging public servants to communicate fully with the public within the bounds of their responsibilities. Communications with the public, including particularly members of Parliament and the news media, are part of the responsibility of managers in the public service. They are expected to discuss frankly information within their areas of responsibility, information which describes or explains programs and policies which have been announced or implemented by the government.

I would like to add a thought which must go along with our expectation that public service managers will communicate openly with the public. Members of this House will surely agree that public servants should not be asked to speculate about future policy decisions, or to go beyond factual information and into areas of policy deliberations and advice. In fact, these areas are the responsibility of ministers, not their public servants. Nor, of course, would we expect them to disclose information specifically prohibited by law. Public servants acting in good faith under these guidelines will not be considered as having violated their oaths of secrecy. However, we must seek to ensure that they are not subjected to criticism within government or drawn into the political forum for speaking openly, fully in compliance with government policy.

Efforts are under way within the government to advise departments and agencies of the importance the government attaches to its belief in openness. Public servants at all levels have much to learn and do to give effect to the access to information provisions, and steps are under way to communicate the spirit in which they should be administered.

There will be administrative challenges in adjusting to the requirements of the legislation, which are being attended to under the direction of my colleague, the President of the Treasury Board (Mr. Johnston). Other measures are in train, under the direction of my colleague, the Minister of Supply and Services (Mr. Blais), to facilitate access by Canadians to the services of the government. And that is very important in conjunction with this bill.

In espousing a freely open spirit in the provision of information by government, I am also mindful of the opportunities for the government to assist Canadians in learning, not only of government activities, but also of the nature of the country and of the things which make us proud to be Canadians—our heritage, our diversity and the endowments of nature.

It is a fundamental priority of this government to reinforce the national identity. This is far more than a matter of distinguishing the activities of the federal government and its institutions through identification of the federal presence

throughout the country, desirable though that is; it is also important to develop policies and programs to support the Canadian national identity and a sense of participation by citizens throughout the country. Of course, I commend my colleague, the Secretary of State, for his efforts in that area.

The very size of the country, its widely dispersed population, its ethnic diversity, the two official languages and the special character of the regions of our country all underline the importance of seeing the country as a whole and as more, much more, than the sum of its parts. At the same time, those differences and diversities are part of the richness of Canada and reinforce our particular identity as a nation.

In my brief time as the Minister for Multiculturalism, Mr. Speaker, I have learned a great deal about how diverse this country is. I do not think many Canadians realize that the majority of citizens living in the prairie provinces are neither Anglophone nor Francophone. Many people in other parts of the country living in communities with one large majority group of a particular origin, unfortunately, do not have the full sense of how diverse we are, except for the few who have been able to travel widely.

I want to say that it is natural for informed citizens to be skeptical of government, anxious to improve it and yet, I hope, respecting our democratic institutions. It is also an obligation upon good citizens to attempt to understand the issues facing this country, so as to judge the efforts of government, of whatever party, to resolve those issues. In turn, the government has a duty to assist its citizens in this understanding and, as well, to be mindful of its role in furthering other aspects of citizenship, not the least of which we may unashamedly call love of country.

If I may, Mr. Speaker, I simply want to address myself to several points made this afternoon by other members in the debate on this important bill.

Earlier today a member of the New Democratic Party criticized the government—I believe it was the member for Burnaby (Mr. Robinson)—because in our charter of rights and freedoms we do not have the right of access to information. I simply want to point out that the Minister of Justice (Mr. Chrétien) made it very clear in that committee—and it is on the record—that he wants the experience of this very important legislation before considering moving forward on that front. Certainly, that is possible.

Many references have been made to the Americans taking a lead in the area of access to information. I point out only that their access to information is not enshrined in their constitution. Yet, Sweden has it enshrined, and it is not as open in providing access to information as is the American government.

I would also like to comment on the remarks made a few moments ago by the hon. member for Regina East (Mr. de Jong), who seemed to have his head firmly planted in the past in all his criticisms. Surely this legislation gives recourse to the courts and ombudsmen, and neither Parliament nor government can be supreme over the rights of the citizen in this matter.

If I could, I would like to make a point with respect to comments made by the Leader of the Opposition (Mr. Clark) this afternoon. Mr. Speaker, the right hon. member for Yellowhead seems very critical of the exemption, at the moment, of any matter which might injure relations between the federal, or national, government and the provinces. Again, I simply point out that the government has attempted to release polls and information as requested by the opposition. But, finally, the government is answerable to the ombudsmen and the courts if matters appear to be unsatisfactory in response to demands for information.

Also this afternoon the right hon. member for Yellowhead questioned what the words "associate state" in clause 15 of the bill means. I simply suggest they have the same meaning as they had in clause 15 of his bill.

Finally, Mr. Speaker, as a journalist, temporarily retired, as someone who may return to journalism and as someone—as are all members of this House—deeply committed to trying to have Canadians better understand this country and better able to focus on issues which this Parliament debates, I believe this legislation is fundamental to the future of our country.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, I would like to commence my remarks on a positive note. I believe this is a hopeful beginning and that this is a piece of legislation which is long overdue. I appreciate the tribute which has been paid to members of this chamber—some of whom are no longer here—who are active in this field. I commend hon. members opposite for their objectivity in giving a great deal of credit to our friend and colleague, Ged Baldwin, the former member from Peace River.

Some hon. Members: Hear, hear!

Mr. MacKay: If anyone epitomized the spirit of freedom of information I think it was Ged Baldwin when he was carrying on a long and unremitting campaign for this piece of legislation.

• (2110)

I am sure Ged Baldwin would agree, however, that this particular piece of legislation is merely a hopeful beginning. All of us who have been in this place for very long can remember other pieces of legislation which the government opposite claimed would be very important, some of which were introduced with a lot of fanfare. I can think of the competition act, the Canada Water Act and the Railway Relocation and Crossing Act, all of which were to be landmark pieces of legislation, but which never amounted to very much.

Coming back to the existing situation, I must emphasize the very major step taken in this piece of legislation in the form of repealing section 41 of the Federal Court Act. This particular provision should be put on the record once again to emphasize exactly what an improvement it is that we as parliamentarians no longer must contend with this provision. I had almost

memorized this particular provision, simply because I hated it so much. It reads as follows:

(2) When a minister of the Crown certifies to any court by affidavit that the production or discovery of a document or its contents would be injurious to international relations, national defence or security, or to federal-provincial relations, or that it would disclose a confidence of the Queen's Privy Council for Canada, discovery and production shall be refused without any examination of the document by the court.

That is the part which really hurts. It was an outright sanctioning of an executive privilege without judicial review, and it was probably unique in the civilized countries of the world. Had the United States of America a piece of legislation like that, none of what happened when the country purged itself during the Watergate crisis would have been possible. In getting rid of that kind of provision, this particular act, if nothing else, advances the cause of freedom of information a great deal.

However, this act in itself is not enough. It is true that it is a hopeful beginning, but as the hon. minister who just spoke commented, there must be more than the letter of the law. There must be a genuine willingness in this place to give information on a reasonable basis within reasonable time limits to hon. members. Although delay is the deadliest form of denial when it comes to economic relief, it can also be deadly when it comes to providing information.

Let us look at the rather incongruous title of Bill C-43, which reads:

—An act to enact the access to information act and the privacy act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof.

Upon reading that description, one must ask oneself whether the government's approach is consistent and whether the government will carry on this kind of openmindedness in other areas. Section 43(9) of the proposed Canada Oil and Gas Act, Bill C-48, which was recently dealt with in this House, seems rather strange and somewhat counterproductive to the spirit of this bill. It reads:

Proceedings in an appeal to the Federal Court of Canada under subsection (5) shall be held in camera on request made to the Court by a party to the appeal.

Subsection (5) refers to infractions of the Oil and Gas Production and Conservation Act. I underline the words "in camera". There may be some reason for such a provision, and I am not prepared to dismiss it out of hand as not being appropriate, but on the face of it, it sounds very strange to me that under a statute which calls for access to the Federal Court of Canada, a party to such an appeal can have it heard in camera.

I would not have been so apprehensive if the word "may" was used, but the words are "shall be held in camera". I do not understand why that particular terminology is used with respect to that act. After all, it would appear as though there is nothing which would involve national security. It would appear prima facie that it would not necessarily involve any of the considerations which would be necessary to have it exempted. Even if that were so, just as this legislation provides for judicial review, so should the Oil and Gas Production and Conservation Act, if the government intends to be consistent.

Why should the government deprive a judge of the option to decide whether or not an important matter such as one emanating from the Oil and Gas Production and Conservation Act should not be held in open court? It is an incongruity and an example of why some of us are skeptical that the government will not continue to enact legislation in other areas which is inconsistent with this hopeful beginning with respect to access to information.

Another aggravation to all of us in opposition, and perhaps some of us while we were in government, is the apparent obfuscation in providing information on the order paper, which is another inconsistency. I have before me one example, and I only brought it along to emphasize or underscore a small point. In June, 1980, I asked a fairly routine question of the Solicitor General (Mr. Kaplan) about a matter in which I had some interest, Judge Rene Marin's commission of inquiry. My question was:

With reference to the commission of inquiry, relating to public complaints, internal discipline and grievance procedures within the Royal Canadian Mounted Police, was action taken to implement the commission's (a) 32 recommendations regarding the handling of public complaints (b) 13 recommendations regarding a federal police ombudsman—

And it goes on. I received an answer after six months, but it was no good and was deliberately obscured. For example, it says that of the 13 recommendations regarding a federal police ombudsman, seven will be proposed for legislation and six will be modified and proposed for legislation. That does not tell me very much. Which seven recommendations and which six recommendations? Now I must go back to the order paper again. As a famous author once said, "If you are going to talk the talk, you have got to walk the walk".

This piece of legislation, while a step in the right direction and while I want to be positive about it, should set the tone for the same kind of openness and the same kind of conduct found in other areas.

There has been much injustice as a result of section 41(2) of the Federal Court Act. The minister who introduced this bill well remembers, for example, an incident while he was solicitor general involving two RCMP staff sergeants which he knew, Gilles Brunet and Don McCleery, and how someone, who was not even a solicitor general but an acting solicitor general, used this provision to invoke executive privilege to the detriment of these two members.

Last spring I wrote to the Secretary of State for External Affairs (Mr. MacGuigan) congratulating him on his appointment. I mentioned that I was sorry that one of his first acts was to invoke section 41(2) and to withhold information regarding a matter involving the Canadian Dairy Commission. When he wrote me thanking me for my good wishes he was good enough to say that he, too, regretted invoking section 41(2), but nevertheless he did it.

It is good to see that from now on the ministers opposite will not have this option available to them. Like the hon. member for Halifax West (Mr. Crosby) I do not wish to get into a technical dissertation on the bill at this time, but I think it is fair to say that there are many loopholes, as it were, in this

legislation. The jurisprudence which will build up in interpreting this bill will be fairly lengthy and probably fairly time-consuming before we get to the kind of expedition whereby we will see ready, quick and efficient access to information.

● (2120)

There will also be a fairly long period of delay before some information will become available under this bill. I hope perhaps some of the drafting can be improved in committee as well.

I want to say to the minister that we do not think our bill was perfect. We do not suffer from that syndrome. We are prepared to admit that occasionally some of the things we do can be improved upon, but we have never seen that kind of humility emanating from the other side of the House. It will be a refreshing change if it ever happens.

Clause 28 of the bill reads as follows:

> The head of a government institution may refuse to disclose any record requested under this act
>
> (a) during the first two years after the coming into force of this act, in the case of a record that was in existence more than two years before the coming into force of this act; and
>
> (b) during the first five years after the coming into force of this act, in the case of a record that was in existence more than five years before the coming into force of this act.

Now, let us try to figure that out. As my friend says, it does not mean immediate access, and it is certainly not going to provide very current information about matters we would like to know something about, perhaps during this session of Parliamant. There are certain areas that I think would benefit from close scrutiny and redrafting in committee.

Some of the possibilities that exist for getting around the provisions of this bill ought to be discussed in this House and in the committee—not in any paranoid fashion, but with a clear recognition that there have been abuses. These are not instances brought up by members of Parliament who, heaven forbid, might have any partisan reason for advancing them! I should like to put on the record one abuse that was reported in *The Globe and Mail* of November 21, 1980:

> Privacy commissioner Inger Hansen says federal 'bank robbers' are laundering sensitive data files before they are opened to individuals.
>
> Mrs. Hansen said in an interview that information is being taken from files that might be opened to the public and moved to data banks that are closed to the public.
>
> If a freedom of information bill before the Commons becomes law, Mrs. Hansen would have greater access to closed files than she currently has under human rights legislation. But, she said, information could still be hidden by moving data on individuals to files on protected projects.
>
> Government departments and agencies also can destroy files, as the RCMP security service did with Operation Checkmate files containing details of disruptive tactics used on individuals and groups across the country.

I remember that my hon. friend opposite expressed great skepticism when I suggested that it was not marijuana that was burned by the Security Service in Quebec some time ago. He assured me that it was, but as he now knows, more than that was burned.

> Last year, Mrs. Hansen won the right to look at data banks that are closed to individuals. However, she can't disclose anything about them, or even confirm they exist.
>
> After Walter Rudnicki—

That is a name most of us know.

> —was fired in 1973 from his high level planning job with what is now Canada Mortgage and Housing Corp., he was allowed to see his security file. It was bare except for a single handwritten note stating that he had been granted security clearance in 1966.

Without belabouring the point, Mr. Speaker, I hope we see from experience just what kind of jiggery-pokery has existed in areas where federal public servants had the responsibility of providing access to information.

It is sincerely hoped that as a result of this piece of legislation, which I commend my friends opposite for introducing, there will be no more of this kind of manoeuvring that is implicit in some of the fears of Inger Hansen and that we will finally find a way to provide speedy access to information rather than waiting two years or five years. We hope too that such openness will extend beyond this piece of legislation; that there will be a vast improvement in the quality of answers to questions on the order paper; that they will be provided much sooner; that there will be the same kind of openness in committee; and that in general this legislation will be the harbinger of a great new and enlightened change in the House of Commons, where there will be some accountability. If that is the case, Mr. Speaker, then it will be one of the most important pieces of legislation ever introduced in the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. Bill Kempling (Burlington): Mr. Speaker, I should like to join with my colleagues in recalling the many years of effort put forth by our former colleague, Ged Baldwin from Peace River, who laboured long and hard trying to gain acceptance in this institution for the idea of freedom of information.

I had the honour and pleasure of occupying an office across the corridor from Mr. Baldwin. We spent many hours talking about freedom of information, and he related to me numerous cases in which he had been involved and in which justice would have been done faster and with less heartache for the people concerned had freedom of information legislation been in place.

I cannot help but think it ironic that this bill should be introduced for debate today, Mr. Speaker, because I happen to be dealing with such a matter in my office at present. It is a matter that should be opened up because certain information is being denied.

I am sure hon. members are aware that at the present time a justice committee in the province of Ontario is hearing evidence from various witnesses regarding the bankruptcy of a couple of provincial companies. It has for the last couple of days been considering, and I presume for the balance of this week it will be considering the involvement of those two companies with a federally incorporated trust company.

The Speaker of the Ontario legislature issued a warrant for the Superintendent of Insurance in the department of finance and one of his officials to appear before the committee to give evidence and assist it coming to conclusions about the twisted events that led to the bankruptcy, receivership and winding up of three companies. The committee is also interested in the bilking of hundreds of innocent victims of their life savings, which amounted to millions and millions of dollars.

To the surprise of everyone concerned, I am sure, the federal officials were advised not to appear before the provincial committee. Two levels of government are involved, one going against the other. Some people may ask what the connection is. When a federal company is incorporated and operating in a province, it comes under the jurisdiction of a securities and exchange commission or, in this case, the Ontario Securities Commission. That body is responsible for seeing that companies operate within the laws of Ontario. Federal officials are in possession of certain information that is required by the provincial committee so that it may reach a decision, but that information is denied.

It is strange that on February 5 the committee will appear in the Supreme Court of Ontario to test the validity of the Speaker's warrant and to ask the court to order the Superintendent of Insurance and one of his officials to appear before the committee and co-operate with it.

I asked the Minister of State for Finance (Mr. Bussières) some questions regarding the appearance of the Superintendent of Insurance and other officials before the justice committee. He told me he had advised them not to appear.

On several occasions I have tried to plumb this matter with the minister in an effort to get some concrete information. Several hundred people have lost millions of dollars as a result of what appears to be a mammoth fraud.

● (2130)

The minister has tried on several occasions to pass off the connection between Astra Trust, Re-Mor and C & M Financial Consultants Ltd. They are the three companies involved in this mammoth bankruptcy. They are interconnected through common ownership of share stock and directors. The minister has said that we should not try to link Astra Trust and Re-Mor unconditionally. He has said the nature of the inquiries is different, that the RCMP is investigating Astra Trust and that the province of Ontario is investigating Re-Mor. No information has been given by the minister, and now he has told his officials not to appear before the committee nor to give information.

These three companies collapsed last spring. As we all know, bankruptcy is a federal matter. Information available indicates an agreement was made by the principals in Astra Trust to make an additional investment of $2 million over an agreed period of time. That money came from Astra Trust investors to Re-Mor and then from Re-Mor, in the form of mortgages, it went out to a group of companies controlled by the principals of Astra. Then it went back into Astra Trust. In other words, it went out of one pocket into another pocket in the same pair of pants. That is the dimension of the fraud we have before us.

I hope this bill in some way will allow information of this sort to be made available. I hope also that when a provincial body with financial responsibilities is trying to investigate a fraud of this nature, where federal officials have been involved—as I will show later—this bill will allow a large measure of mutual co-operation. The matter can then be looked at, and we can get to the bottom of it so it will not happen again. Therefore, we can save innocent people from being taken this way again.

The minister would have us believe that his officials were unaware of the source of the $2 million of so-called additional investment. The evidence is to the contrary, and I will come back to that point in a moment.

I am convinced by what I have read about this and by the information I have been able to gather that they did know and that they knowingly allowed a provincial mortgage company, namely Re-Mor, to be used as a conduit for money going out of and into Astra Trust.

But there are other pressing questions. What magic hold did the principals of Astra Trust have on the president of the Liberal Party of Canada that he would comment in a memo of his law partner? This memo was read into the record of the Ontario committee the other day. It says:

Stanbury pointed out problems, pressures and flak he would receive if this application is turned down.

The application, of course, is the application of Astra Trust for a trust licence. Maybe the freedom of information bill would help us get that out. But seriously, what problems, what pressure and what flak is he referring to? When Astra Trust was in violation of the Trust Companies Act and its regulations, it was the president of the Liberal Party of Canada who informed the president of Astra Trust. It was the president of the Liberal Party of Canada who arranged for his law partner to draft a rescue agreement designed to funnel $2 million of additional investment by three directors into Astra Trust. We have to ask ourselves whether this is the normal function of a president of a political party. Does he, in the normal course of events, mount rescue operations? Did anyone ask where the $2 million originated? What is the hold which the president of Astra Trust has on the president of the Liberal Party of Canada? Was there *quid pro quo* for such exceptional and diligent assistance? That sort of information being brought before this committee is a reason why we need a freedom of information law.

The connection between Astra Trust, C & M and Re-Mor is solid, and the depth is known. The Ontario justice committee sitting on January 14, 1981, at page 21 of its minutes recorded a means dated December 6, 1978. In part, we find:

RCMP investigating mortgage frauds in the Niagara region.

It goes on to say that the Ontario Securities Commission wants to put a receiver into C & M unless Humphrys, the Superintendent of Insurance, strenuously objects. That is in the record of the committee in Toronto.

Finally we have a letter from Mr. Humphrys to the Ontario Securities Commission. I mention this in particular because when I tried to get information about this matter through questions to the Minister of State for Finance, he tried to tell us there is just no connection at all between Astra Trust and Re-Mor and that they are not connected in any way. I have been saying that if we had a freedom of information act, perhaps this would have come forward and the investigation in the Ontario legislature would not have been necessary. This letter is quite straightforward. it is not at all derogatory, but it does show the connection. It is addressed to the chairman of the Ontario Securities Commission, Mr. J. C. Baillie. It reads:

Dear Mr. Baillie: Re: Astra Trust: I am pleased to be able to inform you that the second instalment under the agreement whereby Messrs. Montemurro, Luciani and Vasko are buying the Spanish property was received by Astra Trust on January 15. The next instalment of $500,000 is due on March 31. We have renewed the company's licence to March 31, the normal expiry day of our licences, and will renew it quarter by quarter as further instalments are paid in the absence of any other problems. I was pleased that the January instalment has been paid since we now have a total of $500,000 put up by these directors, a considerable improvement in the position of the agency funds.

The agency fund is now accumulating a considerable amount of cash and short-term deposits. I think it is important that these funds be invested with a good yield in order to permit the fund to meet the interest payments required under outstanding contracts. Also, a good yield is needed to build up a reserve against possible losses under other investments that are in the portfolio.

Now we come to a very interesting part. The letter goes on to say:

I think at some point it would be appropriate for the commission to release the fund from its control—

The commission he is referring to is the Ontario Securities Commission. The letter continues:

—and I am suggesting that this might be considered after the March 31 instalment is paid. In the meantime, I think the company might be given general authority to invest funds received pursuant to the purchase agreement or as the consequence of maturing assets. I think it would be appropriate for the commission to give blanket authority to the company to invest such funds in short-term government securities or corporate papers of good quality.

Mr. Fox: Mr. Speaker, I rise on a point of order. I do not want to limit in any way the hon. member's right to participate in this debate, but I must say that over the past few minutes, although he has been very generous in mentioning the words "freedom of information" once or twice, it seems to me that we are talking about a matter which has been the subject of questions during question period.

Mr. Nielsen: Unanswered.

● (2140)

Mr. Fox: It is beyond me, and I have tried to follow the hon. member very closely, to see how it really fits in with Bill C-43.

Mr. Kempling: It certainly does fit in. We have asked numerous questions on this matter about the connection between Astra Trust and Re-Mor. We have been told by the minister that there is no connection, that one is a provincial company and the other is a federal company.

The Acting Speaker (Mr. Blaker): Order, please. I may have done the hon. member and the minister a disservice in this case, when he rose to point out the problem of relevancy, by not speaking. In actual fact, the Chair has recognized that the hon. member is pursuing a matter of some particular interest to him. As it happens, I was in the chair the other evening when the hon. member pursued this matter during the adjournment motion. The fact is that simply relating it verbally to the bill under debate now does not necessarily mean it is relevant. The hon. member has a problem with relevancy. If he could bring the matter he wants discussed closer to the principles of the bill under debate, that would fall more within the rules of the House.

Mr. Kempling: I listened very carefully. I do not want to belabour your point, Mr. Speaker. I accept your words. However, I listened very carefully to the Minister of State for Multiculturalism (Mr. Fleming), and I did not find too much relevance in his comments. I have nearly completed my remarks. I have only a few minutes left. I will just finish reading this letter and make some concluding remarks. I quote:

I think it would be appropriate for the commission to give blanket authority to the company to invest such funds in short-term government securities or corporate papers of good quality.

After March 31, if the instalment then due is paid, investment authority might be widened somewhat, but with a continuing attention to the maturity dates of the contracts—

I would be happy to discuss this suggestion with you on the telephone or otherwise at your convenience. I expect to be talking with Mr. David Anderson who seems to have been the catalyst in getting this thing moving.

This was only six months before Astra Trust went into bankruptcy. The Superintendent of Insurance was saying they were renewing their licence every 90 days. In the meantime, innocent people were investing thousands, if not millions, of dollars into Astra Trust. They were eventually bilked out of that money. If that is not a clear case for freedom of information, I do not know what is.

We want some importance attached to these matters. We hope this bill will be amended in committe. I am going to watch to see whether it will be amended to allow more free information to pass back and forth between provincial and federal authorities. Looking at the massive evidence that has been gathered in this one instance, had there been more openness and more forthright information passed between the two levels of government, a large number of the people who have been victimized by this unfortunate affair would not have lost their funds. In fact, they probably would have been investing in other areas. The reality today is that 320 people, most of whom are in very dire straits as a result of this mammoth fraud, are in a situation which could have been considerably alleviated by a good passage of information back and forth and less restriction between federal and provincial authorities.

The Acting Speaker (Mr. Blaker): Does the hon. member seek the floor?

Mr. Nielsen: Yes, Mr. Speaker. I am not just standing to pass the time of day.

The Acting Speaker (Mr. Blaker): Others do.

Some hon. Members: Hear, hear!

Hon. Erik Nielsen (Yukon): Mr. Speaker, the bill is entitled a bill to provide access to information. I am reminded of the bill which provided for wiretapping and electronic surveillance, which was called the protection of privacy act. Now we have an access to information act. It does reveal how many hurdles one will have to get over before getting even close to information, if they get it at all. I am very skeptical. I am very cynical that the attitude spoken of by the Leader of the Opposition (Mr. Clark) and the hon. member for Halifax West (Mr. Crosby) is simply not there with the people across the way.

The treasury benches have no interest in providing information to members of Parliament, let alone providing information to other individuals who are entitled to it. My prediction is we will see precious little information released under the provisions of this bill. All one has to do is look at some of the questions on the order paper to examine that attitude. Those members who spoke of attitude were quite right. When the freedom of information bill was introduced for the first time, the prime minister of the day said, and it is quite true, that it is as much a matter of attitude as anything else.

One question has been on the order paper for some three and a half years. It is on page 170 of the latest order paper, question No. 1,705, which reads as follows:

Did the government receive any funds for payment of the swimming pool at the official residence of the Prime Minister at 24 Sussex Drive and, if so, in what manner?

It is a very simple question to answer. The government may want to answer it under the provisions of this bill. The answer may be that because it endangers national security, it will not provide the answer. They may wish for a number of reasons to refuse the information. However, the question is at least deserving of an answer. No answer has been forthcoming, and the question is perennial on the order paper, every single order paper that is printed.

At page 158 of the order paper, there is a question which was asked last October by the hon. member for York-Sunbury (Mr. Howie). It is a very simple question. Having performed for a short time responsibilities on the treasury benches, I know the answer is easily obtainable. It simply asks:

What amount of government funds has been allocated for research into the causes and treatments of cancer?

The Ministry of National Health and Welfare together with Treasury Board should be able to provide that information within a week.

Speaking of attitude with regard to providing information, at page 130 of the order paper there is a question which was placed on June 27 last, over six months ago, which simply asks:

Is Mr. Kenneth Backwell employed by the Department of Public Works and, if so (a) in what capacity (b) what is his annual salary (c) is he connected with the property management division?

When I was minister of that department, questions were answered immediately, forthrightly, fully, correctly and honestly. The question simply asks if a certain individual is employed by the Department of Public Works, in what capacity and at what salary. That is the attitude of this government, which is going to administer this bill it is asking us to pass, presumably without amendment. At page 129, there is another question which has been on the order paper since last June:

Did the Minister of Supply and Services order an investigation of Madame Claudette Nadeau, President and General Manager of Crown Assets Disposal Corporation and, if so, is it anticipated that there will be a change in Madame Nadeau's status and, if so, would such a change have any significance in connection with any present investigation?

That question could be answered in the negative if the government wished, but at least it could be answered. If members of Parliament in this place cannot get information to simple questions such as that, what hope has the ordinary citizen of obtaining information under the bill before us? I suggest there is very precious little hope because the attitude is not there. The attitude of this government is an attitude of preservation of secrets.

● (2150)

Another question which my friend, the hon. member for Central Nova (Mr. MacKay) put on the order paper on May 14, over eight months ago, requires an equally simple answer. He asked:

What was the expenditure by the Privy Council Office for the fiscal year (a) 1977-78 (b) 1978-79 (c) 1979-80, for the commission of inquiry concerning certain activities of the Royal Canadian Mounted Police?

What more simple a task is there than looking at the books of account of the government to answer that simple question? His second question was:

What was expended for (a) legal counsel (b) non-legal investigative services?

Again a question requiring a very simple answer and one which is quickly and easily compiled by Treasury Board officials, if not in the ministry responsible. Again this is a question of attitude. If the answer to a question is going to be embarrassing to the government, the information is not produced. Believe me, being the cynic I am, if a request for information under this bill is going to provide embarrassing exposure or answers or information that will embarrass the government the information will not be produced, and there are enough barriers, loopholes, nooks and crannies in the provisions of this bill to allow the government to duck the production of information asked for.

An hon. Member: Crooks and nannies.

Mr. Nielsen: Crooks and nannies, yes.

Another example of the attitude and failure of this government to provide information is to be found on the order paper at page 108 as follows:

Did Mr. Michael Pitfield pay back to the Receiver General of Canada any portion of the moneys paid to him at the time he ceased to be Secretary to the Cabinet and Clerk of the Privy Council following the general election of May 22, 1979 and, if so (a) on what date (b) what was the amount returned and how was it arrived at?

That is a very simple question requiring a very simple answer, but one which would be embarrassing, so the government is not answering.

The questions I have referred to may be embarrassing, but what about the exposé made by the hon. member for Leeds-Grenville (Mr. Cossitt) a short time ago in respect of directions which have been given in the Privy Council office concerning the withholding of information from members of Parliament in response to questions put on the order paper? If the attitude is to freeze out or prevent members of Parliament from obtaining information as a result of that type of very simple question, what hope is there indeed of any citizen obtaining information under the provisions of this bill?

Another simple question on the order paper which has been there since April 15 is:

> What is the complete employment history with the CBC of Mr. Lionel Martin and is he presently stationed in Cuba (b) what were his qualifications that led to him being considered suitable for employment with the CBC?

That is a question requiring a very simple answer.

Again on the same page a question by the hon. member for Mississauga South (Mr. Blenkarn):

> What was the cost of operating the Metric Commission during 1979?

Good Lord, sir, how simple must a question be before it is deserving of an answer? That question has been there since April 18. With that kind of record for refusing to provide information to members of Parliament what hope, sir, is there for any member of the public at large to achieve the release of any information under this bill, the provisions of which are fraught with all sorts of refuge for the government to seek if it does not want to provide embarrassing information?

Here is another question on page 102 which has been there since last April:

> Does the government have any plans for the two Cadillacs formerly used by the Prime Minister up until May 22, 1979 and, if so, what are they?

That has reference to the present Prime Minister. That requires a simple answer which could be knocked off in a matter of seconds.

Someone else wanted a list of Canada Council grants, and that question has been on the order paper since last April.

Here is another question which I am sure, if application were made under the provisions of this bill, would receive the same short shrift, and it is to be found on page 97 and has been on the order paper since April. It is a very simple question:

> How many persons named in the Taschereau papers on national security were not prosecuted and who were they and what was the reason?

If the answer to the question would endanger national security, that is all the answer that need be given, but there the question sits, and has since April. I ask why that is so, and I suggest it is because the attitude of this government in respect of providing information is not an attitude which will facilitate the provision of information, but will preclude the release of such information.

Finally, and I just want to mention one more before I give the minister time to sum up, this question appears on page 97 and was put on the order paper on April 14 of last year. It is:

> Were there any individuals mentioned in the Taschereau file on National Security that were then or thereafter or at any time since, cabinet ministers and, if so, what are their names and in what connection were they mentioned?

If it is not in the interest of national security to provide that information, only that need be the simple answer to the question. One wonders why these questions are not answered.

I have very little hope that even with the passage of this bill in an improved form, with these rascals on the government benches now—

Mr. Knowles: Hon. rascals.

Mr. Nielsen: Hon. rascals, I am sorry; I do not want to be unparliamentary. I think there will be very precious little opportunity for any citizen to get information.

Mr. Collenette: Mr. Speaker, I rise on a point of order. Following the very non-partisan debate we have had today I wonder if I might seek the indulgence of the House so the minister could have the normal few minutes to reply beyond ten o'clock. I realize our arrangement did not include this arrangement, but I wonder if we could sit a few minutes beyond ten o'clock in order that the minister could reply?

The Acting Speaker (Mr. Blaker): The House has heard the proposal by the hon. parliamentary secretary to extend the minister a brief opportunity to respond.

Mr. Baker (Nepean-Carleton): Mr. Speaker, in a signal the minister passed across the floor he indicated that four minutes would be sufficient. I would be prepared to give him five. If the House would so order, I would give him the opportunity he wants.

Mr. Knowles: We will give him the same five.

Mr. Fox: Mr. Speaker, I want to thank my colleagues on both sides of the House for the co-operation they have extended during the course of the debate today. I want to thank the hon. member for Yukon (Mr. Nielsen) in particular for his courtesy in allowing me a few minutes to respond following his highly objective and non-partisan speech, the type of thing he is very well known for in this House.

He spoke a great deal about the question of attitude. I was listening to some of the questions on the order paper read by the hon. member for Yukon.

● (2200)

Sometimes I get the impression that these are questions which they should have asked themselves during some of the time they were in government a few months ago. However, I suppose the hon. member did not have the time either to ask himself those questions or to answer them during that brief period of time.

Mr. Nielsen: Mr. Speaker, I rise on a question of privilege. I simply rise to express my resentment and to question the parliamentary practice of referring to me as being non-partisan in my speeches in this House.

Some hon. Members: Oh, oh!

Mr. Knowles: Objection sustained.

An hon. Member: A point well taken.

Mr. Fox: For the first time this evening I find myself in complete agreement with the hon. member.

In summarizing this debate I want to say that I think there was indeed a good deal of consensus concerning the principles behind the access to information legislation introduced in the House today. It is indeed legislation which benefited a great deal from the thought and work of many members on both sides of the House. We on this side of the House had the benefit of legislation which had been brought in by the hon. member for Nepean-Carleton (Mr. Baker). I think we have made a sincere effort to build on that legislation. We do indeed believe, because we had the benefit of that legislation, that we were able to bring forward perhaps a somewhat improved bill.

In looking back at the bill perhaps I could go back to some of the comments made by the hon. member for Yukon when he expressed his skepticism about the fact that there is a bill. If I were sitting in the opposition, I would take great solace from the fact that the government was indeed coming forward with this type of legislation.

If the hon. member wants to speak of latitude and feels that there have been occasions when he did not obtain the information for which he was looking, he will have to admit that with the type of legislation introduced today, the question of latitude is no longer paramount, since a citizen of this country would have the complete right of access and the right to ask the official who is really responsible before the House, the information commissioner, to take on his case and contest any refusal on the part of the government.

So this is indeed a very significant advance which is being proposed to Parliament in this legislation. I think the fact that we have found wide consensus this evening is an indication that members want to see progress made.

In the course of my speech at second reading of the bill I indicated that our approach was not a highly partisan approach to this bill but that what we are looking for is as wide a consensus as possible. We wanted to obtain the best bill possible in this area, as we want to do in other areas. However, this is an area where we welcome particularly the input of members of Parliament. I am not saying we have agreed to every amendment that may have been proposed by the other side, but obviously we have given a great deal of thought to reasonable proposals in the area of ministerial responsibility. The government decided to take the route of judicial review. However, we felt there was a possible conflict between the principle of ministerial responsibility and the principle of judicial review. We opted for judicial review. Perhaps there is a slight conflict with the concept of ministerial responsibility, but we did opt for the system which would bring the most openness possible to Canadian government.

I should like to thank all members who have participated in the debate this afternoon. I hope when we get into the committee stage, we will see the same type of positive reaction on the part of the opposition and that they will help us to get the legislation through the committee stage as quickly as possible because it does indeed represent a significant advance in terms of Canadian legislation.

Once again I want to thank hon. members for their contribution to this debate, and I look forward to hearing their comments during the committee stage.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Blaker): By order made earlier today, there is no adjournment debate this evening. Accordingly, the House stands adjourned until tomorrow at 11 a.m.

At 10.05 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, January 30, 1981

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

INDIAN AFFAIRS

HEALTH SERVICES UNDER JAMES BAY AGREEMENT—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the serious loss of health services to the Indian people of the James Bay region which were promised under the James Bay agreement, and because of the need for Parliament to know whether the government is upholding that agreement, I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That the minister immediately state on motions the reasons why the act has not been followed with regard to the yearly submission of a report on the implementation of the provisions of the act to Parliament.

Madam Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL VOLUNTARY ORGANIZATIONS

APPRECIATION OF CONTRIBUTION—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, since the Prime Minister (Mr. Trudeau) boycotted the opening session last night of the National Voluntary Organizations' meeting here in Ottawa, after a date had been postponed from last November to suit the government, and since the government was not represented by a minister or even a parliamentary secretary, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House express its appreciation for the contribution of Canada's national voluntary agencies and its regret at the failure of the government to clearly signal its intention to work closely with these organizations.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

BANKS AND BANKING

CALL FOR INCREASED COMPETITION—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of information contained in a recent Economic Council of Canada report which demonstrates conclusively that Canadian households and businesses are being overcharged by hundreds of millions of dollars each year by Canada's chartered banks, I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

• (1110)

That this House instruct the Minister of Finance to introduce legislation this year that will allow trust companies and credit unions to compete more effectively with the chartered banks in an effort to eliminate these massive and excessive overcharges.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NEW DEMOCRATIC PARTY

ALLEGED SUPPORT OF IMMORAL PRACTICES—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas David Lewis, the former leader of the NDP, has publicly condemned the whole referendum process as proposed in the resolution as "immoral", I move, seconded by the hon. member for Kindersley-Lloydminster (Mr. McKnight):

That this House join the former leader of the NDP and condemn the NDP for its support of immoral practices.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

ROYAL CANADIAN MOUNTED POLICE

PAYMENT FOR FIREARMS PERMITS—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, it has been brought to my attention on several occasions that RCMP detachments throughout the country are not accepting cash money as legal tender for the procurement of firearms permits. Since this is a very serious situation, I move:

That the Solicitor General issue an order to all detachments of the RCMP throughout the country requiring them to accept cash money as legal tender for payment of firearms permits, and in cases where there are officers who cannot be trusted with the handling of such legal tender, that they be commissioned to duties which will not bring them in contact with it.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

EXTERNAL AFFAIRS

MARITIME AGREEMENT WITH UNITED STATES—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the unanimous consent given by the House on January 16 to a motion calling for approval without change of the U.S.-Canada east coast fisheries treaty, and in view of the visit to Washington of the Secretary of State for External Affairs (Mr. MacGuigan) today, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the House reaffirm its previous support and its total rejection of any change in the fisheries treaty concluded in good faith by both countries.

Madam Speaker: Order, please. For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

WOMEN

PROPOSED CONFERENCE AT STORNOWAY—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Inasmuch as it was reported yesterday in *The Globe and Mail* that a women's conference will be held at Stornoway in February and a spokesperson said, "We'll be asking the NDP and the Liberals if they can contribute something in the form of sandwiches, perhaps, so they can have non-partisan participation", I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the minister responsible for the status of women interfere again to conduct a national survey of Canadian women to determine what type of non-partisan sandwiches should be served at Stornoway, and in particular, should we serve barefaced Liberal chicken or two-faced Tory baloney.

An hon. Member: Or NDP hash.

Mr. Paproski: Axworthy said no.

An hon. Member: He is not even here.

* * *

CANADIAN NATIONAL RAILWAYS

CN EXPRESS SERVICE ON P.E.I.—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43. The president of Canadian National has promised to pursue with the Minister of Transport a proposal to continue CN Express service on Prince Edward Island. The termination of that service would not only throw many of the 41 CN employees out of work, but also impose severe hardship on the people of P.E.I., especially people in business, farmers and fishermen. I therefore move, seconded by the hon. member for Malpeque (Mr. Gass):

That this House calls upon the Minister of Transport to make a statement on motions in the Commons early next week in respect of his decision on this urgent matter.

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM—INCLUSION IN HOME INSULATION PROGRAM

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the Minister of Public Works. The minister will know that the Department of National Health and Welfare has banned use of urea formaldehyde foam insulation. CMHC authorized its use and gave it credibility by including it in the CHIP program. The government is therefore directly respon-

sible for its use in the homes of thousands and thousands of Canadians. What responsibility is the government prepared to accept for their financial and physical well-being?

• (1115)

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I have indicated twice in answer to the very same question that the government, as a result of an interagency or interdepartmental study, temporarily imposed a ban on the use of urea formaldehyde as a material for insulation. We are awaiting the results of an in-depth report from the ministry of health. I understand that report is imminent. Quite frankly, until such time as we know what significance there is in the use of the material, I think that to jump ahead and answer hypothetical questions at this point is premature.

Mr. Lewis: Madam Speaker, I am somewhat concerned that there are no provisions for testing. My supplementary question is this. In the United States it was agreed that the safety of the material would be proven before it was included in their fuel conservation program, which is similar to CHIP. Why does the Government of Canada do things backwards? Is this the reason that responsibility for CHIP is being taken away from the minister's department?

Mr. Cosgrove: Madam Speaker, I understand that the issue of the safety of the material is one which is difficult to determine, even for people who are professional and qualified to entertain an investigation of it. It has been a very difficult problem and is one which still rages. I understand that even in the United States there is opinion on both sides of the issue.

Mr. Lewis: Madam Speaker, it may rage but it has not been included in their program.

Suppliers and installers are also suffering from the government's indecision. First, the government initiated the program without final installation standards. Then the government banned the product. As late as January 13, 1981, installers were writing government examinations on a product which they could not instal. Does the government not feel any responsibility for leading installers down the garden path and for throwing thousands of Canadians out of work?

Mr. Cosgrove: Madam Speaker, the hon. member by his last question raises the point that the implications of a ban are complicated. The impact upon those people who have used the material is a significant one, and so is the impact upon people who are engaged financially in the introduction of that material. However, I suppose the bottom line is, what is the responsibility of government generally when it is interfaced with the private sector? I would submit that the bottom line is that government cannot be the protector for all people engaged in all kinds of economic activities in this country.

Oral Questions

CONCLUSIONS OF STUDY ON TOXICOLOGY OF THERMAL INSULATION

Hon. James A. McGrath (St. John's East): Madam Speaker, in the absence of the Minister of National Health and Welfare, my question is directed to the Minister of Consumer and Corporate Affairs. Since the minister was the joint author of a statement on December 17 announcing the ban on the use of urea formaldehyde as an insulating material, is the minister aware of the study published in June, 1980 by the department of health entitled "Toxicology of Thermal Insulation"? The conclusions reached in that study on urea formaldehyde are exactly the same, word for word, as those reached six months later by the non-government expert committee on UFI, chaired by professor Campbell of the University of Ottawa, on which the government's decision to ban UFI was based.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): No, Madam Speaker.

[*English*]

Mr. McGrath: Madam Speaker, I am surprised at the lack of interest and knowledge of the Minister of Consumer and Corporate Affairs, who felt strongly enough about this in December to be the joint author of a press release banning use of urea formaldehyde. Perhaps he might be a little more concerned when I tell him that his seatmate, the Minister of Energy, Mines and Resources, has urea formaldehyde installed in his home. He is one of the 60,000 Canadians so affected.

Some hon. Members: Oh, oh!

Mr. Paproski: You had better check it out, Marc.

• (1120)

Mr. McGrath: Given the fact that the basis for the ban was supposedly the Campbell study, which is identical word for word with the study commissioned by the department six months earlier, why was the ban not implemented in June? Second, is the Minister of Consumer and Corporate Affairs reaching for the silver bowl to absolve himself of all responsibility, or will he live up to his responsibility to the consumers of this country and institute a testing program in order to put at ease the minds of the hundreds of thousands of Canadians whose health could be affected by this material?

[*Translation*]

Mr. Ouellet: Madam Speaker, before I get worked up as the hon. member seems to be doing, I will wait for the conclusions of the inquiry commission established by my colleague the Minister of National Health and Welfare.

Oral Questions

[*English*]

EDUCATION

POSSIBLE CUTBACKS IN UNIVERSITY FUNDING

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I have a question for the Minister of Finance concerning the established programs financing legislation and reports that officials in his department have made recommendations to the cabinet social development committee which is meeting this week and next to discuss these recommendations. Will the minister confirm whether his department has made recommendations to the cabinet committee on social development which would have the effect of cutting funding for our universities by some $1.5 billion and total over-all cuts in established programs financing of some $2 billion? Can he simply confirm whether these discussions are taking place?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I can confirm that discussions are taking place, certainly within my department, with respect to the upcoming negotiations on the fiscal arrangements. We have not yet formulated recommendations to the cabinet. That is something which is in play but has not yet taken place. There have been no proposals agreed upon by the cabinet as of this date. What we said in the budget speech is that we intend to seek significant savings in intergovernmental transfers, but we have not carried the decision-making beyond that point.

Mr. Rae: The question is not fiscal arrangements but established programs financing. That should be clear because we are, in a sense, talking about two different animals. How does the proposal, which the minister has neither confirmed nor denied is actively being discussed, to cut some $1.5 billion from the budget of our universities right across Canada, from Newfoundland to British Columbia, jibe with statements made by his colleague, the Minister of State for Science and Technology, that the government attaches the greatest importance to increasing Canada's research and development capacity? How does it make any sense to cut back so substantially on funding for our universities when we are told there is a shortage of skilled manpower and that the government places the greatest importance on research and development?

Mr. MacEachen: Madam Speaker, what I said about fiscal arrangements also applies to the established programs financing. The matter obviously has to be under discussion and consideration by the government, but the decision-making stage has not been reached. I think it would add to the speculation for me to begin to comment on rumours that we have reached conclusions about cutting here or there. It is part of the negotiation process. When we have made up our minds as to what we are going to do, we will put our general position before the provinces. That has not yet happened.

Mr. Rae: In light of the dramatic effect which a unilateral change of funding of this magnitude would have, not only on the provinces but on these institutions, will the minister agree that it would be in the best interests of the country and his government to establish a parliamentary task force which would have responsibility for looking not only at the fiscal arrangements between the provinces and the federal government, but at the established programs financing legislation? We would then be in a position as a Parliament to do a review of these things and give the institutions which are going to be cut so drastically by the government an opportunity to put their cases before Parliament.

• (1125)

Mr. Clark: Where did you get that idea, Bob?

Mr. MacEachen: Madam Speaker, the fiscal arrangements expire in March, 1982 and, in accordance with custom, we will be attempting to renegotiate a new set of arrangements with the provinces. The EPF arrangements will not terminate, but if no new agreement is entered into the government can establish its own decisions, and that is the situation in respect of both these arrangements. The suggestion has been made that Parliament be given some opportunity to examine, possibly through a task force, this whole question of intergovernmental transfers, equalization and EPF. Something I want to discuss with the leader of the government and the House is whether it would be possible to put this subject before a parliamentary task force and to receive their conclusions before negotiations with the provinces would be concluded. That is a matter that is under consideration at the present time.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF NATURAL RESOURCES OF SOLOMON ISLANDS

Madam Speaker: May I draw the attention of hon. members of the House to the presence in our gallery of the Hon. Paul Tovua, Minister of Natural Resources of the Solomon Islands.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR MARKETING OF ATMOSPHERE-CONTROLLED APPLES

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question is for the Minister of Agriculture, but in his absence, I shall put it to his parliamentary secretary. In view of the overproduction of apples in Canada, more specifically in Quebec, Ontario and British Columbia, and in view of the brief submitted to the minister on January 5 by the Quebec Federation of Apple Growers, can the parliamentary secretary tell us whether quick action will be taken in this area to enable

the producers to market their apples in CA or controlled-air storage?

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Madam Speaker, since the department has received several briefs on this matter, as the hon. member has just said, it is therefore well aware of the inventory surpluses of apples in cold storage following a bumper crop in 1980, showing an increase of about 20 per cent. The policy that we are trying to implement is in three parts. First, there will be an advertising campaign to urge Canadians to eat more apples. We would like to reach the figure of six pounds. per capita. This publicity campaign should be launched within a few weeks. Second, a purchasing program by the Farm Products Agency will aim at disposing of the stock of refrigerated apples. Third, the Agricultural Stabilization Board will provide additional assistance to Canadian apple growers.

* * *

[*English*]

INDIAN AFFAIRS

DENE THA' BAND—STATUS OF FINANCING AGREEMENT

Mr. Albert Cooper (Peace River): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. The minister is well aware that last October he had signed a $5 million agreement with the Dene Tha' band of northern Alberta which was then cancelled by his department because it had no funds available to fulfil his promise. Is it the policy of this government to make spontaneous promises while in the presence of Indian band leaders, only to cancel such agreements once the minister is safely tucked away in his Ottawa office?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I think the hon. member should check his facts. There were problems with finding moneys, there is no question about that, but there was an agreement which was nullified both by the band in question and myself on behalf of the government. It was a mutual agreement—and they had independent legal advice before they agreed—based on the fact that they felt if they had legal recourse they would do better with previous agreements signed at the regional level under my predecessor.

● (1130)

Mr. Cooper: Madam Speaker, as a result of the difficulties between the department and the minister, the Dene Tha' band has now reacted by closing off all rights-of-way through their reserve. As a result the Mackenzie highway may well be shut down, which will limit and isolate the city of Yellowknife and other northern communities. What action is the minister planning to rectify this situation and to try to bring it under control before we have a very volatile situation on our hands?

Mr. Munro (Hamilton East): Madam Speaker, we are obtaining a legal opinion as to whether the band has that authority at the present time. When I have that legal opinion, naturally I will be in a better position to respond to the hon. member. I hope, through discussions and so on, that this type of confrontation can be avoided.

HEALTH CARE SERVICES TO JAMES BAY CREE

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, in the absence of the Minister of National Health and Welfare, I should like to direct my question to the Minister of Indian Affairs and Northern Development. It concerns the lack of health care available to the James Bay Cree. I am sure the minister is aware that since last October 7,000 Cree in the James Bay territory have been virtually without health care and that clinics and hospitals are closed down because medical staffs have been laid off. The minister will remember that last summer at least ten children under the age of two years died of a disease which was probably gastroenteritis. A task force recommended that immediate action be taken. Would the minister tell us what action has been taken by the government to ensure that there will not be a repeat of this situation next summer?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I should like to check on the progress of that matter and get back to the hon. member in the early part of next week.

* * *

THE CONSTITUTION

INQUIRY WHEN BRITISH PRIME MINISTER INFORMED OF INCLUSION OF CHARTER OF RIGHTS

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct my question to the Right Hon. Prime Minister. On what date was the Prime Minister of Great Britain informed by the Government of Canada that it was its intention to include a charter of rights binding on the provinces in its patriation proposals?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it was toward the end of June when I was returning from the Summit in Venice that I met with the British Prime Minister and members of her cabinet. I explained to them what was in the package we had put to the premiers at the beginning of June—the people's package, patriation, the amending formula and the charter; that there were many other things we were discussing as well; that the June meeting with the premiers had not been conclusive, except to the point where we had all agreed—

Mr. Clark: The September meeting.

Mr. Trudeau: No, the June meeting with the premiers was not conclusive except to say that we had, among the premiers and myself, agreed to have many meetings over the summer in order to achieve results by September. The hon. member will

recall that the premiers wanted a communiqué indicating that the matter would be finalized by September.

Mr. Epp: Madam Speaker, my supplementary question is directed to the Right Hon. Prime Minister. Has the government been officially and specifically informed by the British government, after the exact nature of the Canadian government patriation package became known on October 2, that Britain would push the package through Parliament at Westminster?

Mr. Trudeau: No, Madam Speaker. The British contacts which have been made, not by myself but I believe by the Minister of the Environment and the Secretary of State for External Affairs who met in Britain early in the fall, indicated that the inclusion of the charter would make it more difficult, which we know.

INQUIRY RESPECTING BRITISH COMMITMENT ON PEOPLE'S PACKAGE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Prime Minister, today and in a press conference on January 22, when asked as to the date on which he specifically informed the British government of the intention of Canada to include a charter of rights, spoke about general conversations in June regarding a people's package. In his January 22 press conference he said that Mrs. Thatcher was informed in general terms of the interest in a people's package. It is quite important for the House to know exactly what was known by the government of Great Britain at the time it gave any commitment. When was the government of Great Britain advised for the first time in specific terms of the intention of the Government of Canada to include a charter of rights in the patriation package?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, information was given to the British Prime Minister that we were discussing a people's package—equalization, the question of the offshore and the demand of one province to have self-determination written into the Constitution. I cannot assure the Right Hon. Leader of the Opposition that I went into details on each of the many, many items which were discussed during the summer. I told her what the agenda was, what we had discussed at the beginning of June, and they came under all these general headings.

The British Prime Minister did not ask for details or put subquestions. She took the position that if the Parliament of Canada put an address to Her Majesty, the British Parliament would have no choice but to take it as a government measure and to assure its passage. This was not done in ignorance; this was done as a result of British governments, including the former government of Mr. Callaghan, having been asked repeatedly what their position would be when they received the resolution from the Canadian Parliament. I did not seek to justify to the British Prime Minister any of the measures in there. I just said that these were the measures with which we were proceeding and that I would attempt to justify them to the Canadian Parliament, not to the British Parliament or British government.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, what is germane here is that the Prime Minister has been relying for some time upon what he claims was an agreement by Britain to give passage to a measure proposed by the Parliament of Canada. We need to know whether, when the British gave that agreement, they had been fully informed as to the contents of the proposal to which the Prime Minister was making reference. The Prime Minister has indicated that there is now some considerable doubt whether or not Mrs. Thatcher knew in June, when she gave whatever commitment she did give, that a charter of rights would be involved as well as substantial provincial dissent in this country. Could the Prime Minister tell us the specific date on which Britain knew for the first time the specific contents of what the British government was being asked to approve?

Mr. Trudeau: Madam Speaker, I do not know on what date the Prime Minister of Great Britain informed herself in detail of the contents of it. I can tell the hon. member that she was informed of the contents on that day at the end of June when I sat down with her at Downing Street. The Leader of the Opposition should not say that my previous answer left that in considerable doubt. It was made quite clear to her that we were proceeding with this package, hopefully with the consent of the provinces, but the whole point of discussing it together was that perhaps we would not have the consent of the provinces; that was quite clear. The Leader of the Opposition should not try to twist my words and make them sound the contrary.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, I would not want to twist the Prime Minister's words or his intention. Is it a fair interpretation of what the Prime Minister said that Prime Minister Thatcher knew in June the Government of Canada intended to include a charter of rights in its package?

Mr. Trudeau: Well, Madam Speaker, unless she was not listening while I was talking or not informed by her people of what all Canadians and the ten premiers knew—because it had been made public in Canada—then the answer to the question is that she did know.

* * *

AUTOMOTIVE INDUSTRY

CHRYSLER CANADA—INQUIRY RESPECTING PRODUCTION IN CANADA OF "WORLD CAR"

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance; it concerns the future of Chrysler. I am sure the Minister of Finance is aware of the vote taken by workers in Canada on the aid package initiated in the United States. I

think the minister would agree the vote was indicative of the deep-rooted unease the workers in Canada feel about Chrysler's future and the ability of the government to protect their jobs.

● (1140)

I should like to ask the minister whether the government will take steps to require that Chrysler manufacture in Canada, in proportion to Canada's share of the market, the so-called world car on which they are basing their survival in the future, and that the investment necessary for that production be made in Canada concurrently with the investment they propose to make in the United States.

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): I hope, Madam Speaker, that the hon. member will accept my attempt to answer this question. All I can do at this time is to repeat the words of the minister of a couple of weeks ago when he said that the federal government had a commitment from Chrysler. At that time there were talks with the unions following which the minister met with Chrysler management. I wish to inform the hon. member that at five o'clock this afternoon the Minister of Industry, Trade and Commerce will again meet with Chrysler officials.

Some hon. Members: Hear, hear!

Mr. Deans: Today, when the minister is meeting the Chrysler officials, would it be possible for him to impress upon them that if they hope to gain any kind of support in Canada for their package, they must invest in Canada at the same time as they are investing in the United States in product lines which they believe will be the basis for their survival in North America?

Mr. Laniel: The hon. member is aware of the commitment of the Minister of Industry, Trade and Commerce to the maintenance of jobs in Canada and to Canadian workers getting a fair deal. I am sure that the minister is aware of the preoccupation of the hon. member and of all the points he has made on the whole question. They will be part of the negotiations this afternoon, and the interests of Canada and of Canadian workers will be well defended by the minister.

* * *

TRADE

PRODUCTS FROM LESS DEVELOPED NATIONS

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister. During his recent visits to certain underdeveloped countries, did he put forward the point of view to those with whom he conferred, as it is reported he did, that the best way the developed countries can help the underdeveloped countries improve their standard of living is by helping them to increase their export trade, and that the most effective way in which this can be done is by the developed countries reducing tariffs and other import restrictions on the products which the underdeveloped countries want to export in greater quantities? If that is the case, would the Prime Minister indicate to the House to what broad categories of products which are also produced in Canada he feels this program of reducing tariffs and import restrictions should apply?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as a result of the policy of the Canadian government and of GATT, particularly at the Tokyo Round negotiations, as the hon. member will know having been such a distinguished former trade minister himself, some 80 per cent of the products of the less-developed countries enter Canada duty free. All of the so-called tropical products enter Canada duty free, that is products from the south, and those countries the goods of which are subject to duty have the advantage of the generalized system of preferences. So there is no doubt that the Canadian government and the people of Canada are making a genuine, across the board effort to facilitate the progress of the developing countries by trading with them. Canada in that respect, even in the difficult areas of textiles, clothing and shoes, has a record that is immensely better, for instance, than that of the nation to the south of us in terms of importing for our consumption goods coming from Third World countries as opposed to those made domestically.

Mr. Hees: As the Prime Minister knows, there is a tremendous pressure on Canada and on all developed countries to allow these underdeveloped countries to increase their exports, particularly of textiles, footwear and things of that kind. Does he feel that this country should take the lead, as I believe he was reported to have indicated to those with whom he spoke on his trip, and would Canada undertake such a program and make it possible to import more of those products into this country?

Mr. Trudeau: Madam Speaker, as to taking the lead, I believe my previous answer indicated that Canada is indeed taking the lead ahead of our major partners in providing access to producers from the Third World, even with respect to these goods. But I must point out to the hon. member, as I did to some of my interlocutors who were asking for increased quotas of these particular goods coming into Canada, that they are essentially produced by three of the Third World countries, namely, Taiwan, South Korea and Singapore, and that if we were to increase the quotas, we would be helping Taiwan, South Korea and Singapore, some of which have higher national per capita revenues than some of the so-called northern countries, members of the OECD.

If the object were to help several of the African countries, it would not be achieved that way unless we continued to discriminate against South Korea, Taiwan and Singapore; or, to put it more accurately, not through discrimination but through bilaterally negotiating quotas with them.

Oral Questions

McDONALD ROYAL COMMISSION

REFERENCES IN REPORT TO POSSIBLE GOVERNMENT INVOLVEMENT IN ILLEGAL ACTIVITIES BY RCMP

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I have a question for the Right Hon. Prime Minister. The Prime Minister will know that the major report of the McDonald commission was finally submitted to the cabinet earlier this week and is at present being reviewed by his friend, the Clerk of the Privy Council, Michael Pitfield. In view of the fact that this report examines, among other things, the extent of possible Liberal government involvement in illegal activities by the RCMP and of the lack of accountability by previous solicitors general for the activities of the RCMP security service, what action does the government intend to take to ensure that the report is not effectively censored solely by that very Liberal government in an attempt to remove any potentially embarrassing or damaging references to Liberal cabinet ministers, including the Prime Minister?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question seems to me a little tendentious when the hon. member says that the report will be reviewed by one of my friends. I have many friends—not many, but some friends—

Some hon. Members: Oh, oh!

An hon. Member: Mr. Canada.

An hon. Member: You don't have them in England.

Mr. Trudeau: Madam Speaker, the report of the McDonald commission will not be reviewed by any single individual but rather by a group composed of representatives of the Privy Council Office, of the RCMP and, I believe, of one or two other departments. They will attempt to publish a broad and full report of what Mr. McDonald and his commissioners have said. The hon. member knows that much of the testimony was taken in camera and many meetings were held in camera by the commissioners. On the one hand we wanted them to make a full report without keeping anything secret from the government, and on the other hand we had to make sure we respected the secrecy provisions as the McDonald commission wished, and that is the difficult task which is being undertaken now.

I remind the hon. member that the same thing happened with the report of the Mackenzie committee some 11 or 12 years ago. It was impossible to publish it in its entirety because many of its parts were covered by secret classifications which were accepted by the commissioners themselves, namely, Mackenzie, Coldwell and Pratte. So the same thing will happen this time.

The hon. member will recall that last time, after the abridged version had been released, the commissioners were asked, I believe by the opposition members or by the media people, whether the abridged version was hiding anything which was of partisan interest to the government, and the answer was no. I expect that the same procedure will take place this time.

• (1150)

Mr. Robinson (Burnaby): Madam Speaker, the Prime Minister knows very well that there was no suggestion at the time of the Mackenzie commission of possible substantial wrongdoing on the part of Liberal government cabinet ministers. The Prime Minister seems to be suggesting that somehow, because he has friends in the RCMP who are also reviewing this document, that will assist in the independent review. I suggest that certainly does not restore the confidence of Canadians in that review process.

My supplementary question is this, Madam Speaker. The Canadian people know only too well of the solid Liberal pedigree of the McDonald commissioners themselves. For example, Commissioner Gilbert donated very generously to the Liberal party, while he says—

Some hon. Members: Question.

Mr. Robinson (Burnaby): My question, Madam Speaker, is this. In view of what some would call this unholy alliance between the McDonald commission and the Liberal government, will the government give serious consideration to permitting at the very least the all-party justice committee of the House of Commons, representatives of all parties on that committee, examination of the full unexpurgated report of the McDonald commission, at an in camera session if necessary?

Mr. Trudeau: Madam Speaker, it seems to me the hon. member is putting himself in something of a Catch-22 situation. First, he does not think the abridgement will be right or fair. He then points out that the report itself probably will not be fair because those who wrote it have, as he says, Liberal pedigrees.

Mr. Nielsen: There is no such thing.

Mr. Trudeau: Well, Madam Speaker, we are proud to be a party of the common people.

Some hon. Members: Hear, hear!

Mr. Trudeau: It seems to me the hon. member is questioning the integrity of the commissioners, something which I do not do, and something which I think no one on this side did when we named a prominent NDPer, Mr. Berger, to head a royal commission. We did not discount the results of his inquiry because they were written by a former NDPer. Nor did we discount the Mackenzie report of 1969 because it was written by M. J. Coldwell. I think the hon. member should think a little about what he says before he speaks.

* * *

VETERANS AFFAIRS

PENSIONS—DELAY IN HEARING OF APPLICATIONS

Hon. Bud Cullen (Sarnia-Lambton): Thank you, Madam Speaker.

Some hon. Members: Hear, hear!

Mr. Cullen: Madam Speaker, I have a question for the minister responsible for veterans affairs. At one time or another every member in this House has dealt with veterans' concerns and the latest one, which has been a continuing one for some time, is with respect to the length of time it takes to get a hearing before the Pension Commission or the War Veterans Allowance Board. This is not a knock at Dr. Solomon, Mr. Jutras or Don Thomson, all of whom are working hard and who have a good group working with them. But there must be some obvious bottleneck because of the length of time it takes to be heard. As a member of Parliament one hesitates to recommend to a veteran that he go through the appeal procedure, since it takes so long.

Would the minister give some consideration to having an investigation conducted to ascertain just where the bottlenecks are occurring? Do these delays occur with respect to obtaining the medical reports or are they taking too long in getting out the decision? Frankly, can the minister find out why it is that veterans are discouraged from filing applications for relief?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am sorry that I have a bad voice this morning; I probably need a spray of some kind!

An hon. Member: As long as it isn't Agent Orange!

Mr. Lamontagne: Madam Speaker, very briefly, I had a meeting yesterday with Dr. Solomon, the president of the Pension Commission. We tried to find out exactly where there were delays. I can assure the hon. member that the backlog will most likely be eliminated within six or eight months.

* * *

CANADIAN NATIONAL RAILWAYS

CN EXPRESS OFFICES—LEVEL OF SERVICE IN MARITIME CENTRES

Mr. Mel Gass (Malpeque): Madam Speaker, my question is for the Minister of Transport. It is a follow-up to my question of last Friday regarding the meeting which was to take place this week between Dr. Bandeen of CNR and the minister to consider proposals with regard to the retention of CN Express offices in Charlottetown and other maritime centres. I have been informed that the meeting took place yesterday. My question to the minister is: will he now tell this House if the Express offices in Charlottetown and some other maritime centres will remain open and what level of service can be expected?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, at the request, indeed, of many members, and following a vote in the Standing Committee on Transport of the House of Commons, I asked CN to review the situation. They have. I met Mr. Bandeen yesterday for a couple of hours and we went through the entire application of the program with which CN Express is involved. As the hon. member knows, workers who will be laid off will be protected. Some 90 per cent of them will be relocated, retrained or pre-pensioned. Great efforts are being made to protect the interests of the communities affected. Agreements and contracts are being signed with truckers. In Sydney, for example, there are 28 truckers and in Amherst ten. In all these efforts I think CN Express is showing great sensitivity in what they are doing.

Of course, a number of municipalities and communities are hurt, Sydney and Charlottetown being two. After these discussions we decided to do something special for Charlottetown, since the only terminal on the island is located there. We also decided to do something special for Sydney, in view of events which have taken place there in recent months leading to a great unemployment situation. So in these two places the terminals will be maintained, but at a reduced level of employment. We have developed a formula for each community, which will be announced on Monday.

Mr. Gass: Madam Speaker, I would like to ask the minister how many of the 41 employees in Charlottetown will be allowed to retain their jobs.

Mr. Pepin: That is what will be revealed on Monday when we disclose the formula which will be used in the two localities, Charlottetown and Sydney.

* * *

NATIONAL VOLUNTARY ORGANIZATIONS

INQUIRY WHETHER GOVERNMENT REPRESENTED AT OTTAWA CONFERENCE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is for the Secretary of State, who I understand is attending the National Voluntary Organizations' meeting today in Ottawa. Can the minister confirm whether that is so, how many of his colleagues will be going with him, and who they are?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I am delighted to have the opportunity to respond to the hon. member's question. I thank him for putting it, since I understand there was a motion under Standing Order 43 put earlier this morning which was perhaps misleading. I would like to put the facts before the House.

Basically, the government and the NVO consultation is to take place this afternoon from lunchtime until approximately 4.30. The Minister of National Health and Welfare, the Minister of State for Multiculturalism, the Minister of Consumer and Corporate Affairs, the Leader of the Government in the Senate, the Parliamentary Secretary to the Solicitor General and the Parliamentary Secretary to the Minister of the Environment will be attending this afternoon. There will also be a number of senior officials from the government participating in this meeting with the NVO. I will be addressing the group myself tomorrow at lunchtime. I would be delighted if the hon. member would attend to listen to the remarks I have to make at that time.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Madam Speaker, I shall probably have his speech in advance.

I have a further question for the hon. gentleman. When he is lingering over dessert at that luncheon, would he put to the officials of that organization the proposition whether or not it would be acceptable to them to have a parliamentary task force, or a select committee of this House of Commons, conduct an inquiry under the appropriate auspices with respect to the volunteer sector?

Mr. Fox: Madam Speaker, I think there were a number of proposals which were initiated by our government a few years ago in connection with the National Voluntary Organizations. I know that when the hon. member's party was in power it also had a number of recommendations. These recommendations were not acted upon, in good part because of the successive elections which occurred in this country. We are looking at a whole series of possible initiatives which we would like to take with the NVO, because of the great importance the National Voluntary Organizations play in this country.

* * *

[*Translation*]

INDUSTRY

INQUIRY RESPECTING FEDERAL AID TO AIRCRAFT MANUFACTURERS

Mr. Bernard Loiselle (Verchères): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Can the minister inform this House of the terms of the federal assistance for the Dash-8 and the new PT-7 aircraft engine, of the financial implications of this assistance and of the number of jobs to be created?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the manufacture of the Pratt & Whitney PT-7 engine will create 1,000 jobs during the life of the program. Federal assistance will be provided through the government's DIP program for the Dash-8 program in the form of guaranteed loans amounting to $450 million, and this program should create 3,000 jobs. What is most important, subcontractors across the country for both projects will get approximately 40 per cent of the contracts under this program, which is very important for the economy of Canada as a whole.

• (1200)

[*English*]

POST OFFICE

COMPLAINTS RESPECTING MAIL DELIVERY—REQUEST FOR COMMITTEE DISCUSSION

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Postmaster General. In view of the fact that complaints about mail delivery service to members of Parliament are increasing, and in view of the fact that a great many of these complaints, which come from all parts of the country, result from delays in delivery during the Christmas period—many of which complaints are still coming in—would the Postmaster General be prepared to make public the records showing the percentage of the next day, second day or third day delivery of first-class mail to the different regions of the country, noting the distinction between those delivery rates in the big urban centres and especially the delivery rate between small communities and large urban centres?

Would the Postmaster General be prepared to give an undertaking to this House that he will have prepared for the public a review of the situation and that the review will be conducted on a continuing basis, so that what may be isolated problems of delivery do not create the image of a complete breakdown of delivery? The public is becoming very angry and would like to know the facts.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I shall gladly follow up the suggestion of the hon. member. There is within the Post Office Department a performance rating of postal workers, which shows us just how efficient they are. Of course, there are delays now and then in the daily handling of tremendous volumes of mail. But for each letter which may be delivered late, there are 90 or 92 which reach the addressee on time. I think that once these figures are known, people will understand the extent of the problem and will probably be more tolerant when they hear the bad publicity made in certain quarters against postal workers.

[*English*]

Mr. Fraser: Madam Speaker, I have a supplementary for the minister. Would he be prepared, after suitable discussion, to come before the appropriate committee with officials from both management and, possibly, from the labour unions to answer questions directed specifically at this review as to whether or not the delays and bottlenecks of which the public is complaining arise primarily because there is insufficient personnel to do the work, or because certain parts of the system do not work, perhaps because of inadequate design, because of factors which were not considered, or because there are mechanical or other difficulties? Would the minister be prepared, along with his officials, to discuss with representatives of the opposition before the appropriate committee questions directed toward resolving the difficulty?

[*Translation*]

Mr. Ouellet: Madam Speaker, each year the estimates of the Post Office Department are referred to a parliamentary committee. Obviously, I would not want to shirk that obligation, and I will be pleased to appear before the committee along with department officials to answer any question from hon. members on both sides of the House.

* * *

[*English*]

HOUSE OF COMMONS

PROHIBITION ON PUBLICATION OF PHOTOGRAPHIC "REACTION SHOTS"

Madam Speaker: I have received inquiries from several hon. members about a photograph taken in the House of Commons which appeared in several newspapers this morning and yesterday. The taking of this photograph is a breach of the agreement which was made between the Canadian Press and the photographers who have been allowed to come into the House. In terms of the electronic journal, the picture constituted what is called in the trade jargon, a reaction shot. Since such shots are not allowed to be taken by the electronic journal, they cannot be allowed to be taken by the photographers who take pictures in the House.

The first thing I did this morning was to contact the director of the Canadian Press. I let him know that I felt such photographs could not be taken in the House, that only the hon. member who is addressing the House may be photographed and that, although we allow shoulder shots, those shoulder shots must be taken from the front, that we want the face of the hon. member who is addressing the House to show, and not the back of the hon. member. To answer the queries I received from hon. members, I have dealt with the matter.

Hon. Erik Nielsen (Yukon): Madam Speaker, in regard to my concern over the lines of authority required for the release of those photographs, I am informed by some of the photographers behind the curtain that the photographs are released only upon your authority. Since the entire exercise takes the nature of an experiment, it seems to me that before any hon. member's picture is published in the press the hon. member should be consulted or, at least, give blanket permission. I am concerned about this area because some still photographs may be taken which are not reaction shots but yet are not in keeping with the principles of electronic *Hansard*, and which an hon. member may not wish to have published.

Perhaps, Madam Speaker, you could consult with the House leaders some time in the near future with regard to guidelines for the release of any of the still photographs which are being taken during the experimental stage.

Madam Speaker: I share the concern of the hon. member. While I suppose it is true that those photographs are published under my authority or with my permission, I do not believe that I could check on a daily basis what photographs will be sent out. This being an experiment, obviously there will be some incidents of this nature, and I hope that they will not recur. We were able to determine with the photographers what we consider to be in conformity with the principles of electronic *Hansard*.

I was not in the chair at the time television was introduced into the House, but I suppose that from time to time there was some exchange between those responsible for the broadcasting of the proceedings in the House, the Chair, and the House leaders, as to what was acceptable and what was not acceptable. We will have to follow this same procedure with regard to the still photographs. I can assure the hon. member that even before I received inquiries from hon. members with regard to this particular photograph, I was on the phone to the director of Canadian Press. I saw the photograph while reading my paper early this morning, and I immediately came to the conclusion that we could not allow the taking of such photographs. I will accept the suggestion of the hon. member and discuss the matter with the House leaders, and also with the Canadian Press authorities.

* * *

[*Translation*]

PRIVILEGE

MR. BAKER (NEPEAN-CARLETON)—STATEMENT MADE BY MR. KAPLAN
MR. NIELSEN—CONSEQUENCES OF MINISTERIAL STATEMENTS AND UNDERTAKINGS

Madam Speaker: I am prepared to rule on the two questions of privilege which were raised this week, one by the hon. member for Nepean-Carleton (Mr. Baker) concerning an exchange which occurred during question period, and the other by the hon. member for Yukon (Mr. Nielsen), which was rather closely related to the first question of privilege, although it was phrased in more general terms, indeed it was of a rather general nature.

I must say that the arguments I heard Wednesday did not sway the ruling I was prepared to make on that day, but I delayed the announcement of my ruling because the hon. member for Nepean-Carleton was not in the House at the time. Last Tuesday the hon. member for Nepean-Carleton rose on a question of privilege concerning statements reflecting upon the trustworthiness, the integrity, the honesty and the reliability of certain ministers of the Crown. However, it is quite clear that the hon. member did not make any definite accusation in that sense.

As I am bound to do, I listened very carefully to the remarks of hon. members—several took the floor to enlarge upon this question of privilege—more particularly upon that raised by the hon. member for Nepean-Carleton who, it would seem, rested his arguments on a statement allegedly made by the Solicitor General (Mr. Kaplan) before the Special Joint Committee on the Constitution of Canada. The hon. member also

said that the Solicitor General's statement had later been denied by the Right Hon. Prime Minister (Mr. Trudeau).

Essentially the question raised by the hon. member for Nepean-Carleton, which was debated by other hon. members as well, including the right hon. Leader of the Opposition (Mr. Clark), deals with conflicting statements made before a committee by two government members. It is relevant to point out that the ministers' statements which gave rise to the difficulty mentioned in the House were made before the committee.

That question therefore places the Chair in a rather delicate situation since it would seem that I am being asked to make a ruling on the proceedings of a committee. Obviously I cannot and I do not want to do that. The fact is, however, that during question period on Tuesday, January 27, the problem was brought to the attention of the House and there is no doubt that hon. members did the best they could. They were very careful not to comment on the proceedings of the committee. It is therefore in light of the remarks heard in the House that I must rule on the question of privilege which confronts us today.

Now, nothing was said during last Tuesday's debate which might indicate that the privileges of hon. members have been affected or that there might have been contempt for the House. Hon. members will agree, I think, that the rules or conventions governing relations between ministers of the Crown are not included in that part of parliamentary law relating to privilege. The same thing applies to commitments which are announced by ministers now and then and which are sometimes changed in a later statement. That may give rise to more or less well-founded complaints or grievances, but it does not constitute a breach of privilege.

As hon. members know, parliamentary privilege is very limited and is essentially restricted to freedom of speech, access to Parliament Buildings, immunity against arrest or molestation, and exemption from serving as juror or witness. In my opinion the point raised in the House by the hon. member for Nepean-Carleton may be a grievance, but it cannot be considered a question of privilege.

● (1210)

[*English*]

On Wednesday the hon. member for Yukon raised a new question of privilege which he described as probably overlapping the preceding one. He presented his argument and raised four questions, each of which asked the Chair to determine whether or not privileges would be breached under certain circumstances.

On the one hand, the House will understand that if these circumstances related to an incident in a committee, the Chair cannot rule unless there has been a report from the committee to the House, and no such report has been made. On the other hand, if the hon. member is raising these questions in general terms, without reference to a specific case, again the Chair cannot rule, since the Chair cannot be asked to rule on a hypothetical matter. I quote Beauchesne's fifth edition, citation 117, as follows:

> Hypothetical queries on procedure cannot be addressed to the Speaker from the floor of the House.

Therefore I cannot find a prima facie breach of privilege in the arguments presented by either the hon. member for Nepean-Carleton or the hon. member for Yukon.

At the same time, however, a number of points were raised in the elaboration of the arguments which claim some attention from the Chair. First, the hon. member for Yukon cited certain passages from Erskine May, for example "Conspiracy to Deceive either House or Committees of either House", as being examples of what we consider contempt; "Presenting Forged, Falsified or Fabricated Documents to either House or Committees of either House"; "Conspiracy to Deceive either House or Committees of either House"; "Misconduct of Members or Officers of either House as Such—Deliberately Misleading the House"; and "Corruption in the Execution of Their Office as Members".

I agree with the hon. member that these passages describe actions which would be contempts, but I have examined his arguments very carefully and cannot find that he adduced any evidence whatsoever to support any charges of this nature. It is one thing to state the law, it is another thing to offer evidence that a transgression has occurred. Obviously a link has to be established between the two.

Again, in elaborating the argument, the Right Hon. Leader of the Opposition appealed to the Chair as the ultimate guardian of the rights and privileges of Parliament. He is really asking me to disregard the decision of a majority, and this I cannot do, since that decision was arrived at in conformity with the rules of the House. I would point out that it is up to the House itself to determine whether or not a contempt has been committed, and the Speaker's finding of a prima facie case is still subject to the final decision of the House, arrived at through the votes of a majority of members.

The hon. member for Edmonton West (Mr. Lambert) suggested an analogy between procedures in a Committee of the Whole and a standing or special committee. In both cases the Speaker acts only upon a report from the committee, and in both cases matters affecting privilege can be dealt with only by the House itself. I quote again from the fifth edition of Beauchesne, citation 80, as follows:

> A question of privilege, on the other hand, is a question partly of fact and partly of law—the law of contempt of Parliament—and is a matter for the House to determine. The decision of the House on a question of privilege, like every other matter which the House has to decide, can be elicited only by a question put from the chair by the Speaker and resolved either in the affirmative or in the negative, and this question is necessarily founded on a motion made by a member.

Finally, the hon. member for St. John's East (Mr. McGrath) appealed to the Chair to protect the rights of the minority, by referring the matter to the Standing Committee on Procedure and Organization. Again I would say that the Speaker protects the rights of all members but protects these rights under the existing rules. I have no choice but to apply the rules. It is not up to me to change them. Any alleged

shortcomings in our rules must be dealt with in the normal process by the House itself.

MR. NEIL—NOTICE OF INTENTION TO RAISE QUESTION OF PRIVILEGE

Madam Speaker: I have a question of privilege in the name of the hon. member for Moose Jaw (Mr. Neil). I have had notice of it but it is not detailed and does not contain the necessary statement to allow me to hear his question of privilege today. I will quote the rule to the hon. member. Standing Order 17(2) reads as follows:

Unless notice of motion has been given under Standing Order 42, any member proposing to raise a question of privilege other than one arising out of proceedings in the chamber during the course of a sitting shall give to the Speaker a written statement of the question at least one hour prior to raising the question in the House.

The notice arrived, but there was no statement of what the question was about. I would be glad to hear from the hon. member at another time, on another day, if he would give me that statement.

Mr. Doug Neil (Moose Jaw): Thank you, Madam Speaker. I wonder if I could have the opportunity to file a special statement on Monday, so that I can bring the matter to the attention of the House at that time.

Madam Speaker: Exactly. That is what the hon. member should do if he wants me to hear his question of privilege.

* * *

POINT OF ORDER

MR. MUNRO (ESQUIMALT-SAANICH)—PROCEDURE RESPECTING STANDING ORDER 43 MOTION

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I have a point of order which arises from that portion of the proceedings dealing with motions under Standing Order 43. I proposed a motion relating to the agreements between Canada and the United States to which this House had given unanimous consent on the sixteenth day of this month—its concurrence in the agreements as they now stand and its objection to any changes in those agreements.

What I was seeking today was merely a reaffirmation of that earlier unanimous consent. I did not hear or observe any no from any side of the House and yet the matter was not apparently agreed to. Someone must have heard some noes.

If we accept that there were objections to this particular motion, Madam Speaker, it would suggest that the earlier unanimous consent given to that same motion has been nullified. I am at a loss now to understand how, one day, we can agree unanimously, and another day we can disagree on the same motion. I would just like some explanation as to how the situation is to be reconciled, if not in House records at least in my mind.

• (1220)

Madam Speaker: The hon. member will have to work that out by himself or with other members of this House. The Chair has nothing to do with the substance of these motions. Obviously I heard some noes. The hon. member did not get unanimous consent for his motion. I am not sure whether it was in exactly the same terms as the one which was accepted at a prior date. However, this is a matter for the hon. member to resolve for himself. I am afraid the Chair cannot help him.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,204, 1,526 and 1,896.

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

[*Text*]

PROFESSOR HUGH GEORGE HAMBLETON

Question No. 1,204—**Mr. Cossitt:**

With reference to the Solicitor General's answer on May 23, 1980 at page 1350 of *Hansard*, relating to Professor Hugh George Hambleton of Laval University and which states in part, that Canadians can "cavort with whomsoever they want, etc." is this official government policy and does this include members of KGB and, if so, for what reason?

Hon. Bob Kaplan (Solicitor General): The full answer given on May 23, 1980, at page 1350 of *Hansard* states "Canada is a free country, and anyone can talk to whomsoever they want and cavort with whomsoever they want without necessarily breaking any Canadian laws". This statement is a manner of expressing official government policy and should not be quoted out of context as it implies in certain circumstances that Canadian laws could be broken.

MIRABEL DEFICIT

Question No. 1,526—**Mr. Mazankowski:**

1. What is the estimated loss for each of the next five years on Mirabel Airport?

2. Is action being planned to reduce the losses and, if so, in what way?

3. Does the Minister of Transport agree with the proposals to transfer large portions of Dorval's operations to Mirabel?

4. Is any further expansion planned for Mirabel and, if so, at what cost and over what period of time?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. The anticipated deficit for 1980-81 is $21 million including depreciation of $17,675,000. The deficit for the next four years is expected to be approximately the same in constant dollars.

2. The airport management is making a serious effort to control and reduce operations and maintenance expenditures. Fundamental changes in the Montreal area airports system, which could result in reduced losses at Mirabel, are under consideration.

3. The proposal to transfer certain flights from Dorval to Mirabel is now being assessed in order to determine the costs associated with this course of action (as well as several other possible options).

4. No expansion is currently planned at Mirabel. Future plans will take into account the results of the assessment described above.

GREAT LAKES FOREST RESEARCH CENTRE

Question No. 1,896—**Mr. Blenkarn:**

1. How many persons are employed at the Great Lakes Forestry Research Centre located at Sault Ste. Marie, Ontario?

2. Did the government negotiate with the province of Ontario to turn over the research centre to the province?

3. Does the province contribute to the cost of operating the research centre?

4. Is the government infringing on provincial responsibility by attempting to provide management services through its facilities in Sault Ste. Marie and, if so, for what reason?

5. What is the total cost, including depreciation on land and buildings, involved in managing the research centre?

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): 1. The Great Lakes Forest Research Centre currently has 152 full-time person years.

2. There are no negotiations with the province of Ontario to transfer the centre to the province.

3. The province does not contribute to any operational costs.

4. There is no infringement on the province by the centre. The Canadian Forestry Service at the Great Lakes Forest Research Centre does not provide forest management services. The Canadian Forestry Service undertakes a forestry and environmental research and development program, co-ordinates federal forestry activities in Ontario, participates in national programs including the Forest Resource Data Program and the Forest Insect and Disease Survey, and provides technical information to the province of Ontario in support of its forest management responsibility.

5. The total budget for 1980-81 for operating all programs at the Great Lakes Forest Research Centre is $4,583,200.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BORROWING AUTHORITY ACT, 1981-82

SUPPLEMENTARY BORROWING AUTHORITY

Hon. Pierre Bussières (for the Minister of Finance) moved that Bill C-59, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Madam Speaker, Bill C-59 now before the House seeks borrowing authority of $14 billion for the 1981-82 fiscal year. One of its provisions provides that all outstanding and unused borrowing authority provided by the new act, to the extent that it exceeds $3 billion, will expire on March 31, 1982. The bill also seeks explicit authorization for the government to borrow in foreign currencies as well as in Canadian dollars.

Mr. Speaker, much of what I have to say now was said earlier by the Minister of Finance (Mr. MacEachen) when he spoke in the House on second reading of Bill C-54. As hon. members will remember, Bill C-54 contained a provision, Clause 1 if I am not mistaken, that requested precisely that borrowing authority. However, following Your Honour's ruling, the government had to introduce a separate bill that has become Bill C-59, the Borrowing Authority Act. Even though the Minister of Finance has already made those comments, I want to reiterate the main points that he made earlier relating to borrowing authority so that there remains no doubt about why we are seeking $14 billion of new borrowing authority for the fiscal year 1981-82.

All unused borrowing authority for the fiscal year 1980-81 provided by the Borrowing Authority Act 1980-81 will expire on March 31, 1981. Without new borrowing powers the government will be unable to implement its debt program for 1981-82. As hon. members are aware, the size of the borrowing authority is related to the size of the government's financial requirements. It will be recalled that the budget which was introduced to Parliament on October 28, 1980, indicated that programmed budgetary and non-budgetary cash requirements for 1981-82 were expected to be about $11 billion. The basis for the request for $14 billion of new borrowing authority for the next fiscal year is, therefore, this cash requirement along with a $3 billion margin for such contingencies as the possible need to borrow in foreign currencies.

As hon. members will recall, the budget of last October clearly set out the government's strategy of reducing the deficit through restraint in the rate of growth of expenditures. The budgetary deficit is expected to decline from $14.2 billion this fiscal year to $13.7 billion next year and to $11.8 billion by 1983-84. Throughout this period, there are rising sources of funds from non-budgetary accounts that help to finance the budgetary deficit. The most important of these sources is the

superannuation accounts which are expected to provide a source of funds of $2.3 billion in 1980-81 and $2.9 billion in 1981-82, growing to $3.9 billion in 1983-84. As a consequence, financial requirements decline more rapidly than the budgetary deficit. They decline from $12.2 billion this year to $11 billion next year and reach $7.2 billion in 1983-84. As a percentage of GNP, the drop is expected to be from 4.3 per cent in 1980-81 to 3.5 per cent in 1981-82 to 1.8 per cent in 1983-84, the lowest level since 1974-75.

The financial requirements arise from the basic fiscal stance and the over-all budget strategy, a strategy which has been justified by the recent economic developments. During the fourth quarter of 1980 particularly, the main economic indicators have shown moderate strength and the actual outcome for 1980 as a whole is likely to be stronger than expected in the fall of last year. This improved economic performance has sustained employment growth in the fourth quarter with a rise amounting to 1 per cent.

● (1230)

Unfortunately, not all the economic news has been good news. The budget speech warned of the possibility of some deterioration on the price front due to rapid rates of increases in food prices or other factors. There are now indications of somewhat more pressure on food prices than had been anticipated, mainly related to crop yields which were below average and lower marketings of livestock.

It will be recalled that in the budget speech, the Minister of Finance emphasized the need to deal with inflationary pressures, and it seems clearer now than it was at that time that inflation is the most serious and intractable problem facing the Canadian economy. Canada, like other countries, is facing a difficult economic situation and therefore the balanced package of measures contained in the budget, with its gradualist approach aimed at progressively bringing down the rate of inflation and promoting employment and productivity growth, provides the only sensible basis for dealing with the present economic situation. To opt for more economic stimulus at this time would inevitably lead to further aggravation of current inflationary pressures and would require abandoning the policy I mentioned earlier of bringing the size of the government's deficit under control.

The other extreme of excessively restrictive policies would also have major disadvantages. Such policies would have high costs in the form of lost output and unemployment. Moreover, implementing such a policy would require some combination of increased personal and corporate taxes or drastic expenditure cuts which would lead to disruptions to important public programs.

Mr. Speaker, I would like to explain now why the legislation proposes that $3 billion of the borrowing authority provided for 1981-82, or whatever amount remains unused if it is less than $3 billion, be exempt from automatic cancellation at the end of fiscal 1981-82. As the Minister of Finance explained the other day, in recent years most borrowing authority legislation has carried a clause which automatically cancels any unused authority at the end of each fiscal year whether or not new authority has been obtained. In the past when this occurred and new borrowing authority had not yet been passed by Parliament, the government was able to continue with its borrowing program on unused authority obtained in earlier years which was not subject to automatic cancellation.

Since it was not always possible to foresee when Parliament would be sitting or what the parliamentary legislative calendar might be, these old borrowing authorities provided a useful degree of flexibility. During the first four months of the current fiscal year, however, almost all of this non-lapsed borrowing authority was used up as was discussed when we debated earlier the borrowing authority legislation that was adopted by Parliament some months ago. To provide some degree of flexibility in the future, the legislation proposes that all unused borrowing authority provided by the new act, only to the extent that it exceeds $3 billion, will expire on March 31, 1982. So any unused borrowing authority of less than $3 billion will not be cancelled and will be usable after March 31, 1982.

The $3 billion margin for contingencies being requested is in line with the margin that has been provided and deemed necessary in recent years. The financial requirements for 1981-82 referred to earlier exclude requirements for foreign exchange transactions. These transactions can be large and in either direction and can have a substantial impact on the borrowing requirement of the government. A strengthening Canadian dollar gives rise to purchases of foreign exchange and a consequent need to raise Canadian dollars in the domestic market for this purpose. A weakening Canadian dollar, on the other hand, could give rise to the need to borrow foreign currencies to replenish official holdings of foreign exchange which are depleted through foreign exchange operations.

Mr. Speaker, the clause referring to the ability of the government to borrow and repay loans in foreign currencies is a technical one and, as was explained the other day, is similar to a clause that was first included in a borrowing authority bill introduced by the former government in 1979. Over the years, Canada has borrowed and repaid funds in a number of currencies. However, in 1978, Canada made a number of large foreign loans and established standby lines of credit with a number of foreign banks.

The clause was added to confirm Canada's right to borrow in foreign currencies. The Financial Administration Act is currently under review and a clause clarifying the government's ability to borrow and repay in foreign currencies would be included with any amendments to that act. Once such an amendment has been passed, there would no longer be a need for this clause in borrowing authority bills. Recently during the debate on Bill C-54, Clause 1 of which requested borrowing

authority, for the information of hon. members, the Minister of Finance set out the government's debt program so far in the current fiscal year and the amount of borrowing authority that has been used. In order to inform hon. members of our current position with respect to borrowing authority, I will take the liberty of repeating what the Minister of Finance said at that time.

Up to January 23, 1981, in domestic markets the government has borrowed a total of $8.8 billion, $5.3 billion through the issue of marketable bonds and $4.6 billion through the issue of Treasury bills, while net Canada Savings Bonds redemptions reduced the amount borrowed by $1.1 billion. In foreign markets, on balance the government has drawn the Canadian dollar equivalent of $10.8 billion in Canadian dollars on its standby lines of credit with Canadian and foreign banks. This amount comprises $1.1 billion drawn in December and currently outstanding and a $0.3 billion repayment on these lines earlier in the fiscal year.

Since borrowing authority for the fiscal year 1980-81 was not obtained until July 17, 1980, borrowing up until that date was charged to $2.9 billion of non-lapsing borrowing authority obtained earlier and carried forward. This was reduced to just over $100 million by July 17 when $12 billion in additional authority became available under the Borrowing Authority Act, 1980-81. As at January 23, the amount still available under this act was $5.1 billion. This is more than enough to complete the planned debt program in the final quarter of this fiscal year and a considerable portion of this amount will likely expire on March 31, 1981.

I believe that the information I have just provided along with the information in the recent budget provides members with the pertinent information with respect to borrowing authority for serious consideration of this bill. It goes without saying that when we discuss the bill in committee, much more information will be provided in answer to hon. members' questions.

In closing, I would like to note that this bill is directly and closely related to the budget brought in by the Minister of Finance. I would like to emphasize that when the committee studied the preceding borrowing authority bill the hon. member for Broadview-Greenwood (Mr. Rae) had suggested that such bills ought to be tabled earlier and introduced at the same time as the debate on bills which flow from the budget. I believe that the Minister of Finance did get the message sent by the hon. member and this bill is introduced at the appropriate time along with other budgetary measures.

As such the fiscal policy and general economic policy issues have been debated by this House on a number of occasions in September. There were six days of debate following the budget and a lengthy debate on economic conditions on December 18 before the Christmas recess. In addition there has been some further discussion of these issues as part of the second reading debate on Bill C-54 and in Committee of the Whole we continued to debate the various income tax measures which in a way are all related to the general economic situation.

Some hon. members may recall that on recent occasions the borrowing authority bill has been the occasion for a quite lengthy debate. I might point out, however, that on these occasions the borrowing authority has not been linked to the budget in the way this bill is, as I said earlier.

The borrowing authority bill may also raise issues relating to the government's borrowing program but I will not discuss these matters in any detail now since, as members well know, all of the details of the government's market borrowings are readily available on the public record. I repeat that there will also be ample opportunities for an examination of the government's borrowing activities when this bill goes to committee.

If hon. members grant leave, I would like to table two copies of a document entitled "Background information concerning borrowing authority for fiscal year 1981-82" which hon. members might find useful to prepare the work in committee. Mr. Speaker, I ask for the permission of the House to table those documents.

Some hon. Members: Agreed.

• (1240)

[*English*]

The Acting Speaker (Mr. Blaker): The hon. Minister of State for Finance (Mr. Bussières) has requested agreement of the House to the tabling of certain documents. Is there agreement?

Some hon. Members: Agreed.

[*Translation*]

Mr. Bussières: In conclusion, Mr. Speaker, my wish is that the House deal with this bill expeditiously and adopt it as early as possible.

[*English*]

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, I want to thank the hon. member for Calgary Centre (Mr. Andre) for the courtesy of allowing me to speak first in order to keep an appointment in Toronto.

I want to focus my remarks, dealing with the question of the borrowing authority, on the questions I raised earlier during the question period concerning the determination on the part of the federal government to deal with what it regards as the very unique problem associated with a large deficit, a deficit which produces the borrowing requirements the minister has put before us today.

In respect of this unilateral determination on the part of the federal government to change its role in the financing of certain programs which, up until the present time, have been financed by the federal government, I want to urge upon the minister the importance we attach on this side, as he will know from conversations I have had with him over a period of weeks,

to the establishment of a parliamentary group with the responsibility for studying fiscal relationships, financial economic relationships, and the question of transfers from one level of government to another.

Word has come to us that the Department of Finance has made certain proposals in respect of the funding of higher education.

An hon. Member: Was that a mole?

Mr. Rae: The hon. member asks whether that is a mole. I can assure him it is not a mole, it is a number of people in the community who are deeply concerned about statements which have been made. In fact, in answer to the hon. member for Don Valley East (Mr. Smith), it is not a mole, it is the Minister of Finance (Mr. MacEachen) himself who, in his budgetary statement at the end of October, told us that the government intends to achieve net savings in this area, referring to social policy, to help finance initiatives in the other envelopes. He went on to say that because of the statutory nature of much of the spending in this envelope, savings are not assumed to begin until 1982-83. Savings are expected to include reductions in federal transfers to provinces relating to areas coming under provincial jurisdiction. Obviously those people working in areas like education, which is clearly under provincial jurisdiction according to the constitution, read the statement by the minister as a clear warning that the federal government was so concerned about simply reducing its over-all economic commitment to the process of transferring from its own jurisdiction to the provinces, that it was university spending which seemed to be the most attractive target.

We now have word that the social development committee of the cabinet is actively considering a proposal which would cut the federal contribution to higher education by $1.5 billion and would lead to a cut over all in the EPF program of some $2 billion.

• (1250)

The accountants in government appear to be in the process of winning out over those people—and I hope there are still some in the government who would include themselves in this group—who look to the substance of the programs being funded and ask the question, not in an abstract way that something must be cut, but what programs need to be funded and how they will be funded. It is not the time for the federal government to suggest that it will unilaterally remove itself from the funding of universities and university research when the Minister of Industry, Trade and Commerce (Mr. Gray) is saying that an industrial strategy is one of the top priorities of the government, at a time when the Minister of State for Science and Technology and Minister of the Environment (Mr. Roberts) is saying that research and development will be beefed up, and at a time when the chairmen of the NRC and other research groups have made it very clear that we face a crisis in funding, planning and strategy in the entire field of scientific research and development.

The federal government should not decide unilaterally to withdraw from this area. We know what is happening in the real world and in the real economies of the universities. The federal government has decided to withdraw because it feels it must cut somewhere so it might as well cut where there are no universal programs to worry about.

The Minister of National Health and Welfare (Miss Bégin) was quoted outside the House. I do not know whether the quotation was accurate or not, but apparently she was quoted as saying that maybe the university program will be cut because, after all, it is an elitist program; she used the word "elitist". I realize that not everyone of university age goes to university, that in fact the numbers indicate that it is very much a minority. There are those who do not see that the world of science, research, universities and higher education goes beyond simply provincial jurisdiction of education and is directly linked to the industrial strategy of a country. They are making a very serious mistake by not seeing the federal government has a responsibility.

If the accountants and the accounting mentality of the Department of Finance win out over the people who look at the substance of the programs, I think it will be a real tragedy for our universities, our young people and our researchers who will inevitably go to the United States and elsewhere if they do not receive the governmental infusion of support which they so desperately need. It will be a tragedy for the whole country.

It appears the government has taken a decision to get out of these programs, according to the minister's own words in the budget. When one looks at hospitalization, medicare, the Canada Assistance Plan and all the transfers which make up approximately 22 cents of the federal government dollar, which is a very substantial amount of money, I suppose university education appears to be the most convenient target. But it would be a mistake to assume that this will happen without a fight. It will be not only a fight on the part of the provinces, because of the assumption that all of the provinces are wealthy and can equally afford it, but I can assure the minister that it will be a fight from this party.

It is our position that the over-all social policy envelope should not be reduced in its role and in its importance because of the importance of maintaining adequate levels of service, indeed more than adequate levels of service. Also we are concerned about the future of higher education in Canada, of research and development, and the role the federal government must play in the financing of higher education. If the department, the ministers responsible for social development, or cabinet are under the illusion that they can make this surgical incision without a very definite political response, I want to assure them they are mistaken.

It is extremely important to understand that the renegotiation of the EPF and the fiscal arrangements involve not only the relationship between the federal government and the provinces, but also the question of the level of service for specific programs which the government must decide as a political decision will be maintained.

Mr. Justice Hall expressed concerns about the integrity of the medicare program because of the fact that there was no way effectively to establish national standards. It is a dilemma;

we must all start to appreciate and understand the dilemma of establishing national standards at the same time as having a provincially administered federal program. Of course it is a problem, but also I point out to the government that it will be a very difficult problem in the area of university education. Just as the Pearson government recognized a national concern about medicare and its level of service, there must be a national concern about university education which goes beyond provincial jurisdiction. We should focus on that problem and ask ourselves what are the needs of universities and research institutes from a national perspective.

The government very mistakenly indicated, in the field of urban affairs, that it overstepped the mark and that it would move back. To continue that retreat, faced with some provincial rhetoric, is a very serious mistake. Not only is the relationship between the federal government and the provinces at stake, but also the over-all service and quality of the programs are involved.

Not only is the government cutting back on the activities in the province of Quebec at the University of Laval or the various universities and CEGEPs throughout the province, but it is cutting back on the activities in the province of Ontario at its various universities. For example, it is cutting back $100 million from the University of Toronto. If the federal government thinks it can cut $100 million from the budget of the University of Toronto, or $600 million from the higher education budget for the province of Ontario, without a fight from those of us who are concerned about the quality of education in the province of Ontario, it is sadly mistaken. We think the federal government has a role to play in maintaining the quality of higher education and of research and development.

In closing, I ask the minister to pass on to his colleagues the importance we attach to the establishment of a task force with responsibilities for the fiscal arrangements and various economic transfers between the federal and provincial governments. It would also have the jurisdiction to look into the question of the levels and types of services being provided. In the name of financial responsibility the government may very well be cutting off its own left arm in order to satisfy the concerns of government accountants who look at deficits, and bottom lines, but not at the real nature and importance of the programs being provided.

The Acting Speaker (Mr. Blaker): Order, please. It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Blaker): Order, please. Before I recognize the hon. member for Calgary Centre (Mr. Andre) I should like to ensure that there is no confusion about the proceedings we are about to follow. After the minister introduced Bill C-59 for second reading and as a result of discussions between some hon. members, I recognized the hon. member for Broadview-Greenwood (Mr. Rae) because he needed to catch a plane this afternoon. He was, therefore, speaking out of turn and not under the provisions of Standing Order 31(1) relating to hon. members replying to the minister. That position, with the rule of unlimited time, now belongs to the hon. member for Calgary Centre.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, today we commenced the debate on Bill C-59, which is a surprise addition to the government's legislative program as a result of a decision by the Chair with regard to the original version of Bill C-54, the Income Tax Act, to which was attached the borrowing authority. We raised the point that we thought it was out of order, and the Chair concurred. So now we are commencing the debate on second reading on Bill C-59, which is a very simple bill consisting of a single sheet of paper folded over, containing two clauses and four subclauses.

I suppose you have noticed, Mr. Speaker, as I have, that it is always the simple bills which have the most profound impact upon the country. In fact one could almost measure the importance of legislation in inverse ratio to the thickness of the act. The other day we had no trouble in dispensing in about half an hour with a thick bill designated to remove anomalies from existing legislation, but I think it will take a little bit more than half an hour to discuss this question of a $14 billion borrowing authority. This is a colossal sum of money, a sum of money which literally is beyond the comprehension of normal people. It is about 50 per cent more money than was spent by the Government of Canada when the present administration was first elected some 12 years ago. It represents a staggering new edition to the national debt.

● (1410)

Mr. Speaker, I want to address my remarks today to this question of the deficit and the national debt and to what I think needs to be done, and done quickly, if we are not to saddle future generations of Canadians and future governments with obligations and restrictions which will preclude them from making life as comfortable as Canadians and the government of this era is attempting to do.

The total deficit of the Government of Canada, as published in the latest edition of the Public Accounts for the fiscal year ending March 31, 1980, shows the liabilities of the government at that point as a colossal $106 billion. The accumulated deficit is $68,600,000,000, with apparently some $37 billion of reported assets. But, Mr. Speaker, when you look at the assets you wonder if, in fact, $37 billion is real or realizable. For example, the Canada Mortgage and Housing Corporation has $10 billion worth of assets. As everyone well knows, those assets are sitting idle in many cities right now because of the fact that the owners of CMHC mortgaged homes have simply walked out of them. Indeed, previous auditors general have pointed out that the assets of the Government of Canada, as declared in the Public Accounts, are inaccurate. Mr. Mac-

donell made quite a point of that in a report of his a few years ago. It has not been rectified yet.

As I said, the accumulated deficit is a colossal $68,600,000,000. If we translate that into the situation of an individual Canadian, it would represent a personal debt equivalent to something in the order of 25 per cent more than his annual income. That is not disposable income I am talking about but annual gross income, given obligations and so on.

Mr. McRae: Not nationally, gross national product though.

Mr. Andre: The hon. member opposite says "Not nationally, gross national product". We have not quite reached the stage in this country where the government has total control over every penny of gross national product. We are talking about the government. That gross national product to which the hon. member was referring is my income, his income, and the income of other citizens. The Government of Canada has not yet reached the point at which it has first call on every single dollar of a citizen's income. At least not yet.

Mr. McRae: It is a smaller percentage than in Diefenbaker's time.

Mr. Andre: The hon. member talks about it being a smaller percentage than in Diefenbaker's time. He is again utilizing the fictitious and phony comparisons which have to do with the fact that when the war ended there was no question that Canada had a larger debt proportionally than we do today, as did all free nations of the world which fought against totalitarianism. The battle cost money, and they had a deficit. Since the war that deficit has been steadily reduced, until about 1975. Until then the Diefenbaker era, to which the hon. member was referring, saw the total national debt on the same downward plane, being reduced year after year. Since 1975 the opposite has been occurring. If the hon. member would like to see for himself I would refer him to the Public Accounts. For March 31, 1980, there appears a chart in the Public Accounts which shows the accumulated deficit as a percentage of gross national product. In 1976 it was 14.1 per cent; in 1977 it was 15.5 per cent; in 1978 it was 18.9 per cent; in 1979 it was 24.3 per cent; and in 1980 it was 26.4 per cent. Based on the deficit of the year we have just finished it will be in excess of 30 per cent at the end of this fiscal year. So the hon. member ought to look at the facts before making those specious comments.

The reality is that the deficit, as a proportion of national debt, is increasing at an alarming rate. The government's deficit this year is $14.5 billion. By comparison, the United States is looking at a deficit of perhaps $40 million. And they consider that astronomical. Both the Democrats and the Republicans consider that an unacceptable deficit. All U.S. politicians during their last election were saying they had to bring that deficit down. And their economy is ten times the size of ours. If they had the same kind of deficit which Canada has, they would be looking at a deficit in excess of $160 billion. They consider $40 billion, which is one-third of ours in relative terms, as astronomically high about which something must be done. Yet the hon. member opposite says, "What the heck. We only have a $14 billion deficit. That is not a serious problem." I hope he was just exchanging partisan debate there.

Mr. McRae: We will get up later on and explain.

Mr. Andre: I hope his comments do not represent the mood of the government and its supporters. Indeed, it will be very tragic if something is not done about this deficit, and done soon. The disturbing thing about this deficit and the accumulating debt is that they are not as a result of apparent policy. Mr. Speaker, you were here in this House, as I was, in 1974-75. I can recall the then minister of finance, John Turner, and subsequently Donald Macdonald, saying that the government was engaged in a program of restraint. They said they were determined to keep spending below the growth in the gross national product. Since that time the deficit has gone from 14.1 per cent of the GNP to over 30 per cent. It has more than doubled, as a percentage of GNP, during a time when every single finance minister emphatically stated in the House that he was dedicated to government restraint and to holding the deficit in line. They were either not telling the truth or they were simply not backed up by the apparatus of government and by their party. No one provided any back-up to these policy statements. In a sense, it was a kind of lie as well.

What is the problem with a deficit? Why is it not a good thing? After all, it does not hurt you or me immediately. The money which is being talked about is meaningless. Once you get past talking about a few thousand dollars most of us cannot comprehend these large amounts. After all, no one is digging into my pockets for it, nor into the pockets of my constituents. Apparently government is able to get it somewhere so why should we worry about it?

Is it really a matter about which Canadians are concerned? It most definitely is, in a democracy. We either need a government which recognizes the problems and concerns itself and then acts in accordance with the best wishes of the nation, or we need a concerned public which forces government to act in the best interests of the nation. Based on the performance of this government we need that informed public. We need a public which is aware of what is happening, aware of the damage that this kind of continuous deficit financing can cause. We need a public which will bring pressure to bear because, if it does not show up at the polls as something the government should do, it will not get done. We know that much from watching the operations of this particular party which is in power.

● (1420)

The Economic Council of Canada in its Seventeenth Annual Review, its most recent review, discusses the question of deficits. In fact I am about to refer to a section entitled "The Question of Deficits". The section holds out some arguments for and some against, without taking a view one way or another. It states:

> The simplest and perhaps for some the most forceful argument against deficits is that future generations must pay for them and that they ought not to. If the

deficit is directly or indirectly financed through foreign borrowing that is not used for productive investment but for immediate consumption, then future generations will be burdened.

And the section goes on. There is no question that it is fundamentally immoral for the government to run up deficits which will burden the next generation of Canadians with the obligation of paying off those deficits. It is especially disturbing when we burden those generations not for capital investments or investments in research and development, the results of which would be of benefit, but burden them with the costs of paying for the gasoline which we are using today.

The Liberal party has made a decision that we shall subsidize crude oil which is imported from offshore. By running a deficit we are asking the next generation to pay for the gasoline which we are using in our cars today, and that generation would like to have money left over to buy some gasoline for themselves. Is that moral? Is that the proper behaviour for responsible governments or Parliament to countenance and accept? I submit that it is not.

Another argument against deficit financing is that it pushes out other forms of financing. When the government borrows money from the market, then clearly it makes that money unavailable for other purposes such as investment in new plant or equipment which would generate jobs and so on. By taking this money out, the government drives up interest rates and reduces the savings which are available for investment in capital equipment.

Granted there is the view, which some members of the New Democratic Party support, that deficits are stimulative, that if the government increases its deficit by borrowing it will spend more, thereby increasing demand in the economy and causing growth in the economy which results in more people working, which generates more money and therefore more savings, and the savings provide the money which the government uses to finance that extra deficit. So the net effect of increasing the deficit is to the benefit of the economy, and we are merely using our money over and over again.

The problem with that reasoning can be illustrated through the pyramid schemes which people dream up from time to time. For example, one receives a letter in the mail which says, "Here is the address of the person who sent the letter and if you send that person a dollar and send this letter to ten other people each one will send you a dollar." Of course, those people will extend the letter on to another ten people. It is a marvellous scheme because one only pays a dollar and receives dollars from ten other people, thereby making a very good profit.

The person who starts the scheme makes money, but common sense indicates that at some point in time the pyramid must collapse because an infinite number of people is required to make the system work, and they must have a dollar in their pocket and 17 cents for a stamp. That is what the government is promoting. It is saying that it must increase the deficit which will enable it to spend more, which will put more people to work, which will cause the economy and savings to grow and this will create money to finance the increased deficit, since it is our money anyway. And as a result of the whole ball of wax, we are better off.

This is the theory which we have been following for the last six or seven years. It is a pyramid scheme. And each new finance minister who comes along says that we must cure our current unemployment situation so we must spend more money. And there is a raft of ministers, 33 of them, each with hundreds of civil servants who are dreaming up beautiful schemes to generate employment, schemes such as LIP, LEAP, LAP, community services and so on. There are tons of these schemes which are all marvellous in terms of their impact.

These proposals come from civil servants who say, "If only we would spend another $350 million here and $400 million there, and another $600 million there, we will generate so many jobs and these jobs will generate taxes and save money which brings in more financing. For seven years we have been running this pyramid scheme. Unfortunately, countries are no more immune to the realities of that kind of scheme than are our families, businesses or individuals. It cannot be done. *The Canada Gazette* is full of individuals who try to work their financing in this manner.

People obtain a Chargex from the Royal Bank and spend to the limit. When the bank asks for the money, these people merely go to the Bank of Nova Scotia and get another card and use the proceeds of that card to pay off the card of the Royal Bank, and then they go over to the Bank of Montreal and obtain a Master Charge and then back to the Bank of Nova Scotia. They keep going and thinking that it is a marvellous deal because they merely have to ask for more money. Eventually these people who are asked for the money say, "Whoops! No more, sorry". Then the collapse comes and they are off to the debtor's court.

This scenario also applies to countries. There is a limit. I am not suggesting that we are at the limit, but I am suggesting that by carrying on in this manner of borrowing more and more each year, and increasing the deficit year after year, we will reach that stage. There are countries in the world which are at that stage right now. On the face of it these countries should be as prosperous as we are, but they are not, simply because of the feeling of their governments that they could spend their way to prosperity. The reality is that there is no way one can spend oneself into prosperity. One must earn one's way to prosperity, and this applies to individuals, families, businesses or countries.

The Keynesian theories which are quoted and utilized by the apologists to justify these deficits simply do not work. Most responsible economists recognize this fact. Perhaps the theories were never given a chance to work because while governments have to increase the deficit or spend more to put the economy on the rise, they hate to run surpluses or, in other words, spend less to slow things down. Thus the government is always working on one side of the equation and never on the other side. In defence of Lord Keynes, he said that we must work both sides of the fence and that we must be prepared to

run a surplus and hold down spending in order to take some of the heat out of the economy.

● (1430)

Probably more important is the fact that the Keynesian idea of deficit financing for growth is fundamentally inflationary. It has an inflationary bias because it works on the concept of putting out more money to stimulate demand which brings on more supply; supply increases to satisfy demand; that brings on jobs, economic growth and so on. The reality is that if you increase demand the price goes up and, as a result of that price increase, more people get into the business of supplying the goods. The price increase itself is inflationary. We all know that prices do not go down; they go up. The Keynesian approach is fundamentally wrong. I should not say it is fundamentally wrong but it is not the most appropriate because it has that inflationary bias.

I should like to consider now the question of how this deficit is financed. We have a borrowing bill which authorizes the government to borrow domestically and to borrow foreign savings. There are three ways available to the government and two of them are available to you or I.

Mr. Knowles: You or me!

Mr. Andre: To you or me, Mr. Speaker. I apologize to the hon. member.

Mr. Knowles: That is worse than splitting an infinitive!

Mr. Andre: That is right, and I could have committed that error. The deficit can be financed through borrowing from you and me who have saved our money. The deficit can be financed by borrowing the savings on the foreign market which is money that non-Canadians have saved. The deficit can also be financed by the federal government borrowing from the Bank of Canada, in other words, by printing money.

None of these methods is cost free; every one of them carries a burden. Every one is an obligation that has to be borne by those who come after us, the next generation of Canadians, the next government.

The same rules apply to the Government of Canada as apply to Chrysler, Massey-Ferguson, or the Andre family. The only difference is time. Because it is so large the government has the inertia that can carry it on. It moves at glacial speed. When standing still it is difficult to recognize what is happening without fine instruments. For individuals it can happen quickly and they can feel it. Business has a little more inertia than individuals but less than government.

In borrowing the savings of Canadians to finance this deficit, the Government of Canada is almost involved in a fraud. Let us consider what is happening today. To finance part of this deficit the government is selling savings bonds to provide the needed cash. Canada Savings Bonds pay roughly 12 per cent per annum interest. A rough average marginal tax rate in this country is 33 1/3 per cent. Let us take one third of income as being a rough marginal tax rate. Today the inflation rate is 10 per cent.

If you start the year with $1,100, an inflation rate of 10 per cent will leave you with $1,000 at the end of the year; otherwise you are going backwards. If you put that $1,000 into Canada Savings Bonds you will have $1,120 at the end of the year, but the government designates that $120 as income, as so it is taxable. If your marginal tax rate is the average, that means you pay $40 tax on the $120 interest, so you are left with $80. You have actually lost $20 of your capital to the government. It has defrauded you of your capital.

It is absolutely amazing to me that we Canadians save as much as we do. We are very good savers so the government is fortunate. It is able to continue with its profligate ways and spend, spend, spend, because millions of Canadians are willing to save their money and let the government use it. The government is defrauding them because at the end of the year they have less than when they started.

That is immoral to begin with, Mr. Speaker, but it is also extremely dangerous, and that fact is becoming widely known.

Mr. Evans: The first $1,000 of interest is tax-free.

Mr. Andre: The hon. member said that the first $1,000 is tax-free. Let us then take savings of $100,000 as an example. I am sure that as a responsible economist the parliamentary secretary would not argue with the fundamental premise I was putting forward. I notice he is shaking his head affirmatively.

It is very dangerous for the government to rely on people being willing to have their capital taxed away year after year after year. It is immoral, but it is also dangerous and that danger is being recognized.

In the Public Accounts the amount of Canada Savings Bonds is shown to be decreasing. In 1979, $19 billion worth of Canada Savings Bonds was outstanding; in 1980, $18 billion was outstanding, and I have forgotten the latest figure but I know it is less. The public is starting to wise up to the fact that the government is defrauding it of some of its capital, and the amount of money being put into that debt instrument is decreasing. The government then has to pay more interest for money, and in turn that means that debt management becomes much more difficult.

Foreign savings are worse in many ways than domestic savings as a means of financing the operations of government. When the interest is paid on foreign savings, it leaves the country altogether. The cash is collected in this country, it leaves, and so is not available to finance projects that would provide jobs and growth in the country. We are suffering considerably right now—

An hon. Member: Let the multinational oil companies take over.

Mr. Andre: The hon. member talks about national oil companies. What about a national automobile company? What is sauce for the goose is sauce for the gander. Recently I received a letter from an individual which I hope to put on record one

day. He suggested a national automobile program which would assess each automobile a $500 fee. The money would be given to "Auto Canada", a new Crown corporation which would use it to buy a multinational automobile company. That sounds like a great idea. We could do the same thing with textiles, mines, petrochemicals—you name it. It is a heck of a deal, and I cannot understand why this government has not extrapolated the National Energy Program into these other methods.

The third option, that of financing the deficit by printing money, is a fraud. If the amount of money in this country increased by 10 per cent tomorrow it would mean that everything was worth 10 per cent less immediately. Money is just not a medium of exchange for goods and services. When the government decides it needs cash in order to operate and do all the good things it has in mind, and asks the Bank of Canada for the cash, all it is doing is dipping into the pockets of Canadians and defrauding them of part of their assets. It is stealing assets from individual Canadians for its own political purposes. Obviously it is highly inflationary and, as everyone knows, the level of inflation always falls hardest on those who can least afford it, the elderly, those on fixed incomes, and so on.

● (1440)

There is no pain-free way of running these kinds of deficits. There is no pain-free way of reducing them. The longer the government goes on accumulating deficit after deficit and adding to the national debt, the more difficult and the more burdensome will be the eventual repayment. No matter how imaginative governments might try to be, no matter how imaginative programs of the bureaucracy might be, the reality is that there is no pain-free way to reduce these deficits. If we finance our gasoline today while running this deficit, there is no alternative for future generations. They will have to pay. That fundamental fact cannot be dismissed. If we were using the money to invest today in an infrastructure or something of long-term benefit to the country, for instance, science and technology, education, what have you, that would be a different story. If that were done, then there is a payout, Mr. Speaker. It is the difference between an individual going to the bank and borrowing $10,000 for a trip to Tahiti or borrowing $10,000 to buy a backhoe. He is in debt $10,000 in both circumstances. But, after his trip to Tahiti, all he has are his memories. After his backhoe is in operation, he has something which can generate income and use to pay off his loan.

What this government has been doing to the country is going into debt year after year after year to finance the equivalent of trips to Tahiti. What we have are wonderful memories but no fundamental strength or investments from which to generate income to pay off these debts.

I come back to the area of science and technology as being a classic example of the foul-up. Nothing is more tragic, and nothing will be as damaging to our future ability to sustain growth and opportunity in this country than the failure of the government over the last ten years to invest substantially in science and technology in Canada. Surely there could not be a thinking person anywhere who does not recognize that technology is the base upon which we have to build as a nation. There are three fundamental strengths which Canada has: technology, our resources, and our food. We have neglected the technology side terribly, and right now we are kicking the blazes out of the energy side. Because of this neglect, future generations will have to pay a tremendous price.

How do we go about handling this deficit? How do we go about ensuring that next year we do not come back with a borrowing bill that says the government wants to borrow $17 billion, and the year after that $22 billion, and the year after that $25 billion? On and on and on it will go, which is just a repetition of the pattern we have been going through. How do we make sure that does not happen? I know in the budget address of October 28 the government said that that is not the plan, that it will be spending less. But that is what John Turner said in 1974. That is what Donald Macdonald said in 1975. That is what Jean Chrétien said when he was minister of finance. They have all been saying that since I have been here. It has been a constant theme of every single finance minister. All we have heard from ministers of finance is, "We are going to bring down the deficit. We are going to hold government spending below the GNP. We are going to bring Canada's finances into good working order." Every minister of finance since I have been here has said that. Yet here we have a deficit of $14 billion. Last year the deficit was $11 billion. The year before that it was $8 billion. These are the amounts they were looking for in terms of borrowing authority. The record says that next year the amount will be $17 billion. That is what the record says, and that is what it will be unless something changes.

How do we reduce this deficit? How do we start paying off the national debt? There are two alternatives. We can either raise taxes—raise money, raise revenues—or reduce expenditures, or both. How do we raise revenues? Can you raise taxes, Mr. Speaker? Is that method available to us? I do not think it is. I do not think raising taxes will in fact generate any more income. On the contrary it will probably result in a loss of income. The explanation for that is perhaps not that simple, but it is based on the concept that we are already collecting more revenue. The taxes in this country are already higher than Canadians are willing to pay. We are already trying to collect out of the hides of Canadians for the benefit of the national government more money than the people are willing to pay. In a democracy, that cannot be done. It probably cannot be done under a dictatorship or under a tyrannical regime. The theoretical base for this, as many in this House would be aware, has recently achieved some prominence among economic schools of thought, which are sometimes referred to as neo-conservatives in their approach. They are sometimes referred to as supply-side economists. There are other names.

If one were to make a graph of government revenues versus tax rates, one thing you know about that graph is that it goes through zero at zero per cent and 100 per cent. In other words,

if the government tax rate were zero per cent, obviously government revenues are zero. The same thing is true at the other extremity. If the government tax rate is 100 per cent, revenue is zero as well. Obviously a government cannot tax at a 100 per cent rate. That is a theoretical extreme which is never achievable. If the government takes it all, there is nothing left.

In between those two extremities is a curve of some sort. It means there is an apex of some sort. There is a point beyond which increasing taxes actually result in a reduction in revenues. Where is that point? I do not know. Karl Marx said that apex was 30 per cent. He said that once governments start taking more than 30 per cent of what people earn, society starts to break down and fall apart. I do not think that Karl Marx was right in that theory, as in most other things, because we have now reached the 40 per cent level and we have not quite reached the breakdown stage. But then, who knows? Societies move at glacial speed. Maybe we are on that path and it is simply occurring because we are a part of it and we do not recognize what is happening. The anecdotal evidence to support that contention is everywhere. Former U.S. President John Kennedy, when he reduced taxes in the United States in response to a political promise, was somewhat surprised and gratified to find out that in fact revenues went up. The reduction in taxes was such a stimulus to the economy that income from that reduction more than made up for the loss of revenue due to that reduction.

The ending of slavery and the slave economy was based upon this concept as much as anything. It was not quite as moral a question as sometimes we think it was when we look back. The reality is that the British plantation owners in the early 1800s discovered they could get more work out of the slaves by paying them a salary than keeping them as slaves. As slaves they were essentially taxing their efforts at a very high percentage, probably 80 per cent, because they fed them poorly and sheltered them poorly. In essence, each slave was paying to his owner a very high marginal tax rate. When they abolished slavery and put them on salary, they found they were a lot more productive. It was the same as reducing the tax.

● (1450)

Nikita Khrushchev found the same to be true in Russia. When he told the farmers on the communes that, if they wanted, they could have small patches to grow their own vegetables, either for their own use or for sale in the markets, lo and behold vegetable production shot up. That was nothing but a reduction in taxes. They were telling them they could use part of their time to generate income, that they did not have to devote 100 per cent to the communes. Being able to devote that time to their own activities was, in essence, a reduction in taxes.

Further evidence that we are now taxing people beyond their willingness to pay is the growth of the underground economy, as it is referred to. This is the barter system or cash economy which is beyond the reach of the tax man, because there are no records. In a study by a University of Michigan economist, he found that 27 per cent of the United States economy was an underground economy. The GNP of the United States was a lot larger than their equivalent to StatsCan had assessed it to be because of this underground economy.

Every individual knows of instances such as the lawyer saying to the carpenter, "I will make up a will for you, if you will put a new bar in my basement." They work out that little deal and the transaction does not show up in any one's income tax statement. No tax is paid. It does not show up in the GNP because it is part of the underground economy.

That kind of bartering goes on everywhere. I wonder how many families have maintenance or cleaning people who are willing to work for them at a salary less than the going rate, provided they are paid in cash. That goes on everywhere in this country, and we all know it. The reason governments and economists started to pay attention was because of the strange phenomenon that was occurring with the growth of plastic credit cards. In theory that should have resulted in less need for the folding green stuff, yellow, orange or whatever we are now using, but in fact the amount of cash in society was actually increasing. It is being used by people operating in this cash economy which is beyond the reach of the tax man.

Why are they doing that? It is because the tax man is collecting more than they are willing to pay. It is as simple as that. In a democracy you just cannot tax people more than they are willing to pay.

Something else which concerns me is that governments are collecting what I refer to as sneaky taxes. Those are tax expenditures forced on individuals and the economy which never show up in a budget, in the estimates of government spending or in any other way by which the public can become aware of them. A good example of what I mean by a sneaky tax is the PetroCan tax. Petro-Canada has today made an offer to buy out Petrofina. Where will they get the money? They will get it through a special tax of up to $4 on a barrel of crude oil in this country.

The government says it cannot afford to negotiate a higher price with the producing provinces because of inflation and so on, but it has found a way of putting on this special PetroCan thing. It will not be a tax in the sense that it will show up in the Public Accounts or in the Blue Book, the estimates we get each year. It is going into a special account. No one will see that tax on their T-4 slip or have any measure of it. This is money the government has decided to spend instead of us as individuals.

When the press reports on government spending, that figure will not be in there. The minister will be able to say the government is holding down spending, that it has only grown by so much. That will be because it has decided not to count this other figure. It will just be put off on the side.

The crude oil import subsidy program is exactly the same. It is a special little account off on the side which never shows up. There are scores of these things.

Mr. McRae: It is part of the $14 billion debt.

Mr. Andre: The hon. member ought to do his homework. It is a special account. It does not have anything to do with this $14 billion, or with the Public Accounts of Canada. It will not show up in public accounts. It is a separate item. It would show up if we had a national account, something we should have.

Mr. Evans: We do.

Mr. Andre: The parliamentary secretary says "We do", but you have to be a real ferret to find it. The government has no interest in having the people base their spending on national accounts.

Mr. Evans: It is in the budget.

Mr. Andre: I know the Minister of State for Finance (Mr. Bussières) and the Minister of Finance (Mr. MacEachen) said it was in the budget. They said that on a public accounts basis our spending this year will be less than the increase in the gross national product, that it will only be 12.8 per cent, whereas it is anticipated the GNP will go up by 13.7 per cent. If you look at the national accounts basis, which they never mention in their speeches and which does not show up in press releases, you see that spending is going up by 15.9 per cent, which is quite a bit more than the increase in the gross national product.

That is a direct contradiction of promises made by the Prime Minister (Mr. Trudeau). Every year he repeats that spending will be held to less than the growth in the gross national product. It just is not true. It is not held to less than the GNP, it is more. We are not allowed to say that in this House because it is not parliamentary. However, if it waddles and quacks like a duck, it is a duck. I call it a lie.

There are all kinds of sneaky taxes which the government never talks about. Loans supposedly made to Crown corporations never show up because they are loans. We know they will never be paid back because a Crown corporation will not have the ability to do so. An example is the St. Lawrence Seaway. After the debt builds up the government says it will convert it to equity, and zippo, it disappears like magic, as though it were not really government spending.

Lotteries are a form of taxation. The government uses this money, which comes out of your pocket and mine, to spend. For some people it is a fun way of collecting taxes. Some may feel, I don't, that it is fun to bet on lotteries, but it is still a tax and does not show up in the government's spending.

There are other even more sneaky, almost sinister in their implication, taxes which the government imposes through regulations. For example, if you are going to build a pipeline or do some exploration work offshore, and this in fact is part of the National Energy Program, you have to contribute to a fund for environmental protection. I do not argue against that, but it is a tax. It does not show up in the accounts or the spending of Canada.

When the government appoints a new regulatory agency or tribunal before which people must apply and which must hold public hearings, the result is they end up hiring scads of lawyers at $200 an hour, the going rate for a half decent lawyer these days. If you want a good lawyer, it will cost you $1,000 an hour.

● (1500)

There are hundreds, thousands, millions and, indeed, billions of dollars being forced on the economy by government decisions, and it is all non-productive expenditure. This is just like a tax. It does not produce goods and services individuals want. It has been estimated in Canada that this kind of government enforced expenditure accounts for $15 billion, at least $5 billion of which is waste, with $10 billion contributing to making life safer and so on.

The fact is that the over-all tax rate on our society imposed by governments is much more than 40 per cent, and that is the total government take that is talked about in this budget as being taken out of the economy. The fact of the matter is that it is well in excess of 50 per cent, given all the other hidden taxes, regulatory expenses and what have you.

If we can ever get to the reason, I suggest it is that the public just does not know; people are not aware of this. We have to work like dogs for weeks and months, spend all kinds of time in the library pouring over all kinds of books to try to get even a hint of what is going on. One can get a general picture, but it is very difficult to get any accuracy, and the access to information bill is not going to help.

The reality is that in order to bring down this deficit, avoid saddling future generations and let future governments have the possibility of some independent action, this government will have to do something about spending. It will have to bring spending under control, and not just by moving it off to other sectors, which is what it is planning to do in terms of this transfer elimination of $1.6 billion in assistance to secondary education. That will not do it. The government cannot get rid of it by putting it off into separate accounts—the PetroCan account or the import subsidy account—so it is beyond the public eye and claim it is really doing something about expenditures. That does not do anything. That does not work. It makes things worse.

Every single economist or group that has looked at the question of government spending has ultimately arrived at the conclusion that the first thing which needs to be done is the adoption of a policy of openness and honesty about the spending process. It is must be brought into the light of day so the public really knows the cost of things. If the public really knows the cost and really recognizes that it will have to pay, and still asks for whatever it is, that is fine because that is not inflation. When they do not really know and when they think they are getting a free lunch and, therefore, ask for these new government services without recognizing that they are paying for it themselves, then we get into this inflationary thing. People are not willing to pay then. They go to the underground economy. If they belong to a strong union, they demand that their after-tax salaries stay the same even though production does not go up. If they are businessmen, they add it on to the

price. Everybody protects himself, so when the government tries to play these games, all it does is adds to inflation and again burdens the future generation.

The government must be open and honest about the spending process, and it must do that soon. I would have government members re-read the Auditor General's report of 1976, and re-read the 1974 annual review of the C.D. Howe Institute. They should re-read the final report of the Lambert commission on financial management and accountability and, for goodness' sake, start applying these recommendations soon. It is not enough to stand up here year after year after year saying we are in a period of restraint and the government is bringing government spending under control.

So help me, since I have been here, and certainly for the last five years, every single minister of finance and president of the Treasury Board has said the same thing: "We are bringing government spending under control, and we are going to reduce the deficit." Every single one of them has made that statement, yet the deficit keeps growing and growing, the burden on the Canadian public keeps growing and growing, inflation keeps growing and growing and unemployment keeps growing and growing. We are on a crazy treadmill that is leading to disaster. We are like Massey-Ferguson, fundamentally sound and fundamentally well managed, but in debt beyond our means to repay and no way to get out of it. Unlike Massey-Ferguson and Chrysler, we do not have a big brother to go to for help. I suppose we will not be here and it will be the next generation that pays, so what the heck? In the meantime the government will have received its pats on the back.

To this day John Turner and Donald Macdonald are said to be great fiscal conservatives because they made all those speeches about how they were controlling expenditures. I heard their speeches, as did everybody else. Those two are great fiscal conservatives; that is their reputation. Yet, if you look at the history of what happened when they were here, you will see that that is when the system really went to pot. These great fiscal conservatives were the ones who are now making life so miserable for the current Minister of Finance, who I think is a sincere and honest man and would like to do a good job in the portfolio he is now managing. He is finding it darned difficult because of the job done by those who preceded him.

Difficult or not, I hope the Minister of Finance has the backbone to make tough decisions without letting ambition get in his way in terms of future higher offices he might have in mind. I hope he will make the tough decision of bringing spending under control so that a year from now we are not back here again debating borrowing authority because the government needs a "mere" $17 billion to sustain itself and pay for those wonderful, marvellous programs the Minister of Employment and Immigration (Mr. Axworthy) has thought up such as LEAP, LAP and so on.

I close with that plea. I do not mean to cast aspersions on the integrity of the Minister of State for Finance or the Minister of Finance, but I for one have listened to speeches identical to his in terms of bringing spending down, reducing the deficit and all those things. I have listened to that same speech essentially at least five times over the last five years. The results have been directly the opposite. Quite frankly, I will wait to be shown because I cannot accept at face value the statements being made. I hope I am wrong; I hope they are right, and I hope for once we will have a Minister of Finance who will put political responsibility ahead of political expediency. But I doubt that, considering what he has done in terms of the National Energy Program. In that respect he has certainly put political expediency ahead of what is good for the country. Thank you, Mr. Speaker.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I hope we would have had a further intervention on the part of government at this stage. After all, it is the government that is trying to justify the authority to borrow. It is not up to the opposition to prove that it should not be given that authority. This type of bill has been pushed into this position because—and this is supported by my memory and participation in debates over a number of years—the government has decided to be cute. This year's effort is an attempt to tuck it into an income tax bill. I do not know where the mandarins in the Department of Finance got the idea that somehow or another they should be able to slide things past Parliament.

Mr. Evans: It is a question of precedent.

● (1510)

Mr. Lambert: It is not a question of precedent, as the Parliamentary Secretary to the Minister of Finance (Mr. Evans) just said. There have been changes in the rules of the House. I remember the borrowing authority and appropriations bills which were debated in the House before 1969, when there was a habit of tucking into a bill and on rare occasions the government would admit to the necessity of increasing its borrowing authority. It is only with the advent of monetary and fiscal mismanagement that we have seen borrowing authorities grow and grow as deficit upon deficit have piled up. It is almost impossible to remember whether the accumulated deficit is $50 billion or $60 billion. What will we be looking at in the accumulative spending programs of the government for this year and next as a result of the pressures of inflation and the ever-present government attempt to scramble and scramble?

I remember in 1963 when the new Messiah on the financial horizon, Walter Gordon, came in with a total budget of $6.3 billion. Since that time we have experienced a continuing escalation of budgetary excesses, notwithstanding the supposed efforts of the present Prime Minister (Mr. Trudeau), who technically heads the administration of today. In a fiscal sense he does not care a tinker's damn what happens to the economy, so beset is he with chasing the greatest red rabbit—and I am not referring to a red herring—of constitutional change down the trail ahead of the Canadian public. Nero fiddled while Rome burned; in an economic sense the Prime Minister is playing entire symphonies of irrelevant music while the Canadian economy is being destroyed. Frankly, the whole

exercise of this year has been a bitter joke upon the Canadian public.

Over the years I have made a number of speeches with regard to the perils of inflation and its results. Our 1971 dollar is now worth 45 cents, and I hesitate to think what our 1963 dollar would be worth. I doubt if it would be worth 25 cents, and that is within the living memories of many members of the House.

As a matter of fact, I hesitate to think what the 1944 dollar—that was when the hon. member for Winnipeg North Centre (Mr. Knowles) came to this place—would be worth today.

Mr. Knowles: It was 1942.

Mr. Prud'homme: It would probably be below zero.

Mr. Lambert: I am sure a dollar from that day would not buy a cup of coffee at the present time.

Mr. Rose: He still has it.

Mr. Lambert: This helps to show the ridiculous position of our finances.

Mr. Prud'homme: What about salaries?

Mr. Lambert: I am glad the hon. member for Saint-Denis (Mr. Prud'homme) is participating. He is suggesting that the salaries of 1942 were lower. That is so, but it is entirely relative; the position has not improved.

Under certain legislation before the House, a superior court judge will be paid $70,000 per year as of April 1, 1979. On the basis of the formula included in that bill—and this is the government's prediction of its control—a simple calculation increases that individual's salary to $195,000 per year, give or take a few dollars, in 15 years.

We must stop and assess what inflation has done. I know the general public has become immune to the thought of the amount of a million dollars. People do not understand what is a million or what is a billion. Government members of Parliament are all too happy to report that the government has committed millions of dollars in DREE grants to their various areas. If I were to try to boast to my constituents, or even to my neighbours, that the government spent that sum of money in our constituency in DREE grants, I would receive a slap in the face rather than an accolade. There is no pride in pouring hundreds of thousands or millions of government dollars into a particular area if it goes toward the establishment of industries without consultation with the concerned provincial government and if it is to the detriment of another area. We have seen, time after time, hundreds of thousands of dollars being spent in one portion of Ontario to establish a new plant which has only meant the closing of another plant. I have seen money spent in areas of Saskatchewan and British Columbia through slush funds, which has resulted in the closing of small factories such as one manufacturing trailers in a small city.

• (1520)

Bitter stories were reported to me by deputy ministers of industry. That was deemed to be progress; it was deemed to be necessary activity on the port of the federal government. It was the knife in the back of communities, because all too often new industry in an area lasted but a few years and then folded. The whole exercise has been a sorry chapter in attempts to alter the market bureaucratically. This cannot be justified, except that people received money and were able to subsist.

We always wonder how much $1 million is. I would say that the average individual has no conception whatsoever of what is $1 million. If a man were rich enough to say to his wife: "I will give you $1 million on condition that you leave and spend $1,000 a day", how many people in this country would love to have $1,000 a day to spend? But the condition here is that you cannot come back until you have spent it. If a person were to spend, on an average, $1,000 a day and stayed away until the whole $1 million had been spent, how long would it take? Do hon. members, and particularly those people who are listening to my voice at this time, have any idea how long it would take someone to spend $1,000 a day until he has spent $1 million? If I told them it would take two years and nine months, perhaps they would have a conception of what $1 million might be.

If, on the other hand, we were to play some other type of financial wizardry and we said to a person, "I will place $1 million in new $1 bills before you, and you can have it if you can tell me quickly how high the pile will be", you would discover that 1,000 new $100 bills would be about three and a half inches high. Now, 3,500 inches would be the height of a stack of $1 bills amounting to $1 million, and calculated in feet, it would be 292 feet. We look at skyscrapers in our average Canadian cities and we find that, apart from two or three major cities, there is no building which would be 292 feet high, because it would have to be a 29 or 30-storey building. That is how high $1 million is in $1 bills.

Then how much is $1 billion? One billion is one thousand million. How many billions of dollars have been asked for in this bill? The bill is asking for $14 billion. If we were to translate that into stacks of $1 bills—

An hon. Member: It would be higher than Jack's beanstalk.

Mr. Lambert: What kind of a forest of skyscrapers across Canada would we have with these stacks of bills? Just imagine, there would be a 29 or 30 storey building for each $1 million, so there would be 1,000 such buildings for each $1 billion.

An hon. Member: What would we use them for?

Mr. Lambert: Now we are saying there would be 14 times that number or 14,000 buildings 30 storeys high. I hope that the average listener can envisage just how much that represents. That is the borrowing authority; it is not how much is being spent. We are spending close to $60 billion a year at the federal government level, or 30-storey buildings of money.

That in itself begs description. It is difficult to imagine 60,000 of such buildings across this country made up of stacks of $1 bills.

An hon. Member: Let's hope there would not be a fire.

Mr. Lambert: In the judges' bill, Bill C-34, the proposed salary is $70,000, but 15 years hence, without any artificial review, it would be $195,000 a year, almost three times as much. That is a factor of 7 over 14, or 1.07 to the fourteenth. Some of us may not see it 15 years hence, but I trust that the majority of members of the House will. My goodness, we will have to have not one desk but two desks in order to accommodate the paper on which to write the numbers. We will have to do like they did in Europe after the war.

● (1530)

[*Translation*]

What did they do in France? They replaced the old francs with new francs. The same happened in Belgium and in Germany.

[*English*]

So, what do you do? You take $10 and you make it into $1. You take the currency and immediately devalue it, or re-value it to one-tenth of its former value. It is like what happened with the lira and the yen. Over the years they have suffered from inflation. This year, as a result of uncontrolled inflation, governments of various countries have, for whatever reasons, absolutely abdicated the responsibility of controlling inflation. This week the British government decided to abolish the pound note, because the pound has become irrelevant in their monetary system. I recall, as a university student, when the pound note was worth $5. As a veteran and student from Canada attending a British university, I was paid my allowance at the rate of $5 to the pound. And 35 years later the pound note is being wiped out because it is irrelevant. It will become a seven-sided brass coin. Instead of showing 20 shillings it will show 20 new pence. That is what inflation does.

The bill before us is a reflection of this kind of inflation. The next thing we will see, possibly, is the 5-cent piece and the 10-cent piece being wiped out of our monetary system because they are irrelevant. The penny is already of no value whatsoever. Hon. members may say, "Why are you harping on inflation?" I am talking about inflation today as I talked about the insidious dangers of inflation back in 1968 when this God-forsaken administration started. The same man who heads the administration today was the head of the administration at that time. He was more concerned about the irrelevancies of what makes this land tick. The average Canadian is interested in his job and whether he has sufficient funds for three square meals a day for himself and his family. He is concerned about having a decent roof over his head. He is the man who represents the earning capacity of this country, not the non-earners, the pre-18s and the post-65s. The wage-earner is the one who bears the brunt of the productive requirements of this country. He is the one who must bear the brunt of supporting the social systems we have in this country.

Depending upon how a country treats this productive force, so shall it succeed in taking care of the rest of its citizens. Frankly, here in Canada we have done a damned poor job. We face a problem over the next 15 years, the likes of which we have not seen hitherto. I am sure the Minister of Finance (Mr. MacEachen) lies awake at night, as do his officials, considering how on earth the Government of Canada will get the money it requires to fulfil its obligations. There never has been a social welfare program undertaken which has subsequently been diminished. Oh yes, it looks good to do these things, but it is like those people who buy automobiles which are beyond their means so they can drive to church and look a bit better than their neighbours, or take holidays which outdo their neighbours. All it means is they are sinking deeper into debt.

We have impoverished the Canadian nation to the extent that nationally we will bankrupt. The thing which bemuses us is the speed with which the carousel upon which we are embarked achieves that end. It is all very well for the government to bemuse the citizens of this country with bread on the one hand and circuses on the other. But the day comes when they have to be paid for, and there is no such thing as money in the sky. There is no magic money tree. Everything one spends has first to be earned. God only knows how it is that we have people in this country and elsewhere with the galloping heebie-jeebies who spend not only this year's money but also the money for the next decade as well. They will not be around to reap the whirlwind. Members of my generation, who came into this House 20 years ago and who, with a few exceptions, are no longer around here, can bear witness to the fact that we have before us a borrowing authority for $14 billion compared with the total budget of $6 billion of those days. At that time $6 billion was deemed to be inflationary. We know that the Walter Gordon years, up to 1967, were highly inflationary because the results of his policies came home to roost in 1968 and 1969.

● (1540)

I recall that in July, 1969, the Prime Minister gave an extraordinary television address which he repeated on occasion thereafter. This was shortly after he had become leader of his party. I remember that in October, 1975, he introduced wage and price controls. I recall that in 1978, right after he returned from the summit conference in Europe, the Prime Minister again moved into the economic field. These three intrusions were unmitigated disasters for Canada. The man did not understand the situation. He spent most of his time offering the people of Canada bread and circuses to bemuse them. Instead of fighting inflation at its beginning, he merely put down cushions here and there. One such cushion is the indexing of pensions. The government has indexed pensions to the point that they are now so much a part of the system that they cannot be removed.

What is the cost for these indexed pensions in the public service and the armed services? When we have almost come to the point of minute-by-minute indexation of social security, the GIS and the war veterans' pension, the government still says that it does not matter, that we can funnel it in and feed

the boiler. But the hard decisions with regard to taking hold of the economy and advising the people that they must make sacrifices to turn the situation around, rather than loading it onto their neighbours, would not win one vote in a barrel of votes. We saw last year the absolutely disreputable way in which the proposal to charge 18 cents for a gallon of gasoline to pay off that absolutely inane, insane subsidy which we pay on gasoline and home fuel oils which we import from abroad was rejected.

In the interval the government imposes price controls on our domestic producers for a resource which is non-renewable. This resource is owned by those producers and by nobody else, but suddenly we have become conscious of sharing when we never heard of sharing before. I have never heard of sharing by making a claim of ownership on my neighbour's assets.

Organizations such as the OECD and the organizations which belong to it say that Canada's policy of paying billions of dollars—and it will escalate—to subsidize people to overspend and over-use petroleum products is the height of human folly. Yet, this administration persists in carrying on with the mistaken view that by keeping prices down we can compete abroad. The proof of the pudding is that those abroad who pay $3 and $4 a gallon for petroleum products are out-competing us in our own backyard.

Mr. Deans: Why?

Mr. Lambert: Because our unit costs of production are too high due to inefficiency of management, production, and distribution within this country and, in addition, in many instances we are a small market competing against the production of a large market. It is ridiculous. Why should the productive surplus of France, Germany, Italy and Japan be able to withstand the cost of transportation, even at the higher rates caused by the high price of transport across the ocean, come into our country and still undercut our own costs? All we have heard today is that this industry and that industry bleeds and import quotas are needed because the industries cannot meet the competition. It depends on whose ox is being gored.

Who says the automobile industry or the farm machinery industry in this country requires particular attention and support?

Mr. Deans: Me.

Mr. Lambert: Why does the textile industry require special support? Why does the furniture industry and the footwear industry require special support when they have the advantage of cheap fuel? This support does nothing but bleed us. The causes are elsewhere. The cause may be that there is too much time lost on down time due to industrial inaction, that management is golfing or curling too much or what have you. But the cost of production is there, and it is too high.

Or is it that our contribution to social services is too high and, as a result, the earning base is being asked to carry too heavy a load? I would warrant that within 10 years to 15 years the earning base of Canada, restricted to those people who are 16 to 18 at the beginning and 65 at the end, will find it such an onerous burden to carry social services for non-earners that there will be a social revolution. Those social services are in the system, and that is why we are asking for borrowing authority of $14 billion this year.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member, but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

• (1550)

Mr. Lambert: I hope hon. members will allow me to speak until the hour of adjournment.

Some hon. Members: Agreed.

Mr. Lambert: I appreciate the opportunity given to me by other hon. members, and I hope that on a future occasion I will have the same benign attitude toward their request.

Mr. Deans: It is not benign, it is benevolent.

Mr. Lambert: I have not been overly partisan. I commend to hon. members the articles written by Don McGillivray who, as a member of the Press Gallery, has become one of the country's most respected economic writers.

Mr. Evans: He seems to think so.

Mr. Lambert: I may not agree with him all the time, but we cannot all agree all the time.

Mr. Evans: He knows as little about economics as anyone.

Mr. Lambert: I should like now to refer to the promises made in the last election campaign by the Prime Minister. Each of the few he made when he was allowed out of wraps has been broken or not fulfilled. First of all, he said that the Liberals would manage more vigorously the nation's finances in order to make more effective use of taxpayers' money. He promised to keep government expenditure growth under the rate of growth of the GNP. The rate of growth of government expenditures this year will be 11 per cent or 12 per cent. The rate of growth of the GNP in real terms will hardly reach 2 per cent. That is promise number one.

I have to laugh at the second promise. "We will achieve energy security at a fair price for all Canadians." The only people who are paying for energy today are the people of the three western provinces and primarily my home province. Under this harebrained program we are paying close to $4 billion to equalize the price of imported fuel, while on the other side of the ledger we are encouraging people to consume. I am sure the hon. member from Miramichi will agree that it has to rank among the most asinine of government policies from the point of view of inflation and within the limits of borrowing authority when we have to go out and borrow $4

billion additional because we want to make the weekend driver feel more comfortable and let him burn more gasoline.

Mr. Dionne (Northumberland-Miramichi): It is not quite that simple.

Mr. Lambert: The hon. gentleman is twinned with Alberta, but ovbiously he has not been out there.

Mr. Dionne (Northumberland-Miramichi): Oh, yes, I have.

Mr. Lambert: Then he has not listened to what the people have been telling him. I should like to invite him to spend two or three weekends in my constituency. I will let him listen.

The third promise the Prime Minister made was to develop an industrial strategy which would provide jobs, growth and increased Canadian ownership and control.

I know what the hon. member for Hamilton Mountain (Mr. Deans) will speak about when his turn comes—industrial strategy. We have not seen one iota of industrial strategy from this government or a strategy which would promote jobs. We have seen a continuing increase in the number of jobs lost. In my province the foolhardy National Energy Program will mean that on a cumulative basis in this year we will lose some 40,000 high-paying jobs.

I listened to the fatuous remarks of the Minister of Energy, Mines and Resources (Mr. Lalonde) when he tried to convince us by reading from *Oilweek* about the number of drill rigs that are working. They are working on contracts from last year, Mr. Speaker. When the new 1981 programs come into effect, things will be different. It takes time to dismantle a rig. How long can a rig stand idle? The minister should listen to the drill rig people. Incidentally, these people are Canadians. Over 90 per cent of the drilling equipment in this country is owned and operated by Canadians, but they are going south of the border. That is denied by the ostriches opposite, those super-ostriches. They would not know what a drill rig looks like or what a service rig looks like. They are being shut down, and the men who take them to the United States cannot work there because the Americans do not allow Canadians to enter their labour market. So these men will be a double burden on the economy. First of all, they are losing high paying jobs, so their taxes are lost, but they still have mortgages to meet, and in the past they have made contributions to their communities. When they return, they will draw unemployment insurance benefits. It is a double whammy against Canada's economy.

We are living in the never-never land of preoccupation with the dross of our constitution and not paying attention to inflation, unemployment, job creation and industrial policy.

Mr. Knowles: I rise on a point of order, Mr. Speaker. Even though they are not now in the House, I should like to congratulate the government whip and his deputy for having corrected a rather disgraceful situation that obtained most of this afternoon. It is true that more than 20 individual members have been in the House from time to time, but for most of the afternoon we were far below a quorum. I was tempted to call it but did not. I hope we will have 20 members here until five o'clock.

• (1600)

Mr. Lambert: You can share that blame yourself, Stanley.

Mr. Collenette: Mr. Speaker, I cannot let the comments of the hon. member for Winnipeg North Centre (Mr. Knowles) go without some reply. While it is true there may not have been 20 members in the chamber at any one time this afternoon, there are many members in the lobby. The rules certainly do permit those people to come in if a quorum is called. I would not want the hon. member to mislead the Canadian public—

Mr. Deputy Speaker: Order, please. The Chair had no call for a quorum this afternoon. The discussion is not in order at this point. At this stage we shall proceed to private members' business.

[*Translation*]

It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions, public bills and private bills.

PRIVATE MEMBERS' MOTIONS

[*Translation*]

Mr. Deputy Speaker: Shall motion No. 24 in the name of the hon. member for Durham-Northumberland (Mr. Lawrence) be allowed to stand by unanimous consent?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Shall motion No. 25 in the name of the hon. member for Cumberland-Colchester (Mr. Coates) be allowed to stand by unanimous consent?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Shall motion No. 27 in the name of the hon. member for York-Sunbury (Mr. Howie) be allowed to stand by unanimous consent?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Shall motion No. 28 in the name of the hon. member for Selkirk-Interlake (Mr. Sargeant) be allowed to stand by unanimous consent?

Some hon. Members: Agreed.

[*English*]

INCOME TAX ACT

SUGGESTED AMENDMENT RESPECTING FILING OF RETURNS

Mr. Mark Rose (Mission-Port Moody) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act to provide (a) an option for spouses to file either a one family form or two single forms depending on the tax benefit (b) a trigger mechanism which would eliminate the current discrimination against single parents who wish to work outside the home instead of remaining on welfare.

He said: Mr. Speaker, some hon. members may wonder why I have chosen to speak on income tax matters while we have an income tax bill before the House. I had no idea when I submitted this motion when it would be called. While it would perhaps have qualified under the rules of order to discuss it at another time, I am pleased to have the opportunity to do so this afternoon.

Both parts of my motion arise from letters that I have received from working people who feel aggrieved by our present tax system. Other members have spoken about the difficulties in our economy and the squeeze this puts on working people. I do not intend to go into that at the moment. However, I will say that even Canada's three support systems, the family allowance, the child tax credit and the tax-saving exemption, discriminate against those working people with families on low incomes. All these measures favour high-income people, as do many of the other systems we have for transfer payments—for instance, unemployment insurance, the Canada Pension Plan, federal and provincial home owner grants, the RRSPs, and the mortgage deductibility proposal of the previous administration. If I need to document those charges, I do not think I would have any difficulty in doing so.

Both parts of my motion deal with the need for quality child-rearing in a child's formative years and with the inability of our present tax structures to deal adequately with these pressing family needs.

Dealing first with the idea of what is called a joint tax return or an aggregate tax system—in some countries an aggregate family tax system—under our present laws there can arise a situation in which one parent working and doing a lot of overtime with only one source of income for the family can pay a higher tax rate than if two parents were working and the children were in some other facility, such as child care, day care, or with a neighbour, which is the more likely case. This motion seeks to amend or relieve what I regard, as do many other people, as an unfair condition.

I have a constituent who is the only breadwinner in his family. He and his wife have decided that while the children are small it would be in their best interests for the mother to remain at home. That is their decision and I would like to underline that point. The man is employed as a switchman in one of the towns I represent. He receives what is considered an adequate wage. By working a lot of overtime shifts he has what is regarded by many as an excellent wage. However, if both husband and wife were working and their combined income totalled the same as his income alone, there would be a substantial tax saving.

What the act does at the moment is to discriminate against those families who prefer to have the mother stay at home and the father work overtime, compared to the situation where both mother and father are working and earning the same total income as the one-earner family. I shall quote briefly from a letter I received from my constituent. He makes some not too flattering comments about politicians and talks about the overtime he works. His letter, in part, reads:

Most politicians (who on the whole are better educated and more economically secure than the average wage earner) frown at people like me, simply saying I contribute to higher unemployment—

The paragraph goes on:

Politicians then turn face and complain of the lack of Canadian productivity in the labour force and yet, because I sacrifice my time with my family and work long, hard hours, I am consistently penalized in many, many ways by the government, without ever being given any incentive to work.

Here is a man who worked 80 overtime shifts last year, yet he is saying he has no incentive to work. He must have some, so I cannot agree with him all the way on that point. His letter continues:

Actually, the true welfare bums are laughing at my stupidity in being "Joe Citizen".

He goes on to recount what he does to earn his income. I will quote a few of the things that he had to say. His letter continues:

As a family unit, my wife cannot afford to work even part-time to supplement our income (instead of my working overtime) because:

a) her wages are much lower than mine (on my overtime)

b) she would not be a deduction on my income tax

c) daycare is overly expensive and negates her income.

He goes on to say how concerned he is about his own children and the strain it might be on his family with the mother working outside of the home. He goes on to say:

I pay more income tax on $28,000 because of my overtime than would a husband and wife earning $14,000 a year each.

He says that at his income tax rate, because he is the only one who works, he pays some $5,800 a year with all his deductions allowed, as opposed to $4,500 if he and his wife were making that same total aggregate amount.

He then talks about what tax write-offs there are for executives and business people earning the same amount. They have transportation allowances and various tax loopholes. I have alluded to some of them. He says these people work eight hours a day whereas he works 16 to 17 hours a day because of his limited skills. His letter continues:

I lose almost all of the child tax credit because I must work overtime. Of my 80 overtime shifts, in fact 30 of those went straight to the government in income tax. I can't get any transportation benefits.

He tells me he lives 30 miles from his job. That might have something to say for those of us who are rushing headlong to raise gas prices. He continues:

The politicians say you choose where you live in relation to your work so that's your problem, despite the low vacancy rates.

He says he prefers to live in a more rural area and drive to work. That is his choice.

I think I have made some case that the Income Tax Act does discriminate. I am also aware that the family aggregate method of filing income tax is not unknown in other countries. I am not saying that it is widespread. It may even be diminishing because it is in the government's interest to collect at least $1,300 more from that man than if both he and his wife were working outside of the home and had their children in some daycare situation.

● (1610)

I do not think I need say much more about that; it deals in at least some ways with the (a) part of my motion. I am calling for the government to consider giving people the option of filing a single form or a joint family form in the aggregate, whether or not the wife is employed outside the home, simply because it is just and fair. If you do not do that, you penalize a lot of people who have made the choice that either the father or mother will remain at home and be involved in child-rearing, either because that is what they like to do or feel they do that best. In case anyone thinks this is somewhat of a slam against those who choose otherwise, I assure them it is not; but the tax system certainly does not favour the spouse for the purpose of child-rearing.

The second part of my motion has to do with a deduction and the way we handle our child care and day care system. I will deal briefly with section 63 of the Income Tax Act having to do with child care expenses. You can deduct child care expenses as long as they do not exceed $4,000. There are other details, but it is essentially a deduction. I wish to underline the point that it is not a tax credit, but a deduction off the top. It is not $4,000 you pay out for day care on the bottom, but a deduction from your tax payable at the top. If your income is $10,000 and you have four children each with a $1,000 deduction, your tax would be based on $6,000 rather than the other way, the tax credit, which I do not need to go into in detail. Most members are aware that the tax credit is much more favourable, favouring lower-income people, than the deductability system. It is my view and the view of many others—is it the hon. member's view?

Mr. Deans: Yes.

Mr. Rose: The hon. member for Hamilton Mountain (Mr. Deans) shares the view that section 63 of the Income Tax Act does not, in terms of fairness, come to grips with the problem.

I have an independent study here. I will not quote from it at length. For an Ontario family of four with one child aged 12 and another 16, with a total income of $7,000 or less, the total benefits under the three family support systems I referred to earlier, the net family allowance, the tax savings for exemption and the tax savings for child credit, amount to $632. For the same Ontario family with an income of $50,000, the total benefit is $970. If that is not discriminating in favour of those with a higher income, I do not know what is. It is a fairly serious problem.

Forty-nine per cent of the women in Canada in the child-rearing years are part of the work force. Of those between the ages of 20 and 44, over 60 per cent are in the work force. They represent parents of nearly three quarters of a million children under six years old. These mothers are working. That is a lot of children who are looked after by some kind of arrangement, often private.

Only 12 per cent of those children are in government day care centres. Where are the other 78 per cent? They are usually with their grannies, with neighbours or somewhere else. Some of the facilities may be excellent, but most are inadequate. They do not have trained child care workers to deal with these children.

There is a woeful lack of facilities. There is also a bias in the Income Tax Act which needs to be changed. The tax deduction system rises with the level of income. I already alluded to that in the quote I just gave. If you have little or no taxable income, you have little or no deduction.

The cost of daycare in Canada averages between $2,500 and $3,500 a year. That is far too heavy a burden for many families. They have gone the babysitter route due to the cost of government sponsored facilities. This is a serious problem.

Most of the money spent by governments through federal-provincial cost-sharing programs goes to the needy. Eighty per cent is used to support single parents in need of day care. We need to change the tax system from one of deductibility to one of tax credit in order to help other low and middle-income families.

I have with me, again supported by a great number of people, the Project Child Care study sponsored by the Metropolitan Toronto Social Council. Here are some recommendations from page 39. I direct this to the attention of Toronto members opposite. They suggest that alternatives to implementing the goals behind section 63 would be to replace section 63 with a tax credit and, second, provide an adequate supply of subsidized daycare. They say more than that, but I will not read any more of this study because time is getting on. They should encourage care-givers to view their operations as a small business by providing clarification of permitted deductions and help with preparing income tax returns.

In order to make the deduction you need to have receipts. As the hon. member for Calgary Centre (Mr. Andre) has said, there is a barter, an underground economy, in terms of tax or lack of tax collected through a cash system which does not allow for receipts. That is the reason it is done that way. That is why so few people can benefit from the deduction.

In both cases, the business regarding the joint return and the change in section 63 to allow for a tax credit, it is important because it has to do with tax advantages or tax discrimination against working people. I would be extremely grateful if the Department of National Revenue would study this and try to ameliorate some of these extremely serious problems on a personal level which have come to my attention. If my constituents are finding difficulty, I am sure the constituents of other members are as well. This is not like a $100 million incentive to somebody to poke holes in the Beaufort Sea; it is a

very human and very important personal matter for Canadian families, both married and single parents.

In summary, I strongly recommend consideration be given to offering a choice to families whether to file a joint return, even if one spouse is not in the labour force, and to making a change from the $4,000 deduction which favours those with higher incomes to a tax credit which gives a half decent break to the lower-income earners of which, unfortunately, there are many in Canada.

Mr. René Cousineau (Gatineau): Mr. Speaker, the two separate propositions contained in the motion of the hon. member for Mission-Port Moody (Mr. Rose) cover a great deal of territory. In particular, the proposal that we adopt the family unit as the basic unit for personal income tax is an idea that is a bit like Pandora's box: it involves a lot more than appears on the surface.

[*Translation*]

Before discussing this matter, Mr. Speaker, I should like to deal first of all with the first part of the motion which calls for the provision of a trigger mechanism which would eliminate what my hon. colleague considers a tax discrimination against single parents who are seeking employment and want to work outside the home instead of staying home and remaining on welfare.

I think the general consensus is that any such discrimination is far from desirable. Our tax system should not make it difficult for single parents who are anxious to improve their situation to seek employment and eventually support themselves. Also, one should not conclude that it is distasteful or improper for single parents to remain at home and spend as much time as possible with their children so as to give them all the attention they require as well as a good family life. This is a most worthy cause which is fully supported by society. I do not think that the public would blame single parents who do this solely in their children's best interests. What must be emphasized is that single parents should have an alternative instead of their activities being hampered or restricted by discriminatory laws.

● (1620)

[*English*]

Having said that, I should add that the Income Tax Act does not create the kind of discrimination that seems to be referred to in this motion. I say "seems to be" because the motion is not clear.

There is a provision in the Income Tax Act which exempts from tax most welfare payments made on the basis of needs tests. This applies both to single parents and to all others receiving social assistance payments. However, I do not think it can be argued that the Income Tax Act is a deterrent to a single woman trying to get a paying job to support herself and her children.

[*Translation*]

Let us consider the basic exemptions and deductions allowed that woman as a wage earner; I will quote figures applying to the fiscal year 1980. Taking into account personal exemptions and other deductions like job expenses, unemployment insurance premiums and Canada Pension Plan contributions, a single person could earn up to $5,104 before having to pay income tax. A single person may also claim for a child the equivalent of a married person exemption. Thus, a single person with two children could earn a little more than $7,800 before having to pay income tax. I sincerely believe that a province would very seldom make welfare payments to single parents earning about $7,800 a year.

Therefore, it is not fair to say that the income tax system discriminates against single parents who are willing to seek jobs and forgo welfare. In fact, the Income Tax Act allows a single parent to deduct up part of his child care expenses while working. We provide assistance to make things easier for single parents willing to work outside.

[*English*]

Let me turn now to a discussion of the first part of the motion before us which proposes the adoption of the family unit as the basis for levying personal income tax. This is a complex question, as the hon. member knows. The proposal raises many important issues, not only economic but also social.

There are arguments that can be made on both sides of the question, but there is one aspect of this motion which I suggest should be rejected out of hand, and that is the idea that married taxpayers should have an option between two different tax systems.

The suggestion is that they should have a choice between filing as a married couple or as individuals, depending on which gives them the most favourable tax break. This is a very unsound principle to introduce into our tax system because it is essentially unfair. It would create a serious discrimination against single persons, who would not have the opportunity this proposal would give married persons, that is, to choose between tax regimes depending on which gives them the best benefit.

It has often been said before that our tax system must be a fair one and that taxpayers must feel that it is fair. Without that feeling of confidence in the system the self-assessment approach on which our tax system is based just will not work. It does not require much imagination by hon. members to picture the wave of complaints there would be from single taxpayers if they were discriminated against in this way. No one enjoys paying taxes, but the process is at least tolerable if we feel that everyone else is paying tax on the same basis.

Turning to the central issue of the family unit as the basis for income tax, I think we must recognize the complexity of the matter. Making such a fundamental change in our taxation system would have widespread repercussions. Our present tax system tends to reflect not only our economic priorities and our

ideas of equity, but also to some extent our social system. The present system takes the individual as the basic unit for taxation. It reflects the historic social reality of the family unit in which there was one main wage earner.

[*Translation*]

Mr. Speaker, there is a tax table which applies to both single and married persons and which enables a married person to claim exemptions for his or her dependants. When a dependant starts earning income, the exemptions are reduced until such time the dependant makes enough money to pay tax on his own income. In fact, Mr. Speaker, a great number of regulations prevent the division of income so that two or more salaried persons in the same family cannot pay less tax by dividing their incomes among the members of the family.

We should recognize that our tax system has progressed in an effort to reflect the family and family income concept, and the best example is the child tax credit, a measure introduced by this government. But there are also other provisions in the Income Tax Act under which a spouse can take advantage of a transfer of income or deduction from the other spouse.

[*English*]

This growing legal recognition of the family as an economic unit has also been evident in recent years in some provincial legislatures which have acted to recognize the equality of the marriage partnership. For some people it might seem a logical extension to apply the same idea to our income tax, and to adopt the family unit and family income as the tax base. In fact, it is not that simple.

The Carter Royal commission on taxation recommended adoption of the idea and put forward a variety of principles it said should be followed in doing so. For example, it said that where an individual and a married couple have the same total income, the individual should pay more tax. But this proposal of the commission was not adopted in the eventual tax reform of 1972. One of the reasons was that, although the commission's various principles for family taxation were aimed at achieving tax equity, they also would have led to great complexities in our tax law.

Since the Carter commission reported, there have been other serious representations along the same line. Not long ago the joint taxation committee of the Canadian Bar Association and the Canadian Institute of Chartered Accountants said married couples should have the option of filing joint tax returns.

[*Translation*]

Mr. Speaker, this position is the subject of much controversy. Women's groups who work for equality of women are strongly opposed to a joint return for married couples, as they argue that such a system would benefit the wives. In a family where both spouses work, chances are that the wife's income will be lower than that of the husband, and under the present Income Tax Act, her taxes would be lower than her husband's. If their incomes are put together and taxed as a single income, the result would be that the husband would pay less taxes and the woman would no longer pay any.

● (1630)

[*English*]

Women's organizations are also concerned that adoption of the family unit for taxation could mean a working couple might be paying a higher tax on their combined income than they would if they were earning the same income as single taxpayers. This so-called "tax on marriage" is just one of the social repercussions at which we would have to look very closely before adopting the policy advocated in the motion before us today.

Mr. Rose: That is not correct.

Mr. Cousineau: I would ask the hon. member to listen to my remarks, as I listened to his.

Mr. Rose: You are very interesting.

Mr. Cousineau: I thought I was, but it seems I am not.

Mr. Rose: You are, you are fascinating.

Mr. Cousineau: This situation could grow even more complex when we come to write a legal definition of family. The tendency has been to think of the traditional family unit as husband, wife and dependent children. But in writing this new income tax law, there would be some tough questions when it comes to other family groupings. For example, there are common law unions. How should we treat adult brothers and sisters living together as family units? What about religious communities? All these units may be pooling their earnings and resources in mutual support in the same manner as the traditional family unit.

There are other questions which must be addressed. For example, where a spouse, generally a woman, works at home on behalf of the family, she is not generally paid for her housekeeping work, nor is any tax paid on the value of this contribution to the family. If we start taxing the income of the family unit, should we include the imputed value of these services? Many questions have been asked.

[*Translation*]

However, in closing, I would like to say that I do not pretend to know the answer to all these questions, but that all these arguments show what a complex social and economic impact the approval of this motion would have. On the other hand, and I ask my hon. colleague of the New Democratic Party to listen carefully to this, I believe that it would be premature to reject this whole concept of family taxation without giving it further consideration, as we would need a public debate before making such a basic change in our income tax legislation.

[*English*]

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I do not intend to take a great deal of time, but I want to speak about one particular aspect of the problem confronting families

which go from being two-parent families to being single-parent ones. In particular I want to speak about a very hypothetical—but obviously real in terms of the numbers in the country—single-parent family, mother-led, and the problems confronting her as she goes about trying to hold together the family unit with which she has been left, for whatever reason.

I want to begin my comments by reiterating what my colleague said in his speech today. It is important that we attempt, in whatever way we can, to encourage people to be involved in the economics of their own lives. We want to encourage people, wherever possible, to be a part of the work force and to be self-sufficient. We ought not to place impediments in their way. We ought to ensure, when we look at the combination of income support measures, together with the possibilities of employment within the work force, that there are no impediments. We ought to ensure that there are no unnecessary impediments in the employment system, the tax system, mother's allowance or other programs and that we do not lock people into poverty as a result of the systems we create.

The trauma for a woman who is suddenly faced with the problem of raising her family by herself is immense. The difficulties she must confront are almost impossible for many of us who have not had the experience to comprehend. Therefore, I want to suggest that we should do whatever we can in order to encourage that woman to get over the initial difficulties, to go on from there and to take her place in the work force. She must provide for her family during the time they are living with her as well as for her security in the future.

I should like to refer to the mother's allowance system of the province of Ontario. It pays a base amount for the woman and for each child. A woman with three children would perhaps receive $600 per month. I am not suggesting that is the actual amount; I use it only for the purpose of this argument. As the children grow up, the amount is decreased. When the children reach ages where they are seen to be self-sufficient, or as each child leaves the home, the amount is decreased.

If a child earns some money or the woman obtains a part-time job, the amount is decreased. The problem with the present system is that the woman is locked in; she is not encouraged to work. If she goes out to work, the amount of her mother's allowance is reduced if her income exceeds a very minimal limit. In the final analysis, by the time she pays her additional costs, she is no better off working. But, in the long run she would be better off working if she could see hope down the road.

If a woman in her late twenties or early thirties is left at home with three small children, she is given an allowance which is just enough to make ends meet. Her budget does not include setting aside money for a rainy day, to cover the cost of hockey sticks and uniforms for the children, to pay for the children's trips to and from the science centre, if they do not live in metropolitan Toronto, or for their trips to other attractions which other school children attend. She has only what is required to meet her day to day, week to week, or month to month commitments.

When she looks at the possibility of employment, she discovers that the income she will receive, particularly if she is working part-time because she wants to spend some time with her children, is lost on the allowance side. Therefore she chooses to stay on mother's allowance during the time her children are small in order to rear them properly because, as my colleague said, there are no proper daycare centres. It is very difficult to find them in many communities. Then the woman is in a bind every time a child reaches the age of being considered no longer dependent, the amount she receives is decreased. So, after a few years, the amount she receives for her three children is decreased to the amount for two, but she is still basically responsible for the same rental and costs of the necessities of life. When her next child grows up, her allowance is based on only one child in the home, and when the final child leaves, she ends up not qualifying for mother's allowance. By that time, instead of being 28, 32 or 34, she could be 48 years of age. Then where does she go to find a job? Her marketable skills when she was in her twenties, with which she could have found some part-time work, are no longer saleable.

She was not given the opportunity to maintain or further develop those skills so that they would be marketable and useful throughout her life and when her children leave home. So, at the age of 48 or 50 she ends up without the skills to find a job of any worth, and in fact on welfare, where she never wanted to be in the first place.

We have devised a system which does not take into account the problems faced by the single-parent family.

• (1640)

Most of us here think it would be better for the future of the woman to whom I referred, for her retirement years if nothing else, if she was part of the work force and therefore eligible to receive a pension and live in reasonable comfort. But aside from all of that, there is a problem which the children have to confront, because not only do they not have two parents like other children, but they are also faced with the fact that insufficient income is coming to the family to enable them to take part in the kinds of activities in which other children in our society take part.

When my colleague raises such a matter as this one and suggests we take a look at it, I am pleased at the government's response that it will not reject it out of hand, because we in the House have to sit down at some point and take a look at the way we develop programs for the support of people, and we must recognize that there are people who, through no fault of their own, are placed in situations for which they could never have planned and which do not fit into the system which currently exists.

In the case I mentioned, there is no reason why we cannot find a way to assist, in the case of a divorce. She will have to take on the burden of looking after the children by herself, of being her own handyman, of doing all the things which previously two people did. In the case of marital discord, in many instances there is at least a certain amount of opportunity to share the burdens of day to day life. I am suggesting

that we should find time to take a look at the Income Tax Act and compare its impact with the social service programs which are available in all the provinces of Canada and in the territories. We should weigh that against the deduction system that is available in the Income Tax Act, and we should try to devise a way which will, in the first instance, provide a sufficient amount of money in the period immediately after the family has broken up, through death, separation or divorce, and beyond that, find a way to integrate the social service program with entry into the work force to avoid dramatic reductions in income at a time when people are trying to find their way.

Also, we should attempt to co-ordinate what goes on across the country so that we can enable people to feel comfortable in the post-trauma period in the knowledge that they will not be faced with unnecessary hardship, that they will be able to meet their obligations, that they will be able to turn their attention to providing for their children and themselves and to meeting their obligations. At the same time we must make sure they are encouraged to seek out new training to find jobs or to upgrade their own qualifications to fit into the marketplace or to find part-time employment relevant to the employment opportunities of the day so that they do not become trapped by a system which, in the final analysis, degrades them.

In essence, that is what my colleague refers to in the second part of his motion this afternoon. At least that is what I see as being a major problem for families. It often becomes an even greater problem particularly when the mother is the single parent. It is another kind of problem when the father is the single parent because he is expected, by conventional norms, to stay at work. No one responds in a positive way to a father who suggests he should stay home with his children and raise them, even though, when asked privately, everyone can see merit in having someone at home with children in their early years. On the other side of the coin, the father is required to find assistance in raising the children if he cannot find a nursery or a pre-school program, and he has to pay for it out of his income. Even though a tax allowance is granted at the end of the year, he has to find the money throughout the year, at considerable personal sacrifice, in order to reach the point at which he can claim it in his income tax return.

I do not think we have given nearly enough attention to those problems. What happens is that this sits badly on the conscience of people, it worries their minds, and either they do not work well at their place of work or they do not provide well for their children because of their ongoing concern about trying to meet their obligations.

In my contribution to this subject I want simply to say to you, Mr. Speaker, that we need more opportunities to address these kinds of problems. What my colleague has done today is open the door, thus allowing: for the consideration of one particular aspect of the problem of families as it relates to the income tax. I suggest that that door might be opened even further and that we should take a hard look at the difficulties of the mother who finds herself attempting to raise her children, who desperately wants to be a useful part of society and, who would like to work and use her skills and yet cannot enter the work force because she cannot afford it and is not encouraged either by income tax exemptions, employment opportunities or the social service system. In the final analysis, she ends up as a welfare recipient which, I might say, she never intended to be in the first place.

I hope that over the course of the next year we in the House might go, in more detail, into the integration of those systems, try to find out what happens in each province and how we can co-ordinate federal income tax provisions and federal assistance programs for employment in an attempt to rationalize them in order that every Canadian may be given the same kind of support when the same circumstances prevail and that every Canadian may be encouraged, in those circumstances, to believe that they will be back in the mainstream of society.

We would like to encourage Canadians to be self-sufficient, as most of them want to be, but they should also know that at least they have something on which to fall back in the event they are unable, temporarily or for some good reason, to meet their own expectations as well as those of others.

I certainly appreciate, Mr. Speaker, having had the opportunity to express my thoughts.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I found the remarks of the hon. member for Hamilton Mountain (Mr. Deans) to be somewhat confusing and perplexing, because I believe the hon. member was implying in his comments that there are some real points of discrimination against single parent families when the single parent is working outside the home, as compared to a person who is on welfare and by choice staying in the home to take care of children.

I know there are problems. Some of the social organizations have put before us their impression of what some of these problems are, and I think they have to be dealt with, but I suggest that the proper way to take care of these problems is not through modifications to the Income Tax Act because it seems to me that right now the Income Tax Act does not contain discriminatory provisions with regard to single parents, as was alleged by the hon. member for Hamilton Mountain.

● (1650)

I have looked at the act and have been doing some work with respect to it as of late. I cannot find the kind of discrimination which the hon. member alleges. It seems to me there is no single provision in the act which distinguishes between a single parent working outside the home and a single parent who is home on welfare. I think the point, put by the hon. member was that perhaps there should be some discrimination in favour of a person going out into the labour force, if I am reading him correctly. If that is the case, I might have some difficulty with that as well, because I would not say that the tax system should discriminate in such a way that a single person who wishes to stay at home and raise children should be discriminated against and that this should be incorporated in some way into the income tax system. If we wish to do that as

an explicit statement of social policy through the form of direct payment, that is one thing but it seems to me that a tax system should be as neutral as possible, and progressive at the same time. In other words, it should affect everyone in the same circumstances in the same way. It should not be used as a means of discrimination.

I know of a number of areas in which, over the years and through various forms of modifications to the tax system, possible areas of discrimination have crept into the tax system. I am sure hon. members opposite will bring that to my attention.

I agree with the hon. member's earlier comment that there should be a broad review of the whole income tax structure to ensure that it continues to be a good example of equity and giving equitable treatment to all Canadians who are in similar circumstances under the system.

As I was saying, there does not appear to me to be any discrimination in the act directly with respect to the two groups about which I was speaking, single parents working outside the home and single parents at home on welfare. To the contrary, there is a provision allowing for the deduction of expenses incurred by a single parent for the care of his or her child while that parent is working, within limits. So there is some provision there which would give relief to a parent who wishes to go outside the home to work. This provision is particularly aimed, of course, at helping single parents who wish to enter the labour force.

There is another provision under which a single parent can claim the equivalent of a spousal deduction for one of his or her children. The practical effect of this is to increase basic exemptions for such a person, thereby allowing higher levels of earnings to be tax-exempt, again encouraging entry into the work force.

I should also note that for both the single working parent and the single parent on welfare there is no difference in personal exemptions allowed. So there is no discrimination on that point.

The only other relevant provision in the Income Tax Act is an exemption provided for most welfare payments which are made on the basis of a needs test, as was mentioned by the hon. member for Gatineau (Mr. Cousineau). This provision applies to all recipients irrespective of whether they are on social assistance or whether they are single parents, working or not.

I suggest that if there are legal discriminations or discouragements against single parents getting off welfare and getting out to work, they do not lie in the Income Tax Act. As I said, there may well be problems relating to the way provincial programs of social assistance are applied and the way in which such payments are cut back to reflect job earnings of the person who has been on welfare. I think that is a serious problem. In some cases we see in our welfare laws mechanisms whereby if a person decides to take on work, earning additional dollars, there is a one-for-one offset against the welfare payment.

Effectively, if you are earning $6,000 or $7,000 a year on welfare and if you go out to work, for every dollar you earn you lose a dollar of welfare benefit. Where, then, is the incentive to work?

Mr. Deans: That is what I was saying.

Mr. Evans: The hon. member says that is what he was talking about. The question I ask him is this: should the tax system take the approach that if a person is on welfare and if he goes out to work to earn additional money, those additional moneys should be taxed in a different way? I would like to address the subject of joint filing, about which the hon. member for Mission-Port Moody (Mr. Rose) was speaking, in a moment, but let us suppose what I said a moment ago was the case. Let us suppose a husband is out earning $5,000 and the wife goes out to work. Then, effectively, you have a joint system set up whereby the family would be taxed as if it made $10,000. But if the person was on welfare and went out to work, you could have a system whereby that person, although they made $10,000 through welfare and through work, the welfare would not be reduced by the amount earned and the tax would not apply. So you could have a system of discrimination set up in that way.

Mr. Deans: We need to have another forum for discussion. There must be an exchange.

Mr. Evans: I agree with the hon. member, we should have another forum for discussion. I hope that opportunity will arise.

I would like to turn now to the proposition put forward by the hon. member for Mission-Port Moody with regard to the tax structure and the possibility of individuals being allowed the option of filing either jointly or as individuals. In some rare circumstances I can see where there might be an advantage if one were to have a system of joint filing as opposed to a system of individual filing. The hon. member put forward the possibility that this could be triggered on an optional basis, the choice being made by the individuals involved. The hon. member for Gatineau, who spoke earlier, suggested that kind of choice in our tax system—where the individual selects the tax base which is most appropriate or in his best interest, from the point of view of which method leads to the lowest tax—would implement in our tax system a basic form of discrimination, which I do not think should be allowed, and which he also did not think should be allowed. Either we have a system whereby individuals file separately or we have a system whereby individuals file jointly. It does not seem to me to be in the interests of equity to have a system whereby the individual can select the basis upon which he will be taxed, from the point of view of which system will provide the lowest rate of taxation.

Given the progressive nature of our tax system, though, two people filing separately, as the hon. member for Mission-Port Moody pointed out, versus the same two people filing jointly, will pay lower taxes under the current system. The current system is, in fact, more favourable to two people filing separately than it would be if those two people filed jointly,

because of the progressive nature of our tax system and the higher marginal tax rates as income increases. So if two individuals earn $15,000 and file separately, then they will end up with more after-tax income to spend than if they filed jointly and were taxed as though they were earning an income of $30,000. That is the situation we have now. It seems to me that is advantageous to the individuals. Of course, to a single parent it really has no relevance because there is only one income in that situation in any event.

I am sure the hon. member for Mission-Port Moody would not suggest that two people earning the same income as one—in other words, two people earning $15,000—should pay the same income tax as one person earning $30,000. That would seem to fly directly in the face of the progressive tax system which we have instituted to promote equity. I am sure Canadians would not feel that would be a fair tax system.

[*Translation*]

Mr. Deputy Speaker: The hour provided for the consideration of private members' business has now expired. It being 5 p.m., this House stands adjourned until Monday next at 2 p.m. pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 2, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HOUSING

STANDARDS FOR INSULATION CONTRACTORS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise under the provisions of Standing Order 43 to propose a motion of urgent and pressing necessity. In view of the widespread complaints being registered about unscrupulous insulation contractors who are taking advantage of the CHIP program to defraud both the federal government and home owners, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That installers of insulation under the CHIP program be required to conform to the stringent standards of safety and quality including the minimum R-value rating, material restrictions, mandatory fire-stops, attic vents, electrical fixture shields and vapour barriers and that the minister responsible be hereby instructed to enter immediately into an agreement which would empower municipal building inspectors to certify all installations as a condition of approval of payment to any contractor from CHIP program funds.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXCISE TAX

CALL FOR RESCISSION OF TAX ON NATURAL GAS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, under the provisions of Standing Order 43 I rise to present a motion of urgent and pressing necessity. Whereas price increases of natural gas drastically affect chemical and fertilizer prices which promote more summerfallow and less extensive use of land, which means less production, lower dollar return, less machinery purchased and fewer manufactured goods used, all of which tighten the cost-price squeeze on Canadian farmers and affect adversely almost every other industry in Canada, I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House recommends strongly to the government that the natural gas excise tax be rescinded at the earliest possible time; and failing this complete cancellation of the excise tax, that the excise tax at least be cancelled where the gas is used in any form of agricultural production.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HEALTH CARE

RENEGOTIATION OF FEDERAL CONTRIBUTIONS—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, in view of the fact that at this particular time the province of Ontario is experiencing a strike in its health care system brought on by the financial starvation of the provincial health care system through mindless, callous restraints on the part of the government of Ontario, I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That the federal government, in renegotiating the Established Programs Financing Act, put the health of Canadians first by (1) not negotiating with a view to compounding the errors of various provincial governments by trying to cut back on their own contributions to health care; and (2) assure this House that they will not act unilaterally at any time to reduce their contribution to health care.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

POTATO PRODUCTION AND MARKETING—MOTION UNDER S.O. 43

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, under Standing Order 43 I should like to move a motion on a matter of urgent and pressing necessity. In view of the fact that the National Farm Products Marketing Council, in its December 15, 1980, report on potatoes made public today by the Minister of Agriculture, refers in a most serious manner to the occurrence of questionable marketing practices, that these are widespread, and that fear of reprisal prevented many producers from speaking at the public meetings which

were held, I move, seconded by the hon. member for Northumberland-Miramichi (Mr. Dionne):

That the federal government establish immediately a commission of inquiry into all aspects of potato production and marketing in Canada, as it promised to do during the February, 1980, election campaign.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

SETTLEMENT OF CLAIMS IN MATAPEDIA VALLEY, QUE.—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, pursuant to the provisions of Standing Order 43 I seek the unanimous consent of the House to discuss a matter of urgent and pressing necessity.

Considering the demonstrations and the revolt which occurred over the weekend in Quebec's Matapédia valley, and considering that the Minister of Regional Economic Expansion (Mr. De Bané) seems unable to forget his personal rivalry with Quebec minister Bérubé, I move, seconded by the hon. member for Okanagan-Similkameen (Mr. King):

That the House give the minister one week to settle the conflict, otherwise he should be transferred to other duties where he will not have to deal with the government of Quebec.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: No.

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[*English*]

BANKRUPTCIES

REPORTED INCREASE—CALL FOR CONDEMNATION OF GOVERNMENT—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that total bankruptcies in Canada are up 17.3 per cent in 1980 as compared to 1979, as reported by the Department of Consumer and Corporate Affairs, and in view of the fact that individual bankruptcies are up 23.4 per cent and business failures up 28.9 per cent from a year earlier I move, seconded by the hon. member for Athabasca (Mr. Shields):

That this House condemns the government for its failure to show compassionate consideration to those many Canadians facing bankruptcy because of this Liberal government's lack of a comprehensive economic policy, in its recent budget, to deal with record high interest rates, record high unemployment, and record high inflation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

POTATO MARKETING—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, in accordance with the provisions of Standing Order 43 and to follow up on the motion of my colleague across the way who raised the question of the potato marketing agency report, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House calls on the Minister of Agriculture to receive the report of the National Farm Products Marketing Council on the establishment of an eastern Canadian potato marketing agency with respect, and to introduce legislation to establish a national Canadian potato marketing commission with supply management powers so that we can proceed to put in place a proper solution to the problems of the potato industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

INDIAN AFFAIRS

HEALTH CARE SERVICES TO JAMES BAY CREE—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion. It appears that the province of Quebec has reneged on the terms of the James Bay and Northern Quebec Native Claims Settlement Act resulting in 6,500 Crees of the James Bay territory being virtually without medical services since October last. The act clearly states that, in the event of inconsistency or conflict, the federal government under the terms of the Indian Act is to resume responsibility for medical care to the Cree people. No such aid has been forthcoming. A number of Cree children died last summer due to an epidemic of gastroenteritis. The recommendations of an investigating team of scientists have not been implemented and thus we can expect more deaths in the near future. Therefore I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That this House instructs the chairman of the Standing Committee on Indian Affairs and Northern Development to seek immediately a reference that will enable the said standing committee to investigate this disgraceful and unacceptable situation before more children needlessly die.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

PROPOSED LEGISLATION RESPECTING IMPORTATION OF MEAT—MOTION UNDER S.O. 43

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, under the provisions of Standing Order 43, I rise on an urgent matter respecting our Canadian beef cattle industry. In view of the government's decision, announced by the Minister of Agriculture (Mr. Whelan) and the Minister of Industry, Trade and Commerce (Mr. Gray) last December 31, that no Canadian beef import quotas would be in place for 1981, and, further, in view of current heavy imports of U.S. fat cattle at 6,000 to 7,000 head per week, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the Minister of Agriculture take immediate steps to have his meat importation bill, C-46, introduced for a quick second reading debate and referral to the Standing Committee on Agriculture, so that a proper debate on beef imports can take place as a necessary step to the establishment of Canada's first meat importation act.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

SOUTH AFRICA—CALL FOR CONDEMNATION OF ACT OF AGGRESSION—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise today on a matter of urgent and pressing necessity. In view of the strike into Mozambique carried out by the South African government on Friday, January 30, which resulted in the deaths of eight persons, and considering the stated intention of the South African government to follow up its raid on Mozambique with continued attacks on neighbouring countries, I move, seconded by the hon. member for Regina East (Mr. de Jong):

That this House condemn South Africa's act of aggression against Mozambique, which constitutes a violation of the territorial integrity of a sovereign and independent state; and call upon the South African government to cease immediately such attacks on neighbouring states, which destabilize the entire southern African region and promote a situation of war.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

LOCATION OF AIRCRAFT ASSEMBLY PLANT—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The Minister of Industry, Trade and Commerce (Mr. Gray) has finally announced that Downsview is to get the new Dash-8 assembly plant. No matter how surprised 20 other cities were that they lost out to the three cabinet ministers from the York region, it came as no surprise to Peterborough. We have observed pork-barrelling before with Parks Canada and Eldorado Nuclear Limited, both going to the ridings of Liberal cabinet ministers in Cornwall and Blind River. I move, seconded by the hon. member for Durham-Northumberland (Mr. Lawrence):

That this government stop listening to the needs of its own cabinet ministers only and recognize that there are regions of the country other than those represented by Liberal cabinet ministers and Liberal members that warrant the attention of this government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

REPORTED STATEMENTS BY PRIME MINISTER FOLLOWING MEETING WITH BRITISH PRIME MINISTER

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Prime Minister. He will recall that on June 25 last, outside No. 10 Downing Street in Britain, he was asked:

So Mrs. Thatcher in fact said there would be no problems under any circumstances in giving British consent to patriation?

The Prime Minister of Canada replied:

She didn't say that and I didn't ask her to say that.

Could the Prime Minister of Canada tell us whether the House of Commons can accept as the truth his statement of June 25?

● (1415)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have the transcript. May I just reread the question:

So Mrs. Thatcher in fact said there would be no problems under any circumstances in giving British consent to patriation?

Mr. McKinnon: Read it all.

Mr. Trudeau: Well, the Leader of the Opposition just read it all. I want to know what I said Mrs. Thatcher said. It is not customary, when I afterwards meet the press in a scrum, to go into any details about what transpired in a discussion between two Prime Ministers or two heads of government. I was following this line at that point. I was following it in agreement with the British Prime Minister, that we would not get into details on this question. That is the reason why, when I came out from Downing Street, I did not go into any details. I put my customary brave front on by saying that the package was so good that the provinces would agree, that I was a Liberal, I was optimistic and I was confident that this whole thing would go through. This is what I told the press.

I have since indicated that in the private meeting—and in this I am not purporting to speak for Mrs. Thatcher, I am speaking for myself—I made it clear to her that we would be proceeding with or without the consent of all the provinces.

Mr. Clark: Madam Speaker, if the Prime Minister emerging from a meeting with another Prime Minister wants to say "no comment", he says "no comment". What this Prime Minister said was that the Prime Minister of Great Britain did not say there would be no problems under any circumstances and that he did not ask her to say that. That was his statement on June 25. We now have a different version of the truth here in the House of Commons today. The Prime Minister, again referring to the transcript of his remarks when he did not say "no comment" but answered specifically, according to documents released by his office, was asked the question:

Do you think that there could be any difficulty in Westminster if the Canadian provinces and the federal government themselves are still at odds over the situation?

The Prime Minister of Canada replied to that question by saying:

Well, that's a hypothesis that I didn't ask her to examine—

He said quite explicitly that he did not ask her to examine that hypothesis. He also said quite explicitly, "I don't believe she did examine it". Can we accept as being the truth that statement by the Prime Minister of Canada on June 25?

Mr. Trudeau: Madam Speaker, I can only ask the Leader of the Opposition to read on, where I said after the words he quoted:

I assured her that next September I will be meeting the premiers after a full summer of work and that we hope to come either in the fall or later in the course of the next year with proposals which, I hope, are a final recourse to the British Parliament to end this situation . . . I'm optimistic about that and I didn't ask her to speculate on any other hypothesis.

I was saying then what I have always said for the past ten years, that I hope to proceed without opposition from the provinces, that I hope to have a consensus. That is why in the past ten years we have never moved to Great Britain, because we did not have the unanimous support of the provinces.

I was still saying that publicly in June to the press and to others because I did not want to make it obvious then that we were not hopeful about consensus, that we were determined to go even if the consensus did not exist. This is what I was saying publicly to the press in scrums and in press conferences. I repeat, this is what I have been saying for the past ten years. I was saying I was a Liberal, that I was optimistic, that I was hopeful in the course of the summer the Minister of Justice and his opposite numbers would put the piece together. That is what I was saying publicly.

Privately, I have told the House that I warned Mrs. Thatcher that we had never had unanimity for 53 years and it was possible, indeed quite likely because we had a separatist government leading one province, that we would not get unanimity. I stand on that, Madam Speaker. I can only say that until Mrs. Thatcher is prepared to say the contrary, and my word must stand. If she says she will not comment because she will not reveal a confidence, I hereby authorize her to say the contrary, if it is true.

The House has been told, and I repeat it today, that I told her there would likely not be unanimity and I did not know if there would be full consent of the provinces, but that we would come nonetheless in September or at some point in the course of the following session. I recognized when I talked to the press that I was still putting on perhaps the show of hoping against all hope that, in spite of 53 years of failure to get unanimity, perhaps we would get it this summer.

● (1420)

Mr. Clark: Madam Speaker, the Prime Minister calls it a "show." Other people would call it other things when someone says one thing publicly and a different thing privately, which is what the Prime Minister has done.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister has made it clear, at least in public, that he did not ask the Prime Minister of Great Britain to examine the hypothesis of there being disagreement in Canada which, of course, was what resulted. Let me ask the Prime Minister a question about an apparent attempt at clarification that occurred. Can he tell us whether there has ever been a written request by the Canadian government to the government at Westminster to clarify in writing how Westminster would proceed with a joint resolution on the Constitution from Canada and, if there was such a written request, will the Prime Minister tell us both when the request was made and the reply was received, and will the Prime Minister table the written request and the written reply so that this House of Commons and the whole country will know if the reply was limited to assurances that the joint resolution would simply be presented, not passed, to the Parliament at Westminster?

Mr. Trudeau: Madam Speaker, as to the introduction to the question by the Leader of the Opposition, he reproaches me for saying one thing privately and another publicly. I ask him and the House, in fairness, what would the reaction of the provinces and the Leader of the Opposition have been had I come out of a meeting with the British Prime Minister and said: "We will act whether the provinces agree or not"? He knows very well—

An hon. Member: That's what you are doing anyway.

Mr. Trudeau: —they would have said it was a provocation; there they are already in June saying our Minister of Justice will fail, and so on. I said publicly what I hope still to be the case, that there would be an agreement between the provinces. I repeat, I did not say publicly—and even with hindsight I do not think it would have been wise to say so—that indeed we had speculated on the fact that some provinces might disagree with the package, because then I am sure we would have had howls from the premiers and howls from the Leader of the Opposition, as he has howled before, Madam Speaker, at what he called provocation of the premiers when we announced in advance that maybe success will not take place.

In so far as his question about the written request is concerned, I confess I do not remember any such written request. I will check my memory and with my officials to see if there has been a written request to that effect to the British Prime Minister or to any previous British prime ministers. I do know that I would not even ask for that. I just said that we would take it as required that if they get a request from the Canadian Parliament they will have no choice but to act.

An hon. Member: And the reply?

Mr. Trudeau: The reply was that she agreed with that.

Mr. Clark: Without extending this too long, Madam Speaker, I think in terms of preface the Prime Minister of Canada should follow one rule, and that is that the Prime Minister of Canada should tell the truth. That is the rule that should be followed.

Some hon. Members: Hear, hear!

● (1425)

Mr. Clark: Madam Speaker, as to the question of any communication I ask the Prime Minister also to check with his Secretary of State for External Affairs, who said yesterday that such a letter had been received. I refer to a request made and a letter in reply received from Westminster. What I now want to have from the Prime Minister is an assurance that, once the Secretary of State for External Affairs is proved to have been stating the truth yesterday in his television interview, that letter and any written request occasioning that response will be tabled here in the House of Commons so that everyone will know all of the truth and all of the nuances which existed in that exchange of correspondence.

Mr. Trudeau: Madam Speaker, the Leader of the Opposition asked if we had made a request in writing and had received a reply, and I said I could not remember any. Now the Leader of the Opposition is asking something else. He is referring to a letter to which the Secretary of State for External Affairs referred. It was a letter from the British Prime Minister. In it she said in essence what every British minister has said—and what the Prime Minister herself has said since the beginning—that the trouble was with the timing, not with the substance, and that they had no doubt that with a request from the Canadian Parliament they would have no choice but to put it through. She did say, as I told the House Friday, that the ministers had been told in September or October that with a charter in the package it would be more difficult. That was the position the British Prime Minister took.

Mr. Clark: Will you table it?

DATE OF PREVIOUS DISCUSSIONS WITH BRITISH MINISTER

Hon. Jake Epp (Provencher): Madam Speaker, my questions are also addressed to the Right Hon. Prime Minister. In view of the statements he has just made regarding the exchange of correspondence, I request that he table that correspondence.

I would like to ask the Right Hon. Prime Minister on what date or dates he last met personally with any member of the British cabinet, at which meeting, or meetings, Canadian constitutional matters were discussed. Who was the minister, or ministers, he met with, and where?

An hon. Member: Order paper.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I could not give the exact date from memory. If the hon. member had given me notice I would have been able to tell him, but I believe it was some time in December. It might have been late November, but I think it was some time in December, and the minister in question was the then minister of defence, Mr. Pym.

Mr. Epp: Madam Speaker, that is the meeting to which I am referring, the meeting which took place on December 19, 1980. At the meeting of December 19, 1980, in Canada between the Right Hon. Prime Minister and the Right Hon. Francis Pym, did the Prime Minister express to Mr. Pym the extreme concern in Canada about proceeding with the constitutional resolution as planned by the government?

Mr. Trudeau: Madam Speaker, once again I want to point out to the House that it is not customary for me or, I hope, any of my interlocutories, to give details of conversations held in private between a head of government and another head of government or important minister on a visit to Canada.

I regret that this has resulted in some lack of candour in discussing afterwards with the press what took place in the case of Downing street. I would like to take the same attitude

with regard to the meeting I had with Mr. Pym in December. I am prepared to break this rule if the House forces me to, as was the case with respect to my discussion with Mrs. Thatcher. I do not think it is proper. I think that if the British government had any doubts about the course of action we are taking, they would have told us that they would not pass the resolution if it contained this, that or the next thing, but that they would pass it if it contained something else. I personally do not think that would be a proper attitude for the British government.

● (1430)

That is also the way that the present British Prime Minister thinks and the previous British prime minister thought, and that is why it seems to me that, so far as we are concerned, the matter is now settled. The British have told us that they would receive a request from the Canadian Parliament and that they would act on it; that if the package contained certain things, it would take a little more time. But there was never any question that they would look through the resolution to see if it was well founded, justified or acceptable to them.

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NATIVE RIGHTS

AGREEMENT WITH COMMITTEE FOR ORIGINAL PEOPLES ENTITLEMENT—GOVERNMENT POSITION

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, in the absence of the Minister of Indian Affairs and Northern Development, my question is directed to the Prime Minister. On October 31, 1978, the government signed an agreement with the Committee for Original Peoples Entitlement to settle Inuvialuit land claims. In the January 16, 1981, edition of *News of the North*, the Minister of Indian Affairs and Northern Development is quoted as having stated in a letter of December 24 to the federal government's chief negotiator that:

—some parts of the agreement-in-principle, signed between the Committee for Original Peoples Entitlement (COPE) and the government, are not acceptable to cabinet and must be changed before a final agreement can be reached.

It seems that this government intends to repeat—

Some hon. Members: Question.

Mr. Manly: —the awful mistakes of the past. Does the government intend to honour the agreement with COPE of October 31, 1978, and has any agreement been reached by cabinet to renege on the provisions of the agreement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I apologize but, not having been briefed on this question, I do not have the answer. However, I will be happy to transmit the question to the minister, who is on his way back from his home in Hamilton.

Mr. Manly: Surely, Madam Speaker, the Prime Minister would be aware of the decisions which had been reached in cabinet on that question.

Can the Prime Minister tell us what priority he and his cabinet colleagues place on the settlement of land claims, and could he tell us how the Government of Canada can expect to negotiate and settle the other outstanding land claims in the territories if they reneged on the only agreement that they have reached thus far?

Mr. Trudeau: The hon. member asks how intent we are on solving this problem. I think the intent is clear from the indication given by the Minister of Justice on Friday before the parliamentary committee that he would be prepared to entrench aboriginal rights. We are therefore giving the guarantee that it is our intention that these matters be settled, we hope by political negotiation or, if not, by the courts.

Mr. Manly: We certainly hope that the commitment to entrench aboriginal rights will not be taken away by any amending formula, Madam Speaker.

Some hon. Members: Hear, hear!

Mr. Manly: On Friday, the hon. member for Cariboo-Chilcotin raised the question of the James Bay agreement and the reneging by the governments with regard to the health care provisions. I ask the Prime Minister: Is the federal government prepared to stand by the James Bay agreement and to respect article 14 of that agreement to ensure that the James Bay Cree have adequate health care?

Mr. Trudeau: I do not have article 14 at hand right now, therefore I cannot give a precise answer, but I can assure the hon. member that our government played a large part in the negotiation of the James Bay settlement. The then minister of Indian affairs and northern development, who is now Minister of Justice, had a hand in it and had one of his special assistants sit in at the negotiations on his behalf. Therefore, I can only say that what we have negotiated was successful and we intend to see that the undertakings are carried out.

* * *

THE CONSTITUTION

PREVIOUS DISCUSSIONS WITH BRITISH MINISTER

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I am sure that the Prime Minister must appreciate that, with the lack of candour to which he referred earlier—

Some hon. Members: Oh, oh!

Mr. Lawrence: —and in respect of the one-sided version of what actually went on in the past, we have not been informed of all that took place. I should like to get back to the meeting which the Prime Minister had with the British minister, the Right Hon. Francis Pym, on December 19, along with other ministers of the Canadian cabinet. I should like to ask the Right Hon. Prime Minister whether Mr. Pym informed any minister of the Canadian government that it was only on October 6 of last year that the British Prime Minister, Prime

Minister Thatcher, learned of the Canadian charter of rights, that it was only on October 6 that she had learned of the possibility of legal action in Canada, and that therefore, according to the British Prime Minister, it might become extraordinarily difficult for Prime Minister Thatcher's government to deal with the Canadian constitutional resolution because these complications had arisen so late. Does the Prime Minister remember that?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, since the hon. member spoke in his question about lack of candour—

An hon. Member: He was quoting you.

Mr. Trudeau: —I would point out to him that he lacked considerable candour the other day in the House when he said he had some evidence about the War Measures Act which would tend to prove that the government had bungled it. He has been chanllenged by the Solicitor General to submit that evidence, either privately or publicly, and, of course, he backed down, as is his wont.

Some hon. Members: Hear, hear!

Mr. Trudeau: Madam Speaker, once again I must preface my answer by saying that I would prefer not to divulge the nature of the private conversation, but since the hon. member has obviously been informed of its nature—by whom, I do not know—and is asking us to table documents, and since the hon. member for Provencher said he had written proof of some evidence that the Canadian government had not asked what they said they had asked, I would ask him to table it, if he is so certain of his point.

To get back to the question, Madam Speaker, I am not surprised if the British Prime Minister told Mr. Pym, who would have told me, that she only knew the extent of the package on October 6, as, I believe, the hon. member said, because the package was only made public at that time. Until it was made public in final form, nobody knew, not even myself, exactly what would be in it. We knew what we wanted to be in it. We had been saying for years that it should contain a charter of rights and a patriation formula. We knew what we had asked the provinces in June to be in it, but we did not know all of that summer until the September meeting what in fact would be the final resolution, whether it would include family law, a charter, some provisions on fish or something else. We did not know that until the negotiations were finished.

In that sense, I cannot fault the British if they say they did not know for certain what was in the package when I spoke to the British Prime Minister in June; I did not know myself. What the whole country knew is what we hoped to see in it, and what the whole country knew is that we had told the provinces that we needed action, at least on the people's package, which included the charter, by September. That was clear, but it was not clear until we had tabled the motion. It was not clear to members of my own party what would be in that motion until the days before when we had discussed it in caucus and in cabinet.

Some hon. Members: Hear, hear!

Mr. Lawrence: Getting back to the question whether there was an undertaking to present the resolution to the British Parliament at Westminster or to have the resolution passed by the British Parliament at Westminster, would the Prime Minister clear up, as I am sure he is quite willing to do now, whether or not the British minister, the Right Hon. Francis Pym, said to any Canadian minister at the meeting of December 19 that the government of Westminster does not dispose but rather proposes, leaving the British parliament itself to dispose, particularly with regard to constitutional matters?

Mr. Trudeau: Madam Speaker, I certainly would not give my seal of approval to that exact quotation, but anyone who is acquainted with the free parliamentary system knows that to be the case. The Prime Minister of Great Britain and the ministers who spoke to our ministers may well have taken that view. When I said the message from them, since October, has been that they would never look at the substance but that they knew that if the substance was more complicated it would take longer to get through, that is not a threat of any kind. It flows from the knowledge of how parliaments work—that it takes longer to get things through when the government does not have the unanimous approval of the House.

● (1440)

INQUIRY WHETHER CHARTER OF RIGHTS DISCUSSED

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I would like to ask further questions of the Prime Minister about that meeting of December 19. We seem to find that material is running counter to what the Prime Minister has said heretofore. I would like to ask him if the Mr. Pym on that occasion advised the Prime Minister that members of both Houses at Westminster would be reluctant to do something which they felt was up to Canadians to take care of, notably, the charter of rights?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I fail to understand what the hon. lady means when she says that what I am saying now runs counter to what happened at the December meeting. Would she please elaborate?

Madam Speaker: A supplementary question for the hon. member for Kingston and the Islands.

Miss MacDonald: Madam Speaker, this is not a supplementary question; I am simply putting my question again.

I would like to ask the Prime Minister—if members on his side would like to listen—whether the Right Hon. Francis Pym advised the Prime Minister that members of both Houses in Westminster would be reluctant to do something which they feel is up to Canadians to take care of, notably, the charter of rights?

Mr. Trudeau: Madam Speaker, I am glad the hon. lady withdrew the preamble of her previous question because it was quite inaccurate.

Mr. Pym and I did discuss this matter. The attitude I took with him is one which I have taken constantly in the House. That is to say, every amendment since 1867 passed in Great Britain concerning the British North America Act, first had to be discussed and passed in this House. This is what is happening with this amendment. Not only was it discussed in this House but it was considerably amended by a committee of this House. Therefore, the British could not and should not take the attitude that they were being asked to do something which this House did not do. This House is precisely passing on the charter of rights.

Some hon. Members: Hear, hear!

Madam Speaker: Since the hon. member for Kingston and the Islands simply repeated her question I will allow her a supplementary question.

Miss MacDonald: Thank you very much, Madam Speaker. My supplementary question is with regard to this same meeting. I would like to ask the Prime Minister whether the present Canadian court proceedings were discussed with the Right Hon. Francis Pym. If so, did the Prime Minister say that the thing to do was to act as if everything was all right, and then if the court decision were to be unfavourable to the government, the matter would be discussed again?

Mr. Trudeau: Madam Speaker, I pointed out to Mr. Pym that the courts were being used by the provinces as a tactical ploy to obtain a delay. I substantiated that by—

Some hon. Members: Shame.

Mr. Trudeau: I repeat my assertion in this House. The reason I said that is that we have six provinces wanting to contest the matter before the courts. The hon. lady shakes her head as if to say no. She will, at least, have to admit that that is right; six provinces are contesting it before the courts. Three of them are doing so with different questions. They are staging it so that it will all come out in a length of time. They have not been able to agree among themselves what questions they would ask. They have not been able to agree whether they would do it before one court, three or six. They have not even been able to agree on the timing. But they are not anxious to receive the answers quickly. They want to have the answers to one question before the other court studies the second series of questions, and so on.

This, to me, Madam Speaker—and I am just repeating my conversation with Mr. Pym—smacks of using the court to obtain political delay. When you do not have the courage to go to the people, and tell them that you do not like the substance, you do as the official opposition is doing; you discuss the modalities and the procedures because you know that on the substance you must agree with the government.

Some hon. Members: Hear, hear!

EDUCATION

POSSIBLE CUTBACKS IN UNIVERSITY FUNDING

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, that is the most applause I have received in a long time! My question does not have to do with the machinations of the "Tory International" but with matters affecting Canada.

My question is for the Minister of Justice who is also Minister of State for Social Development. It concerns recommendations which are before the social development committee of cabinet at this very moment. I would like to ask the minister whether or not there are proposals before that committee which would have the effect of cutting $1.5 billion of federal funding to our universities and over $500 million for both hospital and medical care. Can the minister tell us whether it is the view of the government that it has the power unilaterally to amend the established programs financing legislation without negotiating with the provinces and without dealing with the groups in question?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, the Minister of Finance answered that question in the House last Friday and I have nothing to add to his remarks. Those programs of course are always under government review and time comes when they must be renegotiated, so the Minister of Finance explained the government position concerning the renegotiation of those agreements with the provincial administrations.

[*English*]

Mr. Rae: Madam Speaker, I know the minister has other preoccupations; we are all aware of that. Nevertheless, there is a matter before a committee of cabinet which involves a very substantial question with regard to services which are to be provided to Canadian institutions right across the country from Newfoundland to British Columbia. He is the chairman of that committee. I think we are entitled to receive answers from him, not the non-answers we received from the Minister of Finance on Friday.

Are there proposals before this committee which would have the effect of substantially changing the responsibilities of the Government of Canada for post-secondary education? Can he at least give us the assurance that there will be no unilateral changes on the part of the federal government until such time as the parliamentary task force has had an opportunity to discuss the changes which the government is contemplating?

Mr. Chrétien: Madam Speaker, some of these agreements with the provinces will reach maturity soon, at which time they will have to be renegotiated. We are looking into that matter right now. When the time comes we will negotiate with the provinces. At that time this House will be informed of the government's position in those negotiations, but it is completely premature to speak about it now.

UNEMPLOYMENT INSURANCE ACT

MATERNITY BENEFITS—INQUIRY WHETHER AMENDMENT PLANNED

Mr. Chas. L. Caccia (Davenport): Madam Speaker, my question is for the Minister of Employment and Immigration. It has to do with the eligibility requirements for maternity benefits under the Unemployment Insurance Act. In view of the fact that in 1980 an estimated 17,000 women were denied maternity benefits under the Unemployment Insurance Act, even though they were eligible to receive regular benefits, would the minister inform this House if there are plans to amend the act in order to provide expectant mothers in the labour force with an equitable law? If so, when does he propose to proceed with a bill to amend the present act?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as I have indicated in the House before, there is a review of the Unemployment Insurance Act being presently undertaken. The findings of that review are now being considered. Certainly the issue of the "magic ten rule" relating to maternity benefits is a major topic in that review. I hope to have results some time this spring which could be made public for consultation with interested groups and members of the House. As soon as we come to an agreement with respect to the direction to take in the unemployment insurance area, certainly in the area of maternity benefits, we would then be prepared to propose legislation. I do not see that happening until we have had an opportunity to have some form of public consultation.

* * *

● (1450)

THE CONSTITUTION

INQUIRY WHY RESOLUTION NOT REFERRED TO SUPREME COURT

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is supplementary to the question raised by the hon. member for Kingston and the Islands. Given the Prime Minister's replies in the House today to the effect that the provinces were using the courts as a delaying tactic and that he conveyed this impression to the British minister in December, why did the government not accept the option of short-cutting this so-called delaying process and refer the matter to the Supreme Court, as it did in the case of Bill C-60?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, for the very simple reason that we do not believe that it is up to the courts to decide this question, but that it is essentially a political question. That is the position of this government. What I did say to Mr. Pym, although it was not part of the answer I gave a moment ago, was that once the BNA Act was patriated with an amending formula and a charter of rights, any citizen can attack, if he wishes, any law which he believes to be ultra vires or illegal in some way. He can go to the Supreme Court and it will decide whether any part of the law is ultra vires. The courts make such decisions constantly. I believe there are some 30 cases before the Supreme Court right now dealing with constitutional matters. This matter would merely constitute one more case. If a citizen or a group of citizens does not want to be bound by the charter and wishes to prove that the charter is not legally binding, they can always take action in the courts.

Of course, our view is to the contrary, and all precedent is to the effect that when the Parliament of Canada submits a request to the British parliament, the British parliament has no choice but to pass the resolution in the form presented by the Canadian Parliament.

Mr. McGrath: Madam Speaker, regardless whether the government looks upon this matter as a political question or a question of law, the fact remains that six provinces have decided, on a question of law, on the question of the process, to take the federal government to court. The point I wish to make is that the federal government could have taken the question to court itself as it did in the case of Bill C-60, and the question could be based on the unilateral process of the government.

Did the Prime Minister discuss this with the British minister? Obviously, if he were to convey the impression that the provinces were using the courts as a delaying tactic, then the obvious question from Mr. Pym or from anybody else would be, "Why don't you take it to court?" Whether or not that question was raised, did the Prime Minister tell the British minister why the government was not taking the matter to court itself?

Mr. Trudeau: Madam Speaker, I just told the hon. member why we were not taking the matter to court.

Mr. McGrath: I know, but did you tell the British minister?

Mr. Trudeau: Madam Speaker, I cannot recall whether or not I told the British, but I am prepared to tell them now that this is our view. In so far as the comparison to Bill C-60 is concerned, the point raised by the hon. member has been made before and I have answered it before. Bill C-60 purported to have the federal government, within the powers it has under Section 91 of the Constitution, do certain things within its jurisdiction. Until that time we had believed that amendment respecting the Senate was under federal jurisdiction. When we were challenged that perhaps section 91 did not authorize us to change the Senate as a matter of federal jurisdiction, I said that I was prepared to test that contention in the courts. It is up to the courts to interpret Section 91 as it is written.

This is our position and it will remain as our position when the charter of rights is brought home. If the courts want to interpret the charter of rights and believe that it is ultra vires, I will stand by their judgment. But first let us get the charter and the Constitution to Canada so that the courts in Canada may say what they believe is the law.

Oral Questions

PROCESSING OF RESOLUTION THROUGH BRITISH PARLIAMENT

Hon. John A. Fraser (Vancouver South): Madam Speaker, my spontaneous question is also for the Right Hon. Prime Minister, but first I would inform my colleagues that the print is so small that I will have to use my glasses to read it!

Was the Prime Minister informed by Mr. Pym that any judicial challenges to the constitutional resolution might well be crucial with respect to the processing of the resolution through the British Parliament with the charter of rights attached? That is a specific question and I would invite the right hon. gentleman to give as concise an answer as possible.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, until now the questions asked have been with regard to what I told Mr. Pym or what I told Mrs. Thatcher and so on. I repeat, I hesitate to tell the House what Mr. Pym told me. If Mr. Pym wishes to say publicly anything which he told me, then I will release him from any secret to which he may think that he is bound. But it is not entirely proper for me to be the spokesman for Mr. Pym. If the hon. member insists and ask his question a second time, then I will assume that I must answer.

Mr. Fraser: Madam Speaker, this sudden concern or sensitivity for the conventions and proprieties with regard to the Constitution comes as a welcome surprise to us all.

Some hon. Members: Hear, hear!

Mr. Fraser: No doubt the right hon. gentleman will find the proper occasion to inform the press with tongue in cheek of exactly what Mr. Pym said. Did the Prime Minister express the view to Mr. Pym that there would be many more challenges to the resolution following the challenges presently before the courts? Would the Prime Minister, despite his sensitivity to convention, let us know the answer to that question?

Mr. Trudeau: Madam Speaker, the hon. member talks about my sudden concern for constitutional proprieties. This is not a constitutional propriety; it is a rule which I have adopted since I became Prime Minister and the press knows that well. When asked about a private meeting, or about a federal-provincial conference held in private, I am generally quite free in saying what I say, unless it is agreed that the conversations would not be revealed.

Mr. Fraser: Tongue in cheek.

Mr. Trudeau: But I have rarely broken the rule of revealing what somebody else has said.

Mr. Fraser: Just the version of what you said.

Mr. Trudeau: In these cases, I always refer the press to somebody else. If somebody else, either directly or indirectly, has informed the hon. member of what was said and the hon. member is asking about what was said, I repeat, I would want to make sure that that person does not mind the comments being repeated. If Mr. Pym or Mrs. Thatcher wish to make their position clear, then it is up to them to do so.

Mr. Fraser: Perhaps you would like an adjournment.

Mr. Trudeau: No. However, even with the help of my glasses, I cannot remember the end of the hon. member's question. Perhaps, Madam Speaker, you would allow the hon. member to ask his question again.

* * *

FISHERIES

INDUSTRY AND LABOUR ADJUSTMENT PROGRAM—INQUIRY RESPECTING ASSISTANCE TO FISHERMEN

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I direct my question to the Minister of Employment and Immigration. It relates to the announcement made on January 19 with regard to the industry and labour adjustment program. In recognition of the serious difficulties in the auto industry and the anticipation of other difficulties arising throughout Canada, does the minister anticipate that some of the money allotted to that program will be provided to retrain fishermen who own vessels and shore workers in the fishing industry of British Columbia who, due to serious financial difficulties, are being driven out of the industry? Could the minister find some means by which a portion of those funds could be allocated to the British Columbia fishing industry in order to alleviate some of the difficulties there?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the committee of deputy ministers assigned the responsibility of developing the criteria upon which the program would be implemented is presently at work. I will take the hon. member's reference to the problems faced by some of the communities in the fishing industry, refer it to the committee and ask it to determine whether these problems are applicable under the criteria being developed.

Mr. Miller: My supplementary question is to the same minister. The minister has received representations from various fishermen's groups and probably also from individuals and Members of Parliament, particularly those on this side of the House. These questions are in regard to the serious difficulties that fishermen encounter in becoming eligible for UIC payments and the difficulties that those who are eligible to collect encounter in obtaining the benefits. People wait eight, ten or 12 weeks for benefits that they are legitimately entitled to.

● (1500)

I should like to ask the minister if his department has determined any mechanism by which they can streamline the method of dealing with the claims of fishermen, and in order to alleviate some of the workload in fishing communities that make claims, can some mechanism be established to train additional agents so that claimants can receive what is due to them immediately?

Mr. Axworthy: Madam Speaker, the hon. member has raised a very serious problem. I have had discussions with my colleague the Minister of Fisheries and Oceans concerning that particular issue and we hope to be able to find a solution shortly.

* * *

THE CONSTITUTION

INQUIRY WHETHER BRITISH MINISTER SUGGESTED SUPREME COURT REFERENCE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, with the permission of the Right Hon. Prime Minister I should like to come back to the exchange that took place between him and my colleague the hon. member for Vancouver South regarding the meeting he had with the Right Hon. Francis Pym. I should like to ask the Prime Minister whether, during the fascinating discussions they must have had, both being experts on constitutional law, Mr. Pym suggested to him that it would be helpful to have a reference to the highest courts in Canada on the important constitutional questions, because members of parliament in the United Kingdom were a bit uneasy about adjudicating or passing judgment on Canadian law.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is a repetition of the previous question. I think it is probable that Mr. Pym said words to that effect. I took them to mean exactly what they convey, that it would be easier for the backbenchers in the United Kingdom to vote on this measure if it had the blessing of the courts. My answer to this line of argument has always been the same: it is not for the British front or backbenchers to judge whether what the Canadian government and Parliament is doing is right or not.

Mr. Clark: Hear, hear!

Some hon. Members: Hear, hear!

Mr. Clark: At long last!

Mr. Trudeau: My case stands, Madam Speaker.

Mr. McGrath: So does ours.

Mr. Trudeau: I hope hon. members opposite will read the blues and see what they are applauding so vigorously.

Mr. MacKay: Madam Speaker, may I ask the right hon. gentleman briefly about his proposition that this is a matter of politics and not of law. Would he not agree that, regardless of which country adjudicates this important matter, it would be better to do so in the highest Canadian court rather than on an *ex post facto* basis, leaving the burden to some citizen as the Prime Minister said, to meet the legal expenses, and to consider these very important matters when they are really not as relevant as they are now, before these important steps are being taken?

Mr. Trudeau: Madam Speaker, that is the question I answered earlier when I said that this is a political matter. It is our view that it is for the Canadian people to judge what we are doing, not for the British people or British parliamentarians. The courts themselves will only judge when a matter is law; they will judge whether it is within or without the law. But this must be done in Canada, Madam Speaker. I submit that even the party opposite believes this because—

Mr. Clark: Yes.

Mr. Trudeau: —when the hon. member for Provencher stated the position on behalf of his party, his position was prefaced—

Mr. Clark: We believe it but you don't.

Mr. Trudeau: —with the following words, Madam Speaker. I do not quote the exact words—

Mr. McGrath: Get it straight, now.

Mr. Trudeau: —but he said that the patriation was wanted by popular will, that the amending formula was wanted by the popular will of Canadians, and that the charter was wanted by the popular will of Canadians.

An hon. Member: Right on!

Mr. Epp: In Canada!

Mr. Trudeau: In Canada.

Mr. Epp: Done in Canada!

Mr. Trudeau: Done in Canada, Madam Speaker. That is why this House is doing in Canada exactly the things that the hon. member says it should be doing.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. I have notice of a question of privilege but is the hon. member for Yukon rising on a question of privilege?

Mr. Nielsen: On a point of order, Madam Speaker.

Madam Speaker: I recognize the hon. member for Yukon on a point of order.

* * *

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, my point of order concerns House business which might assist in future planning. The government House leader will be aware of the ruling of the chairman of the Special Joint Committee on the Constitution of Canada which has been widely exposed by the public media, and which stated categorically that the report from the com-

mittee will not be amendable in a substantive manner in the House.

I should therefore like to ask the government House leader if the government intends to proceed by way of a concurrence motion in the report of the committee and thereby deny the House the opportunity it would have, in the case of a bill or of a straightforward resolution, to move amendments?

[*Translation*]

Mr. Pinard: Madam Speaker, I am not aware of that ruling of one of the co-chairmen of the joint committee. Furthermore, it is very difficult to reply to this question since I do not know what is in the report of the committee. Finally, I am quite willing to meet with the House leaders if they want to see me about this matter. Perhaps they can give me an answer to the suggestions that I made as early as October concerning the form of the final debate on our constitutional package.

[*English*]

Mr. Nielsen: Arising out of that response, the government House leader will recall that last November he discussed with opposition House leaders the possibility of a special procedure which would recognize that we will not be dealing with a normal committee report but with one which is legislative in its effect. Does the government House leader have under consideration a special process whereby the proposed resolution could be dealt with in an orderly fashion, with amendments proposed in an unambiguous, straightforward manner?

[*Translation*]

Mr. Pinard: As I have just told my colleague, I am quite willing to discuss these matters at a private meeting, but not on the floor of the House. I had already begun discussions with the Progressive Conservative and New Democratic Party House leaders last fall. They even received material to submit to their respective caucus. I still have not received a formal answer. However, I am willing to meet with them again to discuss the form of the final debate on the Constitution at any time this week.

[*English*]

Mr. Nielsen: Madam Speaker, after you have dealt with the question of privilege of which you have been given notice, and while I am considering that response with respect to a further point of order concerning House practices, I will simply give you notice now that I will be raising the question later this day.

* * *

PRIVILEGE

MR. NEIL—STATEMENT MADE BY CABINET MINISTER IN SENATE

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise on a question of privilege with respect to certain remarks made last Thursday evening by a minister of the Crown, namely, the minister in charge of the Canadian Wheat Board. It is a statement which I believe affects the rights and privileges of members of this House. I will quote his remarks in a moment, but at this time I would indicate that the minister attempted to tie in members of the Conservative party with the separatist movement in western Canada.

As all hon. members know, a feeling of separatism is or has been building in western Canada. It is based on policies put forward by the government over the past several years, such as the arbitrary imposition of the metric system, gun control legislation, the attempt to repatriate the constitution unilaterally and, of course, the energy policy. These policies have caused a feeling of frustration and deep resentment which has never before existed in my part of the country. Naturally there have arisen individuals and groups in the west who have joined together in an attempt to bring their concerns to the attention of the government and of the people of Canada.

Among these people, of course, are some who have considered the possibility of separatism. In my area there are people who have expressed their concerns their frustrations, and have indicated to me their feelings of helplessness and their fears for the future of our country. I have spoken to many in this respect, and among all I have spoken to have found only one who espoused the cause of separatism—

Madam Speaker: Order, please. The hon. member has already spoken for five minutes and I still do not know what the question of privilege is all about. I wish the hon. member would come to that very shortly and then present his arguments to prove there is a question of privilege. I would then be able to judge the value of the question of privilege. It has been five minutes now and I still do not know what is the question of privilege.

● (1510)

Mr. Neil: Madam Speaker, I was simply trying to give the House and the people of Canada some background of the feelings which exist in western Canada. I will come to the statement to which I am referring.

Last Thursday evening in the Senate the hon. minister in charge of the Canadian Wheat Board, as recorded at page 1608 of the Senate *Hansard*, made certain remarks which, as I have indicated earlier, attempted to tie members of the Conservative party into the separatist movement in western Canada. He was talking first about the Crow rates. I will not go into his preliminaries, but the Senator went on to say this:

> We are not going to get any support from western provincial governments or the opposition when we start down this road. All I said to the grain producers and the livestock producers, who have so much at stake, was that if they could agree among themselves on the stand the government should take in regard to a change, if any—and I am not sure there should be any change—then that would be a much more satisfactory way to proceed then to send a task force out in orbit, only to have provincial governments and the Conservative party saying, "Well, aren't we in great shape? We have the Constitution out there and we can really raise hell about that, and we can get our separatist meetings going with prominent Conservatives."

A little later he went on to say:

I have always been a Canadian. I think it is a good country and the Tories can flirt with separatism, their members can be converted, and they can send well-known Tories to stir up a separatist meeting for Knutson out in Saskatchewan—that's okay with me. I am a Canadian, and I will stay that way.

Madam Speaker: Order, please. I do have to interrupt the hon. member now because I know what the basis of his question of privilege is, namely, a statement made in the other House. I must remind him of citation 314 in Beauchesne, which reads as follows:

The rule that allusions to debates in the other House of the current session are out of order, prevents fruitless arguments between members of two distinct bodies who are unable to reply to each other, and guards against recrimination and offensive language in the absence of the party assailed; but it is mainly founded upon the understanding that the debates of the other House are not known.

The other House obviously has rules to deal with its own questions of privilege. Therefore, those questions arising out of debates in that House should be dealt with there. I do not feel that I can hear the hon. member's question of privilege on the basis of this quotation and of those rules.

Mr. Neil: Madam Speaker, through no fault of ours the government has chosen to name ministers who sit in the other place. It seems to me that under these circumstances we have no redress with respect to any comment that they make.

Madam Speaker: Order, please. The hon. member does have redress and if he has a question to ask in the House about matters relating to the responsibilities of ministers who sit in the other House, even though there are ministers sitting in the other House, this is not a precedent. This procedure has taken place before. The rules provide well for any problems arising from this kind of a situation and that, too, is not an argument.

* * *

BUSINESS OF THE HOUSE

Mr. Nielsen: Madam Speaker, I have had an opportunity of considering the response of the government House leader to my questions concerning House practices and House business. In his absence I would ask his parliamentary secretary to convey to the government House leader that if he were to call a House leaders' meeting as he suggested, then he would find both myself and the hon. member for Winnipeg-North Centre in agreement and that that House leaders' meeting, we suggest, should be held tomorrow so that discussions at that meeting can be discussed in our weekly caucus. In summary, we would like that House leaders' meeting tomorrow.

Mr. Collenette: Madam Speaker, I will take those representations and convey them to the President of the Privy Council. I am somewhat surprised, as perhaps the President of the Privy Council will be, that this surfaced on the floor of the House today since our position was well known since last October when we had discussions. I would think that perhaps this occurred in the absence of the hon. member for Nepean-Carleton, and perhaps the hon. member for Yukon was not fully aware of the discussions that had been held. Nevertheless, I am sure that we can sort out the matter. Indeed we must, before the end of the week.

Mr. Nielsen: Madam Speaker, I was here throughout that whole debate. What was said during that debate about the manner in which this resolution is to be handled at report stage and at third reading is the reason that I am afraid of the practices which the government is possibly going to adopt and that is precisely why I would like a House leaders' meeting tomorrow.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,712, 1,725, 1,742, 1,820 and 1,906.

[*Text*]

IMMIGRATION FROM BRITISH ISLES AND REPUBLIC OF IRELAND

Question No. 1,712—**Mr. Stewart:**

1. For each year 1975 to 1979, what was the annual quota for (a) immigration (b) immigrants from the British Isles and the Republic of Ireland?

2. For the same years, how many applications for landed immigrant status were made by applicants from the British Isles and the Republic of Ireland and how many were (a) accepted (b) rejected at the interview stage or any succeeding stage of processing?

3. For the same years, what was the total number of landed immigrants from the British Isles and the Republic of Ireland?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. There was no annual quota set either for immigration or for immigrants from the British Isles and the Republic of Ireland.

2. Applications for landed immigrant (permanent resident) status:

	1975	1976	1977	1978	1979
British Isles	29,024	19,775	15,651	9,412	12,409
Republic of Ireland	1,334	635	540	519	625
	30,358	20,410	16,191	9,931	13,034

(a) Applications Approved:

	1975	1976	1977	1978	1979
British Isles	11,625	9,279	7,424	5,632	8,345
Republic of Ireland	527	398	343	270	446

(b) Applications Refused:

	1975	1976	1977	1978	1979
British Isles	17,399	10,496	8,227	3,780	4,064
Republic of Ireland	807	237	197	249	179

3. Total number of landed immigrants:

	1975	1976	1977	1978	1979
British Isles	34,978	21,548	17,997	11,801	12,853
Republic of Ireland	1,098	639	571	469	553
	36,076	22,187	18,568	12,270	13,406

NOTE: Because one application is often made for many people (i.e. members of the same family), the total number of approved applications (2)(a) does not represent the total number of landed immigrants actually admitted to Canada in any given year(3).

NUCLEAR AND GAS-TURBINE ICEBREAKER

Question No. 1,725—**Mr. Herbert:**

1. Was approval given in March, 1978, for the design of Canada's first combination nuclear and gas-turbine icebreaker and, if so, to whom was a contract issued and in what amount?

2. Has the design been completed and, if not, on what date will it be completed?

3. Will the icebreaker be in operation by 1985?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Supply and Services and Transport as follows:

1. Yes. No contract has been issued for the design.

2. No. It is estimated that the design will be completed within 30 months after the contract award.

3. Due to long lead time required for design and construction of a nuclear/gas-turbine icebreaker, it will be impossible for such a vessel to be in operation by 1985.

ADVERTISING EXPENDITURES

Question No. 1,742—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of the Canada Employment and Immigration Commission for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): (a) $4,243,000; (b) and (c) $3,672,000.

NOTE: No breakdown available of (b) and (c) of the question because the information we have is by reporting object which includes publications and other information.

LEAP PROJECTS CONTRACTED TO CONSULTANTS

Question No. 1,820—**Mr. Orlikow:**

For (a) 1978-79 (b) 1979-80, by province and territory, how many LEAP projects were contracted to private consultants and what were the salaries paid to the consultants?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): (a) and (b) LEAP projects are not contracted to private consultants.

Some LEAP projects contract with private consultants for a variety of services. No central register of such contracts is maintained.

DND CONTRACT WITH CANADAIR LTD.

Question No. 1,906—**Mr. McKinnon:**

Did the Department of National Defence place a $50,000 contract with Canadair Ltd. for a field services representative to provide support for the CF-116 Freedom Fighter Aircraft Program and, if so (a) what support will the field services representative provide (b) for what period of time does the contract cover (c) are the contracts awarded on a continuing basis and, if not, how often are they awarded?

Hon. J.-J. Blais (Minister of Supply and Services): The contract was awarded by the Department of Supply and Services on behalf of the Department of National Defence.

(a) The field service representative provides the following support services:

serves as a technical consultant to the Director of Aeronautical Engineering Maintenance (DAEM) at National Defence Headquarters (NDHQ);

assists in evaluating technical publications, correspondence and messages;

affords rapid liaison between the contractor, Canadair Limited and DAEM/NDHQ on technical problems, flight safety matters, special investigations and fields queries;

assists logistics cells and specialist personnel at NDHQ on technical problems arising out of operation and maintenance of the aircraft and aircraft systems;

assists in supply matters by identification of equipment and spares;

assists DAEM staff in reviewing technical correspondence exchanged as a result of the tripartite agreement to determine CF-116 (CF-5) applicability;

receives, collates and maintains for quick reference all technical information emanating from the contractor or field FSRs relating to the CF-116 (CF-5) aircraft.

(b) The period of time covered by the contract is April 1, 1980, to March 31, 1981.

(c) The contracts are awarded annually on a continuing basis provided an approved requisition defining the services required is received from the Department of National Defence.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 177 could be made an order for return, that return would be tabled immediately.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that question No. 177 be deemed to have been made an order for return?

Some hon. Members: Agreed.

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

[*Text*]

GOVERNMENT PRESERVATION OF ARTIFACTS

Question No. 177—**Mr. Friesen:**

1. Have any departments or agencies of the government, conservation facilities for the preservation of artifacts of any description and, if so (a) where are these facilities located (b) what is the square footage of each facility (c) what does each facility do in specific terms (d) how many persons does each facility employ (e) how many conservators does each facility employ (f) do any of these facilities assist private individuals or agencies with conservation problems and, if so, how (g) what was the budget for each facility for (i) 1977 (ii) 1978 (iii) 1979 (h) are any of these facilities (i) rented (ii) leased and, if so, at what annual cost (i) what is the estimated value of the equipment used by the conservation personnel in each facility?

2. Is there any body or agency which co-ordinates all of these facilities and (a) if so, how many persons does it employ and how are they chosen (b) if not, for what reason?

3. How many of the conservators employed in each of these facilities were trained in Canada?

4. Do any of these facilities take advantage of the preserving capacities of the climate in northern Canada and (a) if so (i) what is the nature of these facilities (ii) with which "southern" facility are they affiliated (b) if not, for what reason?

5. Are any of these facilities set up with the sole purpose of developing conservation techniques to be employed in restoration of items deteriorating due to unique Canadian problems?

6. Have any of these facilities produced written material for publication on conservation problems or techniques they have confronted or developed and (a) if so, what is a list of these publications (b) if not, for what reason?

Return tabled.

[*Translation*]

Madam Speaker: Pursuant to Standing Order 54, I do now leave the chair for the House to go into Committee of the Whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Wednesday, January 28, consideration in Committee of the Whole of Bill C-54, an act to amend the statute law relating to income tax—Mr. MacEachen—Mr. Francis in the chair.

On clause 1—

The Chairman: When the committee rose on Wednesday, January 28, 1981, clause 1 of the bill was under consideration and the hon. member for Kindersley-Lloydminster had the floor.

Mr. McKnight: Mr. Chairman, I understand I have a few moments left. As I notice the furniture being moved about, may I ask the Minister of State for Finance whether today is the day we get answers to our questions?

[*Translation*]

Mr. Bussières: Mr. Chairman, I believe the agreement was that we would not go on with the clause by clause study—in other words as long as the debate would go on on Clause 1, I would not answer questions. Should debate on Clause 1 end later this afternoon, of course, I would be prepared to answer questions raised during the debate.

[*English*]

Mr. McKnight: Mr. Chairman, that makes it simpler. I will continue to ask questions, and I hope that at some later date I will receive the answers to them.

• (1520)

The minister knows that the spouse's tax allowance was copied from the Crosbie budget. Some of my constituents have been writing to me, and others have been telephoning. They are not as familiar with the ways and means motions as are some of us. Considering some of the language, as I explained earlier, we can understand that. They are wondering when this change will be made.

They would like to know whether a news release will be put out by the minister explaining to unincorporated businesses so they can be aware of the fact that, if a small businessman is making less than approximately $17,000, and if he transfers much of that income to his wife, then one or the other of the spouses will be in trouble in terms of getting the maximum deduction under the Canada Pension Plan. Will the minister assure the House that he will prepare easy to read literature so that the taxpayer can take advantage of these proposals? Many people do not understand how to apply for Canada Pension Plan benefits. When they are due to them, they sit and wait, expecting them to come automatically at age 65. This is due to a lack of information.

I have another question regarding the Small Business Development Bond. The minister adopted the Crosbie small business development bond, which is very commendable, but then proceeded to make it inoperable by shortening its time limit and restricting it to certain kinds of business ventures. The Crosbie budget was not passed. The finance minister reintroduced it in his so-called mini-budget of April. He said he would reintroduce the bond, but would not extend the deadline. On October 28, in his real budget, he extended the Small Business Development Bond for three months, to March, 1981.

March, 1981, is drawing near quite rapidly. Will the minister consider extending the time at least one full year? We would like to see it extended for at least a year. Several of my constituents are anxiously awaiting approval of applications for the Small Business Development Bond. Some fear they will not have the approval before the deadline which this government arbitrarily set. If it is really the government's belief that this bond will assist small businessmen in Canada, it is its responsibility to extend the deadline for at least one additional year so that people can benefit from it.

I wish to reiterate a few points which I hope the minister will not forget to answer. When campaigning for re-election, his party made a commitment to update V-day from 1971 to 1974 on farm land in Canada. If that is not changed, it will place a hardship on those who own farm land and want to transfer it from generation to generation. We recognize that if it stays within the immediate family now, it is not necessary to pay capital gains tax. But if it is sold after two or three generations, the capital gains tax will eliminate any benefit these people worked for. I hope the minister will comment on that.

I would also like to know what happened to the tax on Canadian wines which the Minister of Agriculture talked about during the election. Also, the Minister of Agriculture made a commitment to enlarge the Farm Credit Corporation. The only enlargement I have seen is the highest interest rates in the history of the Farm Credit Corporation which we have under this government. Will the Farm Credit Corporation have access to new funds? In its short term, the Clark government found an additional $50 million for the Farm Credit Corporation. Anyone who checks will see that is fact. That shows the difference in commitment to the Farm Credit Corporation between our government and this government.

I hope the minister can advise us that they will be enlarging the Farm Credit Corporation and not just interest rates. There are hundreds of applications in Farm Credit Corporation offices waiting to be funded. I hope this will be looked after so that young men and women wanting to farm will have access to Farm Credit Corporation money. I look forward to the minister's answers at a later date.

[*Translation*]

Mr. Bussières: Mr. Chairman, with leave of the House I would ask for a brief interruption in the debate to seek unanimous consent with a view to tabling strictly technical amendments to this bill. It will be understood that after introduction of the bill the drafting was closely scrutinized so there would be no confusion. Some purely technical amendments mostly of an editorial nature were made and, should the House agree, I will table these technical amendments along with short explanatory notes. We have copies for distribution to the spokesmen for the various parties, if leave is granted.

The Chairman: Is there unanimous consent?

Some hon. Members: Agreed.

[*English*]

Mr. Blenkarn: Mr. Chairman, the most serious problem we face in the country at the present time is the extraordinarily high interest rates which seem to be part of the government's policy. For at least the past seven weeks the Bank of Canada rate has been at a level around 17 per cent. That rate affects the borrowing costs of every business and every citizen of this country.

The effect of these extraordinarily high rates is unprecedented. The interest rate of treasury bills indicates what will likely be the Bank of Canada rate, looking down the road. As of Thursday, the sale price of six month or 180-day bills was approximately 16 per cent. When you look into the after market and the sale of like services for the balance of the year, it is not likely we will have an interest rate in this country at any time during this year determined by the Bank of Canada of less than 15 per cent. That does not bode well for the progress of business in this country. For example, in today's paper, Bob White, Canadian leader of the United Auto Workers, blames the nation's economic sickness on high interest rates and a lack of any stimulus by government. White said only the big speculators win when the government fosters high interest rates to protect the weak Canadian dollar, while working people lose jobs.

When we look at Bill C-54 we see there are only two or possibly three clauses which do anything for the business community with regard to creating jobs and getting our economy rolling again. The most important clause in the bill in this regard is clause 8 dealing with the Small Business Development Bond. To refresh the minds of hon. members, this measure was first introduced in the Crosbie budget of December 9, 1979, reintroduced in April, and reintroduced again in October. However, under this bill it is scheduled to expire on April 1, 1981. Even more disastrous is the provision which provides that unless the work that is authorized under the bond is completed by April 1, the bond provisions are of no effect. I have said on another occasion in this House in respect of this clause that it has been and still is virtually impossible for a small businessman to use the provisions, or to have been able to use them since it was first introduced.

● (1530)

On Friday a small businessman, Doug Flowers, principal shareholder and director of Glen Erin Skate Limited and Gold Line Curling Supplies, spoke to me about this matter in my constituency office and told me how his negotiations were going with the Toronto-Dominion Bank and the Royal Bank.

This small businessman wants to create a 35,000 square foot facility in Mississauga. That facility can be financed by an arrangement with his banker on a long-term first mortgage at 1.5 per cent over the GIC rate, which means for this small businessman a 15.25 per cent or a 15.5 per cent interest rate on a first mortgage. On that basis if he can do something he can borrow up to $825,000. He was hoping to use a Small Business Development Bond for the balance of his funding on a secondary finance basis and so be able to start this business, get the new expansion going and develop the 35,000 square feet of space. He has been advised by his bankers that unless the bill is through and all the work is done in accordance with the provisions of the bill by April 1, the Small Business Development Bond will, of course, be of no use to him.

The effect is then that if clause 8 is not extended, Doug Flowers and his company will not be able to complete the work they intended to do, and this project in the city of Mississauga, which will involve about $1.7 million, will not go ahead. The secondary financing portion that could be covered by a Small Business Development Bond at a net cost, after other allowances to the company, of somewhere in the neighbourhood of 13 per cent, will wind up costing, because of the prime rate activity encouraged by the Bank of Canada rate, in the neighbourhood of 20 per cent, and the project will not be viable.

The other day in speaking with the Minister of State for Finance, who is here, I explained this to him and he said there is going to be cost to the government in allowing the Small Business Development Bond to be extended. My conversation with him, sir, was that that was nonsense because there would not be any cost.

In the case of Doug Flowers he will put a project on ground that will produce $1.7 million worth of new construction, development, or whatever you want to call it, in 1981 in Mississauga. It will involve block layers, carpenters, electricians, building trades throughout, and the people who are going to supply the machinery and equipment. All of those people will earn money and will pay personal income tax.

While the government, by allowing the Small Business Development Bond to go through, will lose some income revenue by taxing interest in the conventional sense in that fashion, it will make it all up and more through personal income taxes paid by those people involved in doing the new things required under the provisions of the Small Business Development Bond. There will not be any loss at all in government revenue because there will be development. The bond will act as a stimulant and there will be no loss to government.

I would like to see the bond extended, of course, to cover the cost of carrying inventory and the cost of carrying receivables for small business. That was the original intent when the bond was first introduced by the former Minister of Finance. Even on its narrow base with the bond useful only for new development, there is absolutely no loss to the government.

There is no question about it, Sir, we are in a slack business time. We have the building industry not operating at anything like capacity; we have machinery and development not acting at anything like capacity, but if we can stimulate, through the use of a Small Business Development Bond, new development by small industry and small business, and we can give them a reasonable time to get their affairs in order and get progress going, then we will do something through this bill. We will get Canada growing and moving again.

Really what we are saying to the minister is that if he really believes in small business and really wants to show the country that he wants to make Canada grow and develop again, what he must do is take advantage of this concept produced by the former minister of finance under our government, and use it. The government adopted this concept when it produced the budget in October, but businessmen have not been able to use it because the statute has not been passed. The way the statute is now presented, expiring on April 1, they will not be able to use it at all.

During this time when interest rates are likely to be Bank of Canada rates at 15 points for the balance of the year, at least, and when the prime rate is likely to be 16 per cent, 16.5 per cent, and now 18.25 for the balance of the year, surely knowing that small business in particular has no option except to do its financing through the financial activity of the bank, this is the time to give small business the opportunity to borrow up to $500,000 to get a project going on an income debenture type of arrangement for at least a year. Obviously businessmen need certainty, and they need it for a period of time. They have to organize their affairs to get something going.

Again I want to point out to the minister that because the bond is limited to new activity, and because that new activity by its very nature will mean new employment and new investment—we are not financing old investment here, but new activity and new investment—there really is no cost at all to revenue. It will provide enormous help to small business, making small business in Canada grow again.

To amend that clause, extending it to the end of the next fiscal year, or at least to the end of this year, there would really be no net cost to the government whatsoever. We have said clearly to the government that if the government will move on this clause, give it careful consideration and change it, we might be prepared to look more favourably at some of the other parts of the measure, and perhaps expedite something. In this regard I believe we could have meetings of the House leaders.

● (1540)

Before I go on to make the minister aware that that is not the only thing wrong with this bill, although I would be pleased if he would consider the Small Business Development Bond, I would like to refer the minister to the provision with respect to cash accounting. Under the present rules farmers are the only people entitled to go on a cash basis. This legislation changes cash accounting requirements to allow fishermen as well to go on a cash basis. It is our view that all small business should be able to go on a cash basis, if desired. That would not cost the government very much. It would delay

the payment of tax somewhat, but it would not cost anything. To the extent that it would delay the payment of tax I suppose it would cost something, but one of the things this government always talks about, but never does anything about, is relieving the paper burden and reducing the overhead costs of small business.

One of the enormous factors in overhead is accounting costs. This is particularly so for a small business with one or two employees trying to run a store or small professional office. There is a requirement to be on an accrual basis, to pay tax on money not received, to take reserves for doubtful accounts and to do everything, from an accounting point of view, which is appropriate for large businesses. This creates a burden for a small business because a small business does not have the necessary equipment or ability. Small businesses must hire extra accountants and others for help. If the government really wanted to encourage small business—and perhaps even unincorporated small businesses—and if it wanted to do it on that basis, it would do a great deal to stimulate activity and employment. Some of the things which drive a man out of his tree are the paper burden and accounting costs.

Many of us have spoken today and previously about the enormous complications of the Income Tax Act. It is horribly complicated even for the most sophisticated accounting firms. It has been suggested that very few accountants or lawyers in this country could say honestly that they understand the Income Tax Act from cover to cover. In the small towns of this country, away from such sophisticated and large accounting houses as Clarkson Gordon, Coopers & Lybrand, Laventhol and Horwath and Deloitte, Haskins & Sells, there is just no one who really understands the act and where we are going with it.

One thing which would help those areas particularly would be to go back to the cash accounting basis for small businesses. As I said, the cost to the government would not be too great. People would have to pay tax anyway. It is only a question of when the tax becomes payable. On a cash basis the tax is obviously not payable until you receive the money. That is the way it is for farmers. That is the way it will be for fishermen. Why can we not have it that way for the small storekeeper, the small professional or the person who is trying to get going in order to make Canada grow? Why do we have to impose on these people the horrors of accrual accounting and the tax implications of accrual accounting?

Another provision in the bill is with respect to the 3 per cent inventory allowance. All businesses today are suffering. The report of the Economic Council of Canada clearly points to the problem of inflation. Last year there was more inflation in Canada than in any of the years going back to wage and price controls. Preliminary figures already show that the rate of inflation this year will be in excess of anything we have ever had before. Despite the projections of the Minister of Finance in his budget, which he now disclaims, all indications are that the rate of inflation will be very close to 12 per cent this year. For business people that means that while they do their capital cost allowances on an historic basis, in many cases when equipment which has been depreciated wears out, it cannot be replaced because when a businessman goes to purchase equipment he finds that its price has increased two or three times.

It is not uncommon in the construction industry for people to sell four or five-year-old bulldozers for more money than they paid. Farmers today are often able to sell their tractors for more than they paid three, four or five years ago. That is not uncommon at all. That is the result of inflation.

There is nothing in this bill—including the inventory allowance which, to some extent, has been justified in order to cover the inflationary cost of replacing inventory—to solve the problem business people face because of the fact of inflation and the fact that our Income Tax Act at the present time, while it allows one to write off equipment on a capital cost allowance basis, does not allow one to reserve from profit the inflationary fact to enable the replacement of equipment and machinery without further investment of capital.

I would like the minister to give us his views with respect to inflation accounting, interest rates, and the Small Business Development Bond. Could he also talk about a cash accounting system for people other than fishermen and farmers?

Mr. Shields: Mr. Chairman, it gives me a great deal of pleasure to speak on Bill C-54, a ways and means bill to amend the Income Tax Act. It is very obvious that there is absolutely nothing in this bill for farmers, fishermen, or small businesses. As my colleague previously indicated, farmers, fishermen, and small businesses are facing extreme hardship because of high interest rates.

The small businessman has to carry an inventory. That is the lifeblood of his business. He has to carry that inventory at prime plus 2 per cent, which is about 20 per cent. There is nothing in this ways and means bill which deals with this, yet we are asked to approve a bill which would allow the government to borrow a great deal of money. One cannot help but ask whether we are borrowing this money to assist, for example, motorists from the northern United States who come across our border daily, or three times a week, to gas up their cars because gas is so much cheaper here in Canada. Two dollars of every six the American motorist saves at the gas pump in Canada is directly subsidized by the Canadian taxpayer. Is that why we are borrowing money?

Are we also borrowing money to subsidize foreign fishing fleets which come to our shores to fill up with fuel? For every $6 saved there is a direct subsidy of $2 paid for by the taxpayer of Canada. That is one third. That is ridiculous. The whole thing escapes me.

● (1550)

Are we looking also at the airplanes, the overseas aircraft which land in Canada with their fuel tanks empty, and fill up here? For every $6 they save, we pay one third which is directly subsidized by the Canadian taxpayer. All this government can do is borrow more money.

In my view there is something wrong there, there is some rot that is eating away at the core of this government. I cannot see

why we do not address this problem, the solution of which is so important to every man, woman and child in our country if we are to keep our country together, and that is the energy agreement which must be reached between the Government of Canada and the producing provinces. It must be recognized that an energy agreement would break the flood dam and allow the heavy oil sands plants to proceed on schedule with the direct investment in Canada, of at least $20 billion of private capital. It is not the government which should go out and borrow money but it is the people who should invest. We should get the economy of the country rolling again.

The total difference between the agreement proposed by Premier Lougheed of Alberta and the proposal of the Minister of Energy, Mines and Resources, between now and 1985 amounts to only 30 cents at the gas pump. That is the gap about which we are talking. But what is the difference in terms of jobs? It will mean thousands of jobs in central Canada. The megaprojects would attract other investment in Canada, investment which is badly needed in all areas of our economy, such as housing, pipelines and construction. What we should do is create an attractive climate so that people will want to invest their money here. It seems to me that once we reached that happy situation, we could say, "We don't want your investment, but if you really want to, you can invest at a lower interest rate". This would have the direct effect of bringing in more investment. That is what we should do, rather than riding on the coattails of our neighbour to the south and trying to keep up with their interest rates.

Now I should like to make a few comments about our farmers, fishermen, and small businesses. Last week when I was in my riding I discussed a number of problems facing the farmers in Athabasca, Bonnyville, Grand Centre, Glendon, and Lac La Biche. These gentlemen are genuinely frightened because, first, the funds of the Farm Credit Corporation are drying up and, second, the corporation must apportion the funds in such a way that a disproportionate amount of money will not go to small farming areas in my riding in western Canada.

The farmers are genuinely concerned because they are losing their herds. When the herd maintenance program was introduced, about 20,000 applicants were refused the subsidy. All they wanted to do with the subsidy was to use it to maintain their breeding herds so that they could expand their herds in the summer. We all know that their hay crops were devastated. They are genuinely worried because they are now borrowing funds from the bank, their cash flow has dried up, and they are paying interest at close to 20 per cent and, in some cases, 22 per cent.

I was also talking to small businessmen. One of them, a good friend of mine, has a men's wear store. He told me that although he is carrying an inventory, he is facing bankruptcy because his stock is not moving fast enough. There is no way in which he can move his inventory out of the store without taking a direct loss, and this threatens his very livelihood. Exactly the same thing is facing the small hardware merchants in country communities in northeastern Alberta. They carry an inventory which is far in excess of what they can move, and they are being killed by the interest rates.

What is the government doing about the small business development bond? It cannot be used for inventory; it can only be used for capital expansion. When the small businessman walks into a bank to discuss the small business development bond, he finds that the bank manager does not know what is happening because he has had no direction from the government. He has heard that it will be extended, but he has had no direction, so he is left dangling. In the same way small businessmen do not know what is happening. Again they are being left out.

Now I should like to discuss for a moment something which I believe government members should seriously consider. I am referring to the strong feeling which is developing in my riding, and indeed in many ridings in western Canada. What is being expressed is alienation. People are attending separatist meetings and West-Fed meetings. These are average farmers, businessmen and school teachers. They love Canada, they love their country, and they are expressing something that this government does not understand. What is so sad, Mr. Speaker, is that the government does not even know that it does not understand.

● (1600)

When the founding provinces came together in 1867 the terms of confederation for Ontario, Quebec, New Brunswick and Nova Scotia were that the provinces would own and control their natural resources. That was one of the main conditions when they came together.

In 1870 the region which is now the three prairie provinces was transferred from a trapping and trading reserve controlled by the Hudson's Bay Company to a colony of the new federated provinces. It became a colony of the new Dominion of Canada, the new federated provinces of Quebec, Ontario, New Brunswick and Nova Scotia. That same year, as a consequence of the Riel rebellion, Manitoba was created. Since Manitoba was not given control of its natural resources it really remained a colony in all but name.

In 1871 British Columbia joined confederation. But in 1858 it was organized and by 1866 had defined its boundary limits. So it joined confederation, but as a province which owned and controlled its natural resources.

In 1873 Prince Edward Island joined confederation. Very clearly this new province owned and controlled its natural resources.

In 1905 Alberta and Saskatchewan were carved out of the colonial territories. They were called provinces but, in fact, they were not, since they neither owned nor controlled their natural resources.

We see through this chain of events confederation taking shape quite rapidly. But there were actually three provinces, Manitoba, Saskatchewan, and Alberta which did not own their own natural resources. Every other province did.

In 1912 the boundaries of Ontario, Quebec and Manitoba were pushed north to their present boundaries. Why were they pushed north? It was because of the richness of the resources contained in the northernmost parts of these provinces. Quebec and Ontario immediately received title, ownership and control of the natural resources in that expanded northern area. But, lo and behold, Manitoba did not receive control and ownership of of its natural resources. It seems inconceivable to me that this could have happened. Three provinces were expanded, but only two received rights over their natural resources. Manitoba did not receive ownership and control of its northern resources since it did not have control of the resources in the rest of the province at that time.

In 1930 there was a great deal of agitation developing in the western prairie provinces of Manitoba, Saskatchewan and Alberta. There was outright hostility. I cannot help but think that history is now repeating itself. We have only to look back. There was agitation, hostility, and talk of separation. It was only when this kind of talk developed, when farmers got together and met in small bands and groups which grew larger, that the government finally listened. We now see this same talk developing in western Canada. There are groups such as West-Fed. But what does our illustrious Prime Minister call this talk? He calls it blackmail. In 1930 it was not blackmail, it was an expression of how people felt. In effect they were saying, "You people in central Canada do not understand what is happening in the prairie provinces. You must understand what is happening before our country falls apart."

The problem with the energy agreement stems directly from the kinds of things I have tried to outline. It took Manitoba 60 years to gain control of its natural resources. In fact today Manitoba can boast that since it has been a province it has been without control of its natural resources for longer than it has had control of them. Alberta and Saskatchewan were able to gain control of their resources in 1930—50 years ago. When one finds this happening with respect to any agreement, any attempt in a budget or energy agreement which tries to take away the control and ownership of natural resources, people in the producing provinces will not accept that, since they will not go back to a colonial status. I urge the government to try to understand this basic fact. I urge it to get on with the job of negotiating a proper energy agreement.

Mr. Rae: Mr. Chairman, I have been listening with some interest to the remarks which have been made during this debate. I want to say to the hon. member for Mississauga South that I am somewhat amused he finds it in himself to object so strenuously to the Bank of Canada's 1981 policy but somehow he lost his power of speech in 1979 when his own party was in government. The policies being followed by the Bank of Canada today are exactly the same as those followed by governor Bouey in 1979. The principles, philosophy, fundamental thinking, the same mind-set, assumptions, predilections, the same problems, excuses and inactivity which mesmerized the Crosbie-Bouey duo we faced in the finance committee are exactly the same as those of the Crosbie-MacEachen-Bussières trio which we are faced with today.

While I welcome the member for Mississauga South and all members of the Tory party who are opposed to high interest rates, we all know perfectly well their stand on this position is temporary, depending upon whether they are in opposition or in government. It simply depends on which side of the fence they happen to find themselves with respect to the reasons why they are opposed to the high interest policy of the government.

• (1610)

It would be improper for me to use this opportunity to engage in another discussion, as I have done in committee and as many hon. members have done, on the government's interest rate policies. However, one important point must be made, that the minister has been working on the assumption that the high interest rates which the country is suffering at the moment are a temporary phenomenon. We have warned the minister that this is not the case, that as long as these interest rates are tied to the situation in the United States and to a policy over which we have no control, we do not know where our rates will be. They will probably be very high because of the policies followed by the bank. Therefore it is necessary for the government to change its interest rate policy and to devise tax policies which will overcome the effects of these very regressive interest rate policies which are being followed.

Examples have been given by members of the official opposition and by my colleagues of the effect this thinking has had on the construction industry, the housing industry, small business, and on farmers throughout the economy. It is simply not possible for the government to say, as it has said, that this is a temporary phenomenon and it would be unwise for the government to act in a precipitous way in response to what is simply a temporary fever which is the result of the policies being followed in the United States.

It is clear that the problems facing the housing industry and the construction industry are not simply temporary, but are permanent. In my own constituency the level of unemployment in the construction industry has been well over 30 per cent for the past two years, and there are construction workers there who have been out of work for over two years and, as a result, have been forced to take on different kinds of jobs. This has been going on since I was elected to Parliament. While that may seem like a long time to the minister and others who have had to listen to me, it has been just over two years. That is somewhat of a condemnation of the kinds of policies which have been followed by the government, that there is such a situation where workers have been left, in every sense of the word, permanently unemployed as the result of the government's policies.

Rather than focus on the problem of interest rates, although I wanted to say something once again on this subject because it is of real concern and it does affect the over-all tax policies and the nature of those policies followed by the government, I want to add to my earlier remarks on capital gains and talk about the government's discussion paper on capital gains which, in a sense, has affected many of the proposals put forward in Bill C-54, which we are discussing at the present

time. My disappointment with respect to the government's policies is twofold. My first disappointment is that the government has not made a decision as to how it will deal with the discussion paper. It seems to me that we should have received some indication from the government by now as to how the House will deal with this paper.

Mr. Blenkarn: We should have had a committee.

Mr. Rae: It is all very well for the government to present a discussion paper, the outlines of which I will try to summarize in a moment, and it is a study which deserves discussion. Unfortunately, I am not clear, nor has it ever been clear to me, how the discussion would take place. I can discuss the matter with the minister or we can discuss the matter among ourselves, and we can all attempt to come to grips with the subject matter, but surely the government must take some initiative. Will the paper be referred to the Standing Committee on Finance, Trade and Economic Affairs, or a task force, or does the government intend to bring in legislation with respect to the capital gains tax, in the next budget, or will the paper be shelved forever? If the paper is shelved, it will not be the first such discussion paper, investigation or report, to see that end.

However, I am a little startled that we have not received one statement from a member of the government indicating its general attitude with respect to the proposals put forward. It may be because there is no unanimity in the government on its views with respect to capital gains. I expected a clearer indication as to how the government intends to deal with the problem, rather than it merely leaving the matter on the floor to see who picks it up and kicks it around. We can anticipate from the Conservative party a general defence of privilege which will lead them to argue that capital gains tax should be either abolished or reduced to a nullity.

The report discusses the problems of capital gains and the way in which the system presently works. I would like to raise those matters with the minister, as well as my suggestion on what should be done with the report. The study reveals that Canada has the lowest rate of tax on wealth inheritances and gifts of all the OECD countries. It shows that 7.1 per cent of taxpayers, all of whom had assessed incomes in excess of $25,000 in 1978, received two thirds of all taxable capital gains income. Even more striking, less than 1 per cent of taxpayers, with incomes over $50,000, received 43 per cent of those gains. The study also reveals that the combined federal-provincial marginal tax rate on capital gains is one half the rate on other income, and that the maximum federal tax rate on the income is a mere 21.5 per cent.

These findings should be no surprise to anyone. They can be explained in part by the elimination of federal estate and gift taxes in 1972 and the decision on the part of nine of the ten provinces to abandon succession duties, but they are also due to the leniency of our capital gains tax which exempts one half of the gains from taxation and allows recipients to minimize a tax by declaring gains only when they are realized.

On the first point which deals with the general question of wealth and inheritance, it is interesting to note that for the last year the federal government imposed an estate tax, 1971, it brought in $100 million which, in 1980 dollars, amounts to over $200 million. The deemed disposition on death capital gains tax is calculated to have collected $11 million for the government in 1978. I mention this fact because when I last spoke on this subject during second reading debate on this bill, I was upbraided by several members of the Liberal Party and of the official opposition who said, "Well, you talk about the fact that Canada has the lowest rate of tax on gifts and inheritances, Mr. Rae, but what you do not mention is the fact that we have introduced the capital gains tax and the deemed disposition on death to make up the difference". My response was that in fact the evidence showed there is no comparison between the income lost and abolition of the estates tax and the income which has been gained for the federal government through the imposition of deemed disposition on death.

The government cannot get around the problem by saying that the one half tax on capital gains satisfies the inequity created in our tax system, because it allows so much money to be transferred from generation to generation by very wealthy Canadians without having to pay any taxation to the government. I am not referring to average or lower income Canadians. I am referring to the wealthy Canadians.

There are really two systems in Canada. There is what I call the "fairness system", which is the system which applies to all employees. This system is progressive and it takes money from its source. Then there is what I call the "discrimination system". The discrimination system exists for those who have enough money to be able to invest in the shelters, to create trusts, or to be able to use the tax system to their advantage. The capital gains system is part of what I call the "discrimination system". If we make changes within the discrimination system alone, the effect is simply to increase the burden of the average taxpayer.

● (1620)

Let me give you a concrete example which is discussed in the government paper and which is affected by several of the measures proposed in Bill C-54. The minister will know that the widespread use of dividend and surplus stripping was one of the main reasons for the creation of the Carter commission. Surplus stripping means that instead of declaring a capital gain—instead of taking surplus off in the form of income, a decision is made to transform that surplus into a capital gain and not take it in the form of a dividend. This is something which can be readily done by personal incorporations, and indeed by the creation of several personal companies in order effectively to avoid any dividend tax at all.

The full taxation of capital gains would have solved the problem which lay behind the creation of the Carter commission in 1962. However, the government chose not to go that route, and instead taxed half of capital gains, and invented the dividend tax credit. At first the dividend tax credit was low, and there remained a considerable incentive to strip surplus in

the form of a capital gain. The government therefore felt obliged to increase the size of the dividend tax credit, in order to create greater equality between the marginal rate for capital gains and the marginal rate for dividends.

From a technical point of view, if the government wants to stop surplus stripping, the answer is to increase the size of the dividend tax credit so that it will be more attractive to take the surplus in the form of a dividend than in the form of a capital gain. The problem with what the government has done, however, is that by creating greater equality between dividend income and capital gains income it has widened the gap between both of those kinds of income and earned income.

For example, Mr. Chairman, a taxpayer who earns less than $18,000 pays no tax on dividend income. If all income is dividend income he can earn up to $37,000 and pay no income tax at all. At $18,000 he pays 18 per cent on capital gains income and 36 per cent on other income. You can see the discrepancy, Mr. Chairman, but watch how it narrows. If he makes $30,000, the marginal rate of tax is 16 per cent on dividend income, 24 per cent on capital gains income, and 48 per cent on earned income. For a taxpayer making $50,000 the marginal rates are 25 per cent for dividends, 27 per cent for capital gains, and 54 per cent for other earned income.

In other words, this technical change in the discrimination system has occurred which furthers the imbalance between the two systems.

This may all sound very technical, but let me point out that the revenue cost of the change in the dividend tax credit for 1979 was estimated to be about $200 million. This is not exactly an insignificant amount. There was a major tax cut for dividend holders, and that means that the government said, "Look, we are giving tax cuts, we are making tax expenditures in this area, therefore we cannot afford to make other kinds of tax cuts."

That is why I say that one person's tax loophole or benefit becomes another's tax burden. In this case 5.6 per cent of Canada's wealthiest tax filers were subsidized to the tune of $200 million by 94.4 per cent of the people. This is not the kind of subsidy or tax cut which can be readily understood or even known by the average taxpayer. It is fair to say that the changes which have occurred within the discrimination system in order to create greater equality between dividend income and capital gains income, have only had the effect of necessarily increasing the burden on the average taxpayer who receives neither capital gains nor dividends.

When the Carter commission made its report, and when the government's white paper and the government's tax reform were introduced in 1972, we were told that we could never have full taxation of capital gains because a full tax would have inhibited savings and economic growth, would have reduced the supply of risk capital and, in general, would have impeded capital markets.

These were simply assertions in 1972. I suggest to you, on the basis of the report which is before the House and the people of Canada at the moment, that in 1981 these remain unfounded assertions.

I find it ironic that without having the courage to draw such conclusions directly, the paper makes a very strong case for full taxation on capital gains.

There have, of course, been strong suggestions from many groups, particularly farmers, that the current taxing regime and capital gains have threatened the very existence of the family farm and small family business. There may well be cases of hardship arising from the deemed disposition of family agricultural land, and from the fact that valuation day is still 1971. These matters have been brought to the attention of the minister. I do not come from an agricultural riding so this was not one of the top items in the Liberal brochures that I saw in the last election campaign. I know from my colleagues who do represent agricultural ridings, however, that the Liberal promise to change valuation day was one of the planks, along with double-tracking of railways and other such flights of fancy, that was at the heart of the Liberal program in western Canada.

The point is that if there is a problem which affects the family farm, if there is a problem which affects valuation day, if there is a problem which affects the question of the small family business, these are all exceptions that can be made whether capital gains is taxed at half rate or whether it is taxed completely. The answer to the problems facing the family farm and the small family business is not to abolish capital gains for everybody but to attempt to make the law work where we want it to work, and to make the exceptions where we want to make them for particular purposes. The answer to the problem is not that suggested by the Conservative party, to abandon capital gains altogether. If we abandon the concept of capital gains altogether we will be back exactly where we were in 1962. We will be back with the same problems that led to the creation of the Carter commission in 1962. Indeed, I would suggest to the minister that we are almost there. The problems of capital gains and the problems of equity in the tax system are as great as they were then.

I see that my time is coming to an end, Mr. Chairman, and I wonder if I might conclude by saying a word about indexing of capital gains. With your indulgence, it will take about one minute.

Indexing has frequently been suggested as essential for capital gains, since many increases are not increases in real value but simply reflect increases in the general cost of living. As long as there is the 50 per cent exemption for capital gains, I cannot see any overwhelming reason for indexing capital property. If we were to move to the full taxation of capital gains, the case for indexing the value of capital property would obviously be strengthened, but only in the context of some more fundamental decisions about the general principle of indexing in the whole of the economic accounting system.

I cannot speak for other parties, Mr. Chairman, but this party is looking for greater leadership from the government in this field and in the field of fiscal arrangements. We want some indication of where we are going. We would like this

matter to be referred to a committee; we would like tax reforms to be referred to a committee; we would like fiscal tax sharing referred to a committee and the established programs financing referred to a special task force. In all, we would like leadership from the government and an opportunity to participate in the evaluation of these problems so that we might give the kind of constructive advice that we have given the minister on many other matters of legislation, and as we hope to do in the future.

Some hon. Members: Hear, hear!

Mr. MacKay: Mr. Chairman, it is always a pleasure to listen to remarks by the hon. member for Broadview-Greenwood, the finance critic of the NDP. Although he has not been in this House very long, as he says himself, he has certainly been a very vociferous contributor to the debate on financial matters. It will come as no surprise to him that some of us in the Conservative Party do not agree with some of his statements. At times we find common cause with the NDP in matters of the environment or civil liberties, but at other times we have great reservations about their economic theories.

When all the chips are down, perhaps the twentieth century will reveal that one of its greatest fallacies and greatest failures has been the concept of socialism, and that a socialist is someone who does not have much and wants to share it with everyone.

• (1630)

We also listened with interest to a former great member of Parliament and former leader of the Crediste Party when he was here in this House. He was a great orator. I can remember one of his most famous one-liners when he said, "Mr. Speaker, if you take everything from the haves and give it to the have-nots, pretty soon you will have nothing but a bunch of have-nots." I think there is a lot of truth in what Réal Caouette said.

The hon. member for Broadview-Greenwood noted in passing that people with high incomes tended to be the ones who benefited the most from capital gains tax. I suggest that that is really a penetrating look at the obvious. What we would like to see, of course, is more people with high incomes so they could be paying capital gains tax. We would also like to see the government be more flexible, and for it to carry on with some of the things that were noted by the hon. member for Kindersley-Lloydminster. We would like to see the government carry through with its election commitments, also referred to by the member for Broadview-Greenwood. We would like to see the government do something about changing the capital gains situation on family farms.

I believe, and perhaps the House would agree, that if capital gains taxes are not modified to some extent, and if indexing provisions are not brought in, they are really nothing more than a tax on inflation. They are confiscatory. Ultimately they will have the effect of taking away much of the incentive, much of the private ownership, and much of the capacity to own things which have always been and deservedly so, part of the tradition of Canadians.

I believe, the minister opposite would also like to see this done. I believe too that many members in the Liberal Party would have no difficulty—since everything is being predicated on the constitution these days—with a proposed amendment put forward by our party to include the right to ownership of property, and not to be deprived of same, without due process of law, despite some of the rather chauvinistic and unnecessary objections from some provinces, including some with Conservative governments.

It is obvious, as the Prime Minister admitted, that it is very important for him to have the support of the New Democrats. At least he was forthright enough to admit it. But since we are talking about financial matters and some of the aftermath of past polices, such as AHOP, which are causing so much difficulty for the hon. gentleman on the treasury benches opposite, it is interesting to remember that some of these policies which are now coming back to haunt the government, causing it financial embarrassment and causing it to worry about where it will get the money to meet some of its commitments, were the result of compromises the government felt it had to make with the NDP during the period 1972 to 1974. It is interesting to note as well that at least in the constitutional debate the government is forced into this position again.

It seems to me that the opportunity for us to say a few words today ought to be directed toward asking the minister some questions as to whether he is prepared to consider some specific changes. Would the minister be kind enough to take a representation of mine under advisement? It is one I have made before. It does not seek to do away with capital gains tax entirely as the member for Broadview-Greenwood indicated some of us might wish to do. I do not think that is realistic at this time. But I still believe the imposition of capital gains tax has caused Canadians a great deal of difficulty. It takes away much of the incentive which allowed this country to progress far more rapidly in the past than it has done since the tax was introduced. The revenues derived from capital gains tax have not been as significant as the government thought they would be. Capital gains tax has done more harm in stunting the economic development of this country. It has not provided as many opportunities and new jobs as were expected.

I suggest the same kind of mistake is being made with regard to Bill C-48, in changing the depletion allowance. I am not prepared to argue that 175 per cent depletion is necessarily equitable, but I do not believe the option which is being offered by the government in terms of this change in taxation is going to be productive as far as the industry is concerned, or as far as energy self-sufficiency is concerned. I may be wrong. But as I recall, under the existing provisions at least a company, be it a small Canadian corporation or a multinational, has a chance to recover on a non-taxable basis the expense it has incurred in drilling, looking for, or developing new oil wells. Under this proposed taxation arrangement, as I recall, there will be a grant of 30 per cent for exploration wells or 20

per cent for development wells. But ultimately that grant will be taxed.

I do not believe that small oil companies, whether they are Canadian or otherwise, can compete with multinationals which have marketing distribution facilities and a capacity to absorb this kind of up-front expenditure. I urge the minister and the government to take a close look at the kind of incentive which is being taken away. I am not arguing that some incentive ought not to have been taken away because the oil depletion allowances were probably overly generous. However, in this case the government is trading the devil for a witch. In a situation like this we will see a counterproductive atmosphere come into the development of the search for petroleum resources; small companies cannot compete.

I have an observation that I wanted to bring to the minister's attention on different occasions. It seems to me the attitude of some auditors and officials of National Revenue could stand some scrutiny from the top. We have all had complaints from constituents, some of which were ill-founded and some of which were based on a sense of persecution which, upon reflection, were really not warranted. Nevertheless I am firmly convinced that officials in National Revenue have become rather arrogant and rather insensitive. They are not exhibiting the same sense of being truly helpful. They do not seem to realize they are the servants of the people of Canada, as they used to be in years gone by. I have watched their work habits. I have watched things that have happened in my constituency. Taxpayers have been forced into litigation. Businesses have been menaced because of what I say, respectfully, is a rather arrogant and perhaps pointless insistence on the letter of the law. With a little discretion and understanding some of these businesses and people could have been saved a great deal of trouble. Indeed, the government would have benefited in the end by collecting more tax revenue.

I think there is something to be said for taking a look at capital gains on securities, in the same spirit as the government is looking at registered retirement savings plans and other benefits to help Canadians save and to prepare for their retirement. There is something to be said for treating the holders of securities of Canadian companies a little differently when it comes time to assess them on capital gains.

I know, and so does the minister, of some companies which encourage their employees to buy stock, sometimes by payroll deductions. Sometimes investors will deliberately buy stock in Canadian corporations for some other reason. Yet these people who go to the bank to borrow money to invest in Canadian companies, are treated exactly the same when they come to sell their securities as if they had shares in American Telephone and Telegraph, or in some other corporation which had no connection with Canada at all.

I would advance the proposition to the minister that if a Canadian can show that he is buying securities in a Canadian company for some worth-while purpose, such as for retirement or to put his children through university, and demonstrates this fact by holding those securities for a period of time, five or ten years, to indicate that he is not a speculator, he should be treated differently from someone who buys 100 shares in an industrial company only to sell those shares in a week or so to make a quick capital gain.

● (1640)

I think that capital gains taxes can be useful and equitable if applied with a little subtlety. To use another metaphor, they could be used like a scalpel instead of a blunt instrument. When it comes time to examine the tax options, to Canadianize, if we are going to use that word, certain sectors of our economy, we should not overlook the incentive that could be granted by using capital gains tax in a different way, to allow Canadians some tax relief, provided they are prepared to divert investment which might have gone into United States stock exchange or offshore to somewhere else in Canada. If they keep their investment in this country, they should be given some recognition and more important, tax breaks for doing this.

I recognize that the government is in a difficult position. It needs all the revenue it can get. It is very easy for us to make suggestions to it which involve saving money on the one hand and spending it on the other. Sometimes we are inconsistent in this regard, and I will be the first to admit that.

However, there is a great opportunity, if we look at the priorities and not fall into the trap that some Scandinavian countries have experienced. I read recently that The Netherlands is also coming to grips with this depressing reality. They have gone about as far as they can go in certain European countries with social programs they have begun since the last war. The next social crunch, if I may use that word, will be when people are suddenly confronted with the realization that they cannot go any further. Such a large amount from the budgets of those countries is being spent on the distribution of social benefits that there is not enough left for creation of the kind of wealth that has to be created, if they are going to continue distributing these kinds of benefits to their people.

One day in this House the hon. member for Broadview-Greenwood, as they say in vaudeville got off a pretty good line. I believe the hon. member for St. John's West was finance minister at the time. He said he had heard of Keynesian economics, pre-Keynesian economics, and now he was looking at pre-Cambrian economics. At the time I thought that some of the things the NDP were espousing were into another kind of economics called the Alfred E. Neuman version, the "What, me worry?" economic theory.

Mr. Sargeant: We are not worried about you, Elmer.

Mr. MacKay: You read *Mad* magazine too. I believe we are coming to a point in our fiscal and financial considerations in this country where, if we are not more selective with what we do, if we do not divert more of our energy and money into departments that create wealth and give Canadians incentives to do something for themselves and our country, and less incentive to stay home and use the social programs to get by, we will continue to sink in terms of relative prosperity in the world.

The minister knows this has been the case in the last few years. He would be surprised at the support he would get, not just from our party but from people across the country, if he would put a little incentive back into the economy, and a little restraint in terms of some of the social programs. While they may be very nice and very helpful, they are just not affordable.

Mr. Corbett: Mr. Chairman, I want to take this opportunity to say a few words about Bill C-54 and the implications this legislation, if passed, will have on the economy and the future of Canadians and this nation.

Many items are dealt with in this document. It is a rather ominous document containing a good amount of material. Most of it deals with the mini-budget and the subsequent budget introduced by the Minister of Finance over the past year. As hon. members realize, it has not yet gone into effect despite the fact that the election of February 18 is about to celebrate its first anniversary.

Canadians generally will agree that one of the greatest hoaxes in our history was perpetrated last February 18 when the government was elected on a platform of economic recovery, and condemnation of the previous government's policies and of the previous finance minister's budget of December 9, 1979. They were going to improve the health of this nation. There were innuendoes that this would happen immediately. The fact is that today we have a situation much worse than it was a year ago.

We have record high interest rates. We were roundly criticized for allowing high interest rates when we formed the government. Times have changed. The remedy the Liberals had in mind at that time when criticizing our government no longer applies. Indeed, interest rates now are substantially higher than a year ago.

Canadians were led to believe that this Prime Minister and the Liberal Party could handle things much better than our government. They were led to believe that economic collapse was imminent if the government of that day was kept in place. Canadians were led to believe that everything would be very much better, indeed that the path would be paved with gold and lilacs if the Liberal Party was put back in power.

We have seen what happened. We have spiralling inflation. If it is not brought under control, we will be on the verge of a recession, if not a depression. This is all pointed out by the present high interest rates, the tremendous unemployment this country is facing, and the fact that bankruptcies in small businesses are up substantially over last year. We can live with an increase of 1, or 2 per cent. That could be a natural phenomenon. However, small business has faced an increase in bankruptcies in this country of over 17 per cent compared with last year.

What is the government going to do about this? In the mini-budget it promised a Small Business Development Bond. This gave business some hope for the future. They could go to banking and financial institutions and, on the strength of the words of the present finance minister, avail themselves of the Small Business Development Bond within the very near future. Business took heart from that. Months and months later we find ourselves in the situation where the Small Business Development Bond act has not yet been passed. An extension was given last year for three additional months in 1981. We see now that at least one of those three months has lapsed. Where are we going from here? It is very, very difficult to tell. What is the cost to government of the Small Business Development Bonds? It seems the government is not in a position to let us know.

● (1650)

We took heart in various sections of the country from the government's promise to allow us a manufacturers' tax incentives program. In my own province of New Brunswick, in my constituency of Fundy-Royal, there were many people who held high hopes that the manufacturers' tax incentive program would be one which would encourage manufacturers to locate in all sections of the country where development was down. Indeed, there were many people, including myself, who lauded the decision of the government to include that particular section in its budget. What have we found has taken place since the budget came down? We have discovered that this was not to cover all areas which are recognized as being in need of incentives, recognized as having the need for additional manufacturing facilities, and recognized as being generally regions of high unemployment, low family incomes, and low mean incomes. We found, rather, that the program was to be utilized as a tool to satisfy particular sections of those areas.

I find it very difficult to accept that the only regions it seems which were to receive this manufacturers' tax incentive program were regions represented by members of the current government party. I find it difficult that this sort of petty politics could possibly inject itself into the future of a region of the country which so badly requires the sympathetic consideration and ear of a compassionate government. Indeed, that is the way it is. There are only five areas in the province of Nova Scotia which are eligible and qualify for the manufacturers' tax incentive program, and all of those areas are represented in this House by members of the Liberal Party.

We have a Minister of Finance who lays the blame for our economic problems and woes at the doorstep of the Canadian people. We, as the people of this nation, have no one to blame but ourselves and our indiscretion in spending in our wanton way and our desire for greater and better things. We should be tailoring our cloth to suit our needs, says the Prime Minister, in so many words. I would suggest to those gentlemen that they try this on some of the fixed incomes the elderly and the poor have to suffer in this country.

The energy tax credit program which was such a vital and important part of the Crosbie budget has not been utilized in the present budget. What a blow this is to those people who depend so heavily on oil for their heat, warmth, and cooking, particularly during this winter which has been so desperate and so drastically severe. There is nothing in the budget to help these people. As a matter of fact they are now being treated to an increase in taxes on their heating oil which was

not called for under the Crosbie budget. These people are finding it very difficult to cope with the situation, and that is absolutely understandable.

What do we find in the meantime? We find the present policies of the government are devoted to driving initiative, jobs, and exploration from this country to the United States and out of existence altogether. We do not see the initiatives being taken in this country that are required to get Canadians to work finding energy within our own boundaries, energy which we know is there.

I urge the minister to take a look at the government's energy policy in reference to financing exploration, now that it has determined the energy companies and the policies of this nation are moving toward nationalization. It is in the government's hands to determine the direction and to create a climate which will encourage investment in energy exploration. I encourage the government in this regard.

In Albert county in New Brunswick, which happens to be in my constituency as well, there have been known sources of oil shale for a good many years. Natural gas has been used in the township of Hillsborough for years, piped into the homes, but what initiative has the government taken to determine if it is economically feasible for Canadians to extract the proven resource of 280 million barrels of oil in the Albert county shale, just in one square mile alone? Nothing has been done to encourage any exploration work in this area, and that is a shame.

It is thought that in Albert county there could easily be something in the vicinity of 15 billion barrels of oil in that shale, but there is no incentive to extract it. That amount of oil is equal to the amount proven in the total Hibernia field off Newfoundland. What has been done about it? I have talked about it in this House of Commons on many occasions. The provincial government has made representations to the federal government for assistance, but it does not look very good for the future of the oil shale or the natural gas reserves in Albert county at this time.

I see that the time is approaching five o'clock, Mr. Chairman. Is it your intention to close debate at this time? Perhaps I could call it five o'clock.

The Assistant Deputy Chairman: The Chair will recognize the hon. member for Fundy-Royal if he is present at eight o'clock in order to continue his remarks.

It being five o'clock it is my duty to rise, report progress, and ask leave to consider the bill again later this day.

Progress reported.

• (1700)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Central Nova (Mr. MacKay)—National Security—Complaints by members of security service—Alleged discrimination; the hon. member for Don Valley West (Mr. Bosley)—Finance—Policy respecting inflation and interest rates; the hon. member for Winnipeg-Birds Hill (Mr. Blaikie)—Health care—Use of pre-natal screening kits.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

CRIMINAL CODE

SUGGESTED REVIEW OF FIREARMS CONTROL PROVISIONS

Hon. Allan Lawrence (Durham-Northumberland) moved:

That the Standing Committee on Justice and Legal Affairs be authorized to review the firearms control provisions, sections 82 to 106 inclusive of the Criminal Code of Canada, and that such review extend to all aspects of the firearms control program and include the hearing and consideration of the views of the interested persons and organizations and to make recommendations with respect to any amendments, alterations or modifications thereto that appear to the committee then to be necessary or desirable;

That the committee have power to adjourn from place to place within Canada; and

That the committee be empowered to retain the services of expert advisers and to commission studies or research to assist in its work and that it also be empowered to retain such professional, technical, clerical and stenographic help as may be required.

He said: Mr. Speaker, this private member's motion standing in my name in essence asks that this House authorize a subcommittee of the Standing Committee on Justice and Legal Affairs to investigate, hear briefs, cross the country and employ counsel and advisers respecting the legislation commonly known as gun control legislation which is now part of the Criminal Code. I think it is essential that we now do this. I think the time is ripe for this Parliament and, as a matter of fact, this government, to find this an ideal vehicle to plumb the many questions which exist with respect to the administration of our gun control legislation.

Second, this would be an ideal vehicle for taking a very hard and searching look at the whole philosophy and concept of our gun control legislation and, obviously and most important, to

figure out now, after three years of operation, whether it is achieving its purpose.

I think a little history is called for. In August of 1977 Parliament approved very comprehensive revisions to the gun control provisions of the Criminal Code. It was at that time and continues to this day to be one of the most sensitive issues to come before Parliament in recent years. It certainly is in the whole law and order field, in any event.

Hon. members should know that very large numbers of citizens of Canada are very directly affected by this legislation. There are more than three million gun owners in Canada, and gun owners and, I suggest, certainly non-gun owners alike are vitally concerned about the level of violence in our society which is related to guns and the use of guns.

The key provisions of the 1977 legislation established a system which required any person over 16 years of age who wished to acquire—by purchase, by borrowing or by trading—a firearm, to obtain a firearms acquisition certificate, commonly known as an FAC. A screening system was established to identify those with criminal or violent records and, obviously, a system then to deny firearms acquisition certificates to those people. That is the principle and the theory. In practice, of course, I feel—and I would like to hear some rebuttal—that that system has not worked and is not working, simply because those with that type of record or history are not stopped by this system. I am not talking about the spontaneous marital difficulty in which somebody reaches into a cupboard for a shotgun or a .22 to settle an argument by that means; I am talking about those who have histories of violent criminal activity or those with histories of using guns during crime. I suggest that in practice those latter people are the very people it does not affect, although it is supposed to in theory. If it does not affect those people, it does not affect anybody because it cannot possibly affect those whose spontaneous reaction to an argument is to reach for a gun for which they may already have a certificate.

The system simply does not work against those who have that record of criminal activity solely and simply because they circumvent the system by paying no attention to it. They ignore it. If someone is going to rob a bank with a gun, I suggest that he does not run down to his friendly local police station to get an FAC ahead of time.

Under the FAC system an individual does not need a certificate in order to possess any gun he acquired before 1979. I suggest that this is a very glaring practical gap in the legislation facing the police today. How do they know, for instance, when a person acquired an older gun? I suggest that most of the guns in use in Canada today were acquired long before 1979.

To assist the police in solving some of the problems they have—and they are very grave and gross problems—the police were given almost unprecedented wide powers to search for and seize weapons without warrant. I suggest that this has been criticized very severely in many civil rights, legal and justice quarters of this country. It is an unprecedented provision to write into legislation such as this, and I suggest that this is another area of scope which should be looked at very closely by means of an inquiry.

The administration of the whole firearms acquisition certificate system was turned over by the federal government to the provinces. Most provinces issue FACs from local police offices, with the notable exception of New Brunswick where all such certificates are issued from a central processing office, so therefore the main bulk of the administration—as far as the public perception is concerned in any event—falls on the shoulders of local police officers in local offices.

We all know that the enforcement of the Criminal Code itself is a provincial responsibility. However, due to the rather unusual administrative requirements of the firearms provisions, and especially the whole system of issuing firearms acquisition certificates and issuing business permits, the federal government of the day entered into a federal-provincial agreement—into many federal-provincial agreements, actually—whereby deficits incurred by the provinces will be paid by the federal government. As far as I can ascertain, there has not been a report since 1977 respecting the amount of moneys required in respect of this whole system. How much has been spent, for instance, by municipal police forces across this country in respect of firearms acquisition certificates and their administration? How much has been spent by provincial forces or out of provincial treasuries? We have never really received a report on how much the federal government has spent in total in respect of this whole system.

● (1710)

We have never been told which provinces have deficits and how much of a deficit they have incurred. I suggest to you, sir, that that information is available to the government, that it should be released, and that it should be released to a parliamentary inquiry.

In 1977, and again in 1979, it was estimated by the federal officials in the Department of the Solicitor General that a total of 600,000 to 700,000 FACs would be issued annually. Since this program has been in effect we have only had two reports to the solicitors general which show a significantly lower number than the number announced. In its first year, for instance, only 245,000 certificates were issued, not the 600,000 or 700,000 which we have been led to believe would be the number. Why the difference? What has happened? Were the first estimates—the only estimates we have had—that far out, or has there been that much of a decline in the acquisition of new weapons in this country?

What are the 1980 figures? The minister must have them by now. I hope that the parliamentary secretary, who, I would assume, will speak in this debate, has those figures and will give them to us. However, Mr. Speaker, I suggest to you that they are far out of line with the original estimates which were given to the House in 1977 when the legislation was passed. Either something has happened in the meantime, or it is the effect of the legislation, although I do not think so. Obviously that legislation was passed by the House with the misleading information to show that it was that much of a problem and

that there were that many weapons traded each year since that time.

In 1979, for instance, there was a six months' backlog in the processing of applications to acquire firearm acquisition certificates. Presumably these have been cleared up, but a veil of secrecy has been drawn and a great deal of non-information has been coming out of the Department of the Solicitor General with respect to the time it now takes to obtain the certificates. I ask whoever will be replying for the government today how long a person has to wait for a certificate to be issued to him, provided he has no criminal record or no record of violent disorders. The National Advisory Council on Firearms was asked by the Department of the Solicitor General to provide independent advice on the program to the government. Is it still in existence, and where are the reports? Why have we not heard the concerns of this group? A veil of secrecy has been drawn over the whole matter of gun control registration in the last little while, and it is time that many of these concerns were answered.

I suspect that there is a great number of problems regarding administration, and I suspect that there is a great number of suggested amendments to the legislation which are ready to be processed through the House. Yet we have heard absolutely nothing about them. By the middle of 1979, without any of the confirming statistics which have since become available to the Solicitor General (Mr. Kaplan), 13 amendments to the legislation were identified as being needed. Here we are well into 1981 and nothing has been forthcoming, no statement, no statistics. For instance, some of the amendments identified well over a year and a half ago included such matters as safety training requirements under the act. Surely if we are going to be burdened with this type of legislation there should be an objective in view with regard to the acquisition of new weapons in this country by individuals, and some requirements with regard to safety training. This whole aspect has been ignored by the government. I suggest to you, Mr. Speaker, that amendments with respect to that aspect have been ready for some time now.

Another real problem has been the whole matter relating to security firms in this country. An FAC is issued to an individual, not to a company. Most security firms require the ownership and use of a weapon, which is unfortunate, in my view. It is not possible, as has been suggested to this government by provincial governments, for some type of a blanket permit to be issued to these security firms?

Customs tariff amendments have been ready for some time as they relate to the importation into this country of firearms by Canadian citizens, but absolutely nothing has been brought forward regarding this by the government. Then there is the matter of dealing with non-residents who attempt to import weapons temporarily into this country without an FAC. This matter has not been tackled at all. I suggest to you, Mr. Speaker, that this is a very real and continuing problem to the tourist industry in this country in so far as American hunters are concerned. No matter who is involved, a certificate is required in this country for anyone carrying a gun.

What do Americans do who bring guns across the border temporarily? Do they apply for an FAC? If they apply for an FAC, do the police forces in the country check their medical records or their violent tendencies, if any? I suggest that a double standard is being applied with regard to Americans who come in and Canadian citizens. I am not even sure that the government is enforcing these provisions of the act. All this is a can of worms. If it did enforce them, there would be a great anguished outcry from the tourist outfitters and from the whole tourist industry in the country. In many ways the government has shut its eyes with regard to the problem of non-residents who bring their weapons into this country temporarily for a lawful purpose.

Then there is the whole question of appeals, another matter which has to be dealt with. There is simply no appeal provision in the act at the moment with regard to those who are denied a free firearm acquisition certificate. There are other questions and other procedural problems in respect of the legislation regarding appeals. That is another area which should be considered very carefully by a parliamentary committee, I suggest. More problems have surfaced now since the first phase of that legislation was proclaimed on January 1, 1978.

The time for a complete review of the administration of the act is now long overdue and should be dealt with as promptly as possible. The proper body to deal with it is a parliamentary committee. The whole purpose of the legislation, the whole philosophy and the whole concept behind it, are to reduce the number of crimes committed with guns in Canada, and after two full years since the legislation was passed a valid question should be asked by all of us. The question is whether this legislation is achieving that purpose. I must say to you, sir, that I have grave doubts that it is. It seems to me to be a cumbersome, awkward, and expensive system. But I would like to know for sure. I would like to learn from those who must enforce it and from those who have a very expert and detailed knowledge of it.

● (1720)

The first two annual firearms reports—the only ones we have ever received—for 1977 and 1978 do not reveal any evident trend toward a sharp reduction in the violent crime rate. The statistics for early 1980, which we now have, show that violent crime, crime connected to guns, is on the upsurge in this country. Just last week the report of the Metropolitan Toronto Police Commission for 1980 was released. For instance, in metro-Toronto alone crime is up 9.4 per cent, most of which is violent crime. In the city of Toronto during 1980 ten citizens were killed during acts of robbery, compared to only one in 1979. Out of a total of 48 homicides last year in metro-Toronto, 18 people were shot to death. Robberies with firearms increased 23 per cent in metro-Toronto in 1980—386 in 1980 compared to 289 in 1979.

I end by saying this to you, Mr. Speaker. The Trudeau government in 1979 made a public commitment to carry out a review of the firearms control provisions of the Criminal Code. It was never done by the previous Liberal administration. The

Clark government confirmed that commitment and, as solicitor general in that government, I publicly stated that it would be done. At that time I put on the Order Paper the very same motion which I put forward today. Some of the most pertinent statistics relating to violent crimes in this country have been hidden from view. But they are available. There is no need for further time to draw conclusions. I think it is time now for a parliamentary review by a subcommittee of the Standing Committee on Justice and Legal Affairs. This would permit the provinces, the federal officials, the RCMP, individual groups and individuals, to present briefs and comment on legislation which, I suspect, is not working. Most of all, sir, that inquiry would be open and available to us all.

Some hon. Members: Hear, hear!

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses)): Mr. Speaker, I am pleased to have the opportunity today to speak on this motion of the hon. member for Durham-Northumberland (Mr. Lawrence). I must suggest that perhaps, like all existing legislation, it has to be updated from time to time.

I believe that the implementation of Bill C-51 in 1977 was a very big step to take. Perhaps people, hunters and gun owners particularly, were of the opinion it went too far. The passage of that legislation was certainly marked by some controversy. The successful though controversial amnesty recall program took place in November, 1978. Then the introduction of the firearm acquisition certificates and the business permit systems took effect on January 1, 1979. It must be noted, however, that the recall was regarded as very successful, if you talk to various police officers. The rank and file of law-abiding citizens were not affected by it.

As significant as those changes were, I think they should be reviewed in the context of the history of firearms control in Canada. It is now widely appreciated that Canadian law has controlled firearms in one manner or another for well over 100 years. I well remember during the Second World War when all firearms had to be registered. You had to sign to buy ammunition. The first permit system for the carrying of a small arm outside of one's residence or place of business was introduced in 1882. By 1934 the law required the registration of all hand guns. A change in the law in 1968 created three classes of weapons in Canada: prohibited, restricted, and unrestricted.

I bring this brief history to the attention of the House because I believe it sheds some light on why Canada has generally enjoyed a history of responsible use of firearms since we have advanced from a frontier society, which to a large extent depended on firearms. The conditions in Canada are a far cry from what we see in other countries around us at this time. The changes enacted by Parliament in 1977 continued the promotion of the responsible use of firearms, in the Canadian tradition. The one big change which was effected was the firearm acquisition certificate.

As I mentioned, the 1968 law created three classes of weapons: prohibited, restricted, and unrestricted. The conditions attached by that legislation affected the acquisition and use of restricted guns. There were no controls imposed on the acquisition of either long arms such as shotguns or hunting rifles. The criminal law amendment legislation in 1977 introduced control of long arms to the extent of requiring individuals wishing to acquire them to be screened by the police to ensure that they did not have a criminal record or a history of mental illness associated with violence.

I received a letter recently from a constituent of mine. She is now a married lady, and she spoke about this matter. She related to me an experience she had with a friend, her married brother and her sister-in-law one evening. A man, such as I referred to previously, with a history of mental illness, shot her friend when in the car with the rest of them. It is a tragedy she will never forget. This is the type of instance to which this regulation was intended to apply, not to the normal rank and file person who likes to hunt.

I like to hunt, on occasion. I was not affected by this legislation. Perhaps, in a sense, there is a reason why I was not affected. My first experience as a hunter, as one who loves the outdoors, was not just with the sport of hunting but the need for predatory control of the foxes which were wantonly destroying the poultry in our area. We used to raise those birds on the range. A few years after that we had a rabies epidemic. The hunters in the area would organize a fox drive in order to eradicate the foxes and this problem. A few years ago two of my employees had to go through a series of vaccination shots for rabies. Not long afterwards we all became very conscious of the need for organized hunters and the help they provided to the farmers and society while we were constantly trying to rid the countryside of those animals which do carry rabies.

There is another area to which this also applies. In mid-November we had a baby calf killed in pasture by a brush wolf. Naturally, the cow, on mother's instinct, hid the calf away during the daylight hours and she would return to it in the morning and the evening to feed it. One night we heard her bawling. We went to find her and we discovered the baby calf dead. So there is a need for the farmer and the hunter to have weapons available to them. This is certainly not restricted, in a sense. But if there is a backlog of people waiting for acquisition certificates I hope it will be resolved.

Another reason why I am interested in this legislation is because, when I was a teenager, just after World War II, I was involved in a fox hunt in which a friend of mine accidentally shot himself. It was a tragedy in the community which left a wife and three children. The real tragedy was that this man was a war veteran. He had been all through World War II and many battles. Then, as the result of one little accident, his life was ended. That shocking incident made me volunteer to become an instructor in the use of firearms. I wanted to see that the young people of my area were properly instructed in the use of firearms. Yet, this war veteran who had handled firearms during the battles of the war had his life stamped out by one simple mistake.

• (1730)

Another area about which I am concerned is the safe storage of firearms and ammunition. Part of the program of instruction dealt with the prime concern that every owner keep firearms out of the reach of children, by keeping the guns locked up in a place separate from the ammunition. I understand the concern of the hon. member who introduced this bill. According to his interpretation of the law, if somebody's home was broken into and the guns and ammunition removed, that person can be held responsible.

There was a case just a few weeks ago in which a policeman was shot and killed. The suspected individuals were apprehended near Orillia, after a trail of crime with ultimate tragic results which began near North Bay. I do not know whether the involved weapons had been properly stored, or the premises in which they were kept were forcibly entered. I suggest a review of this case could indicate necessary amendments or changes to relieve these problems. We should also review the matter from the standpoint that a break and enter occurred.

An area of concern to many hunters, particularly those in my area, is the right of the police to search and seize if they have reason to believe that the situation is dangerous. I understand the feelings of the policemen who must enter a tense situation, whether domestic or otherwise. The police are empowered to search for and seize guns in emotionally-charged situations of conflict. It enables them to deal effectively with the kind of situation which leads to almost two-thirds of the deaths caused by firearms each year in Canada. The intent of the legislation was to ensure that officers exercising such authority would explain to a court why it was impractical to obtain a search warrant in advance.

I understand the feelings of people who might be subject to search and seizure. I hope in the review which is under way that this particular section will be examined in detail, in order that it does not infringe upon the rights of normal law-abiding citizens. No doubt there are arguments for and against this point. I can understand the situation where a policeman is called to a crime as the result of some domestic dispute. Such an incident occurred this Christmas in my own village. A neighbour had visited another neighbour. I am not sure whether it was an emotional disturbance or whether it arose as a result of a celebration. The neighbour demanded a gun and was refused. The wife ran next door to call the police. In the meantime the fellow got a heavy rifle. When the unsuspecting police knocked on the door, it was opened and the neighbour fired. Luckily the police were not hurt, but an innocent bystander was injured.

I understand why legislators feel there must be an element of protection for persons who may be emotionally disturbed. The individual to which I just referred would never have considered doing such a thing under normal circumstances. Even though he went to another home to obtain a weapon, an innocent bystander was hurt.

I hope the evaluation being conducted by the Department of the Solicitor General considers such situations and will employ more acceptable and better-understood solutions for people in Canada who own weapons. I understand the study is examining the effects of the firearms provisions of the Criminal Code and that it is not merely confined to changes to the law passed in 1977. The review promised by the Solicitor General (Mr. Kaplan), following the completion of the evaluation study in 1982, will affect the review of the entire history of firearms control in Canada.

This study is a very important first step in the review. I hope to play a part in any further review and to reflect, as a Member of Parliament, the wishes of my constituents, taking into consideration the part played by law enforcement officers, average citizens, hunters, land and property owners. While I appreciate the strong interest of the hon. member for Durham-Northumberland on this subject, I hope he understands the review would not be as useful as it would with the results of the study at hand. The time to make a decision on whether we should proceed with a review is when the evaluation study is made public.

Hon. Bill Jarvis (Perth): Mr. Speaker, I had not intended to speak on this matter, but I have the sinking feeling that for some reason—and I do not wish to be accusatory—government members intend to talk this bill out. Frankly, I find that very disturbing; I might even be so naive as to say that I find it rather surprising. I compliment the hon. member for Durham-Northumberland (Mr. Lawrence) on introducing the bill. I believe that a review is necessary. This bill is consistent with the measure put on the order paper by the hon. member when he was solicitor general. At the time there was not a peep of complaint from the opposition party of the day.

If I understand the hon. member for Lambton-Middlesex (Mr. Ferguson), the review is premature in light of the ongoing study in the Department of the Solicitor General. I do not wish to criticize public servants in that department who are allegedly conducting this study because I do not know what they are doing or whether they received direct instruction from the Solicitor General (Mr. Kaplan) to do a complete and expeditious study of the legislation under the Criminal Code as it affects gun control. I have no idea, and I will likely never find out.

However, rather than use this as an excuse to postpone a review, I would far sooner compare this situation to a similar motion which dealt with Canadian penitentiaries. Had we waited for the Department of the Solicitor General to conduct a review of the penitentiaries, we would all be serving life terms because it would never come. At that time a Liberal government was in power, so I am not being partisan.

• (1740)

At that time we were able to prevail upon the then solicitor general to say, "We have a Standing Committee on Justice and Legal Affairs, so let us give it a House order which will enable it to establish a subcommittee. Let it travel, let it call expert witnesses, and let it have the necessary staff."

Those of us who were exposed to that process said to ourselves at the completion of it, "This is the way the House of Commons and parliamentarians should work." We did not say that as Liberals, as Conservatives or as members of the NDP, we said it as parliamentarians.

At that time I detected a great lift in the morale of parliamentarians because they were part of a process that was not partisan. They travelled night and day and worked night and day in not too attractive surroundings and in an atmosphere not too conducive to morale, that of the Canadian penitentiaries.

I thought the report that was produced was an outstanding piece of parliamentary work. My friends opposite were members of that committee and there was a member of the NDP, a bitter political foe, Stu Leggatt, who now serves in the British Columbia legislature, who virtually put his heart into the report.

I have a terrible feeling now that there is some resistance over there—for what reason I do not know—to permitting a good and viable institution, a subcommittee of the Standing Committee on Justice and Legal Affairs, to fulfil a mandate not to criticize, not to change the legislation, but to review it.

We have all been the recipients of complaints about this legislation. I am concerned when I hear of the number of violent deaths increasing in metropolitan Toronto because the same might happen in my home town of Stratford. I have not yet seen the report of our police force for 1980.

I am sure my colleague, the hon. member for Northumberland-Durham is not one to say, as I am not, that this is all bad or this is all good. He said that we should create a vehicle in which parliamentarians could work together diligently and effectively to review this legislation. The operative word—and it was used twice—is "reviews"; not to change, not to amend, not to abrogate, but to review.

We all enjoy partisan politics—I as much as anyone—but surely in the context of having the president of the penitentiary committee before us, the government will not be so inflexible and dogmatic as to prevent that vehicle from instituting what I am sure hon. members on all sides feel is a very worth while project for parliamentarians and not necessarily only for public servants.

Some hon. Members: Hear, hear!

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased to take part in this discussion, and I welcome the initiative of the hon. member opposite in raising this matter again.

When Bill C-51 was introduced in 1977, it was necessarily controversial and there were strong differences of opinion between those who wanted more rigorous gun controls and those who wanted fewer or no controls. In my constituency at that time people were very exercised because of a murder which had been committed by a person who was obviously mentally disturbed. He was able to buy a gun without question, took that gun and shot some innocent passersby. I remember very vividly the strength of the convictions and the views of those who felt that there surely was a case for making it extremely difficult for people to obtain guns.

At the same time, a colleague from British Columbia received a letter from a farm wife who was very worried in case the government made it too difficult for people to buy and store guns. This farmer wrote about a situation where a wolf had come on her property and she was able to save her child's life, only because she had immediate access to a loaded gun.

These regional differences had to be reconciled at that time and because there was no way to reach a solution which would be satisfactory to everyone, the government undertook to continue reviewing and evaluating the program.

A three-year evaluation and study is now being done under the aegis of the Solicitor General (Mr. Kaplan) by a consultant firm in co-operation with the provinces. I understand it is a very broad study which will examine all firearms provisions in the Criminal Code, not only the amendments put in place by Bill C-51.

The final report will be available in 1982 but there will be two interim reports. I suppose the question before us today is whether the reference to the standing committee recommended by the hon. member for Northumberland-Durham (Mr. Lawrence) is more useful if done now or when at least the interim report is available.

Those of us who were dealing with Bill C-81 in many cases found ourselves somewhat handicapped by lack of statistics. For instance, Statistics Canada did not start collecting data on a regular basis on the use of firearms in connection with crime in general until 1974, even though there were useful figures available before that on homicides involving firearms.

Although Bill C-51 was introduced in 1977, the changes to the restricted weapons system came into force on January 1, 1978, the amnesty recall program was in November, 1978, and the firearms acquisition certificate and business permits system took effect on January 1, 1979. In effect, if there were a reference to the standing committee at this point, we would be dealing with the experience of two years and would be without the benefit of the interim report on the study.

As the hon. member for Lambton-Middlesex (Mr. Ferguson) pointed out, Canadian law has controlled firearms in one manner or another for more than 100 years. This is something which seems to be lost sight of because many people think that Bill C-81 was the beginning of firearms control in Canada. The first permit system for carrying a small arm outside one's residence or place of business was introduced in 1892, and by 1934 the law required the registration of all handguns. Controls on long guns had to wait for the 1977-78 amendments, although there were some changes in 1968.

Canada is fortunate in having had control of possession and use of small guns for the past 50 years, and it is important that these controls be maintained. The low handgun ownership rate probably accounts for the relatively low rate of homicide by handguns. If handguns are not readily available they cannot be stolen, misused, accidentally used or used for suicide; and

suicide has to concern us as much as the use of handguns in murders, whether criminel murders or family murders.

If the level of ownership of handguns is very low, citizens will not feel they have to acquire them for protection. We have seen the unfortunate situation in the United States where law-abiding citizens feel that they have to own handguns for protection. In some cases, those guns are used against them by robbers.

● (1750)

Long guns, however, are now playing a significant part in homicides. It is reckoned that about one-third of homicides in Canada are committed with long guns. The new controls instituted in 1977 do at least provide us with a more effective way of limiting the number of those homicides. Perhaps it is particularly important to be concerned about long guns because they can be sawn off and used as handguns. Sometimes the ammunition for long guns is interchangeable with other types of ammunition. Controls tend to emphasize that any type of gun is dangerous and must be handled with care. This is not to impose unnecessary restriction on sportsmen who use their guns responsibly. In fact, much of the public's education on the use of guns has been initiated by sportmen's associations. One program in particular, organized by the province of Ontario in conjunction with sportmen's associations, is considered to have had important effects in reducing accidental deaths and injuries from the use of long guns.

As the member opposite pointed out, many people are concerned about the human rights implications of the present law. Of course, this is always a very difficult judgment call to make. The law gives police authority to search for guns in certain cases of domestic disputes when they have reason to fear a person is out of control and may be in possession of a gun. An officer who uses this authority is required to make a return to a court explaining why it was not practical to obtain a search warrant in advance. Needless to say, we would not want to see any further erosion of the principle that one's home is a place where a person is entitled to privacy. On the other hand, if an officer's action prevents a murder or a suicide, there would be a very grateful family.

Two-thirds of all killings by firearms in Canada still occur as a result of family disputes or so-called crimes of passion. These are dangerous situations, emotionally charged usually as a result of an issue between people who know each other well.

The question of suicide also arises in many of these cases. I agree it is a difficult judgment call for the officer. If one can find some better way of not only ensuring the protection of people's privacy, but also protection of human life, perhaps we should look at this again.

The question of safety continues to be an important one. When citizens become concerned about gun laws, they think primarily of guns being used by criminals in the course of other crimes. The last figure I have been able to find for that shows that about 7 per cent of killings as a result of gun use occur in the context of other crimes.

The amendments to Bill C-81 provided for the courts to impose sentences in the case of people in possession of a gun while committing another crime. The courts do seem to be using this provision which provides for punishment after the crime, but of course does not deal with the more important question of preventing such crimes.

Firearms acquisition certificates are considered generally to be reasonably hard to obtain in the sense that they cannot be obtained by a person on impulse. Evidence of character must be provided. However, criminals will always have their own sources in one way or another to obtain firearms. I am not sure that one can provide legislation to prevent any and every illegal act. It does seem as though the amendments which have been put in place by Bill C-81 up to now have provided us with improved controls and as well some useful mechanisms for their continuation.

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, I am pleased to reply to the few remarks made by my colleague, the hon. member for Durham-Northumberland (Mr. Lawrence). First I would like to give him some statistics since he claims it has become urgent to review the current legislation which has been in force for only a few years. I would point out to him that 18 murders were committed in 1975. I will quote a Statistics Canada publication which shows that in 1979 there were nine murders committed with only one type of firearm. It is a table entitled "Number, type of firearms and murders, by region and sex of victim, 1975-1979". I fail to see how anyone can conclude that such a study is urgent, since figures reveal that the total amount of murders with firearms did not go up but down. Be that as it may, Mr. Speaker, I would suggest to my colleague that our intention is not to delay until doomsday a study which we believe is necessary, since it is now being conducted by an independent firm which will submit its report to the government in 1982. I think that the government is being dutiful in discharging its responsibilities. When the legislation was passed the minister specified that indeed it would have to be reviewed. The current study, which will take a few years if it is to mean anything at all, is being carried out by an independent firm. I do not quite see how the Standing Committee on Justice and Legal Affairs could study the same issue at the very moment when other individuals, who are totally independent and without any political interest, are conducting the same study in a scientific fashion.

I might also point out to my colleague that the Standing Committee on Justice and Legal Affairs must now direct its efforts toward the access to information bill and I think that measure needs the close scrutiny of the committee members. I sit on that committee, and I will make it my duty to give it the best of my knowledge and to participate in the study of such an important piece of legislation. That is why we on the government side believe that undertaking such a study would be premature. On the other hand, I would like to tell my

colleague that although that subject is being reviewed by experts outside the government, it might be studied by the committee next year. I think it is at that time—

The Acting Speaker (Mr. Blaker): I apologize for interrupting the hon. parliamentary secretary, but it is now six o'clock.

[*English*]

It has been suggested, with the consent of hon. members, that we might move to Committee of the Whole, so that when the House returns at eight o'clock it will then be in Committee of the Whole.

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration in Committee of the Whole of Bill C-54, to amend the statute law relating to income tax—Mr. MacEachen—Mr. Blaker in the chair.

The Assistant Deputy Chairman: It being six o'clock, I do now leave the chair until eight o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

[*Translation*]

The Chairman: The House again in Committee of the Whole for the study of Bill C-54, to amend the statute law relating to income tax.

[*English*]

When the committee rose at five o'clock, clause 1 of the bill was under consideration. The hon. member for Fundy-Royal had the floor.

Mr. Corbett: Mr. Chairman, at five o'clock I was concluding my remarks with regard to the potential of the oil shale and natural gas fields in Albert county of New Brunswick. I was explaining how unfortunate it was that exploration investment money was being driven out of this country by the policies of the government. I had asked the minister to re-examine the policies to comply with the requests of provincial authorities, as well as those I have made at various times in this House, and to give some thought to exploring, and possibly exploiting, potential oil in the province of New Brunswick.

I wish to deal with an extraordinary group of people throughout this country. They form a substantially small group compared to the manufacturers and others with lobby groups that are heard. This group of individuals is critical to the nation. They farm the land and grow the food to feed Canadians.

This group is facing undue hardships. Interest rates are rising, apparently uncontrolled. The government has demonstrated a lack of interest in the problems they face. They must deal with rising fuel costs, labour problems and other hardships. They should be given special consideration.

If interest rates cannot be controlled, some consideration should be given to the difficulties in which they find themselves. They are experiencing dwindling profits, if any at all. We will be in dire straits if this group of very valuable individuals, the small farmers of the country, is no longer able to carry on because of the financial difficulties it is experiencing.

Assistance could be given in a way such as was suggested by the previous government. I refer to capital gains considerations, a matter which has been raised on several occasions by my colleagues. Members of the party to my left made reference to certain individuals in this party who are in favour of abolishing capital gains. I would classify myself as one of those. It is true that those who have money are able to make more money out of circumstances such as that. However, what is wrong with a climate where people with money are prepared to invest it at home so that other people can work, feed their families and enjoy all of the good things which this country should be able to provide for them? Unfortunately, what we have in the mini-budget and budget is a conglomeration of political wing-dingery which will not come to grips with the problems facing the nation. This nation has the greatest potential of any on the face of the earth. However, we find ourselves in dire circumstances with a very bleak future. There must be a change in rationale.

I ask the minister to re-examine these policies which are driving this country down the path of economic and social chaos, policies formed over the past number of years and still fostered by the government. We need new and innovative policies to lead us out of this dead end street which can only lead to economic and social collapse.

Mr. Elzinga: Mr. Chairman, as this is the second opportunity I have had to speak on clause 1 of Bill C-54, I will be fairly brief. There are a few matters I want to place on record prior to the in-depth clause by clause study of this legislation. I want to review with the committee a couple of motions under Standing Order 43 which I had the pleasure to move and to make some representations in the hope that the government will take action in these areas. It is obvious there is a great deal of concern among all Canadians over the inaction of our friends opposite. We find in reality that the budgetary proposals they have brought forward will do very little for many sectors of our society. This government has set a number of records in its term of office; a number of records of which it

should not be very proud and a number of records it should bring forward legislation to counteract.

● (2010)

When we view the record of this government, we find under this administration we have record high interest rates, record high government spending, record high budgetary deficits, record high unemployment, record high taxation, record high inflation, and our dollar is at its lowest level in years. It is for that reason I moved my motion today.

We note from the reports brought forward by the Department of Consumer and Corporate Affairs that a record number of individual enterprises, businesses, individuals and corporations are facing bankruptcy in Canada. The figures that department has come forward with show that over-all bankruptcies in Canada were up some 17.3 per cent in 1980 as compared to 1979. As far as individuals are concerned, bankruptcies are up some 23.4 per cent, and business failures are up some 28.9 per cent from a year earlier. It is because of the inaction of this Liberal administration that so many sectors of our society are facing the difficulties they are facing today.

We brought forward a number of initiatives in the budget we presented when in government, and I am happy to see that a number of those initiatives have been accepted and were included in the budget recently brought down by the Minister of Finance.

There is one segment of our society which may be more notable than others on fixed incomes facing severe problems and difficulties, that is, the single parent sector. That sector accounts for approximately 9 per cent of our family population, and about 50 per cent of these individuals who are single parents have income levels below the poverty line. I should hope the government would give some special consideration to these individuals facing so many difficulties.

An hon. member of the New Democratic Party on Friday—and I cannot recall the specific individual's constituency—brought forward a motion pertaining to this very important problem. Hon. members came forward with a number of suggestions as to how we might help these individuals, not only in the area of taxation, but in the area of other legislation which pertains to them.

It is obvious when we note the actions of the minister responsible for the status of women, that callous attitude with which he treated the status of women group, he does not have any specific or sincere concern for them.

I hope the government will adopt a number of the recommendations these very valuable groups have come forward with, not only in respect of taxation measures, but in respect of other measures which affect single-parent families.

Coming from western Canada I should like to put on record some of the grievances individuals have in that area. While some of the topics I will touch upon do not directly deal with the legislation before us, I hope to connect those remarks to the clauses that pertain to this legislation.

The prairie region has fought long and bitterly against the colonial conditions imposed upon it by the populous and politically powerful region of central Canada. If forced to fight again it will. Today it is absolutely convinced that the tax policies of our Minister of Finance and the energy plans of our minister responsible for energy imply a reversion to the west's old colonial status. The west will not resume the role of a colony without resistance.

We not only have the budgetary measures as they pertain to energy, we also have the constitutional proposals which in essence make us in the western provinces, in fact all those provinces outside Quebec and Ontario, second-class citizens.

Let me just go back into a bit of the history. Historically the political and commercial powers of the centre have always merged their interests; the management of the resources of western Canada for the benefit of the central commercial empire of Canada was and is their principal joint venture. The mutual benefit from the merger was control of the resources of the prairies for the commercial benefit of the industries of the centre and the concurrence electoral support for industry's political allies in the east where it really counted. Both stood to win. The fact that the west stood to lose was a regrettable side effect that resulted from the nature of the nation.

Inescapably the purposes of the dominion and the national interest were and are still defined by the economic and political power blocs of central Canada. In 1867 one of the terms of the confederation of Ontario, Quebec, New Brunswick and Nova Scotia was that each province would own and control the natural resources within its borders. In 1870 the region which is now the three prairie provinces was transformed from a trapping and trading preserve of the Hudson's Bay Company and became a colony of the newly-confederated provinces. That same year Manitoba was converted from a colony to a province, but it was not a province like the others. The provinces of Canada owned and controlled their natural resources but Manitoba did neither. Manitoba was really a colony.

In 1905 Alberta and Saskatchewan were carved out of the colonial territories and called provinces but, like Manitoba, they were not permitted to assume ownership and control of their own natural resources. Their resources were retained by Ottawa for the purposes of Canada.

In 1930 anger, agitation, alienation, hostility and periodic talk of separation earned their reward. The ownership and control of natural resources were finally transferred to the prairie provinces. Only in the past 50 years have these provinces been equal partners to the founding partners.

The term "colony" is used carefully. The reality is that the resources of the three provinces were unblushingly used by central Canada for political power and commercial imperialism. For Manitoba's 60 years as a colony it had no adequate real or potential source of provincial revenue. Saskatchewan and Alberta were in a similar state. The three prairie provinces

went into the depression and drought of the 1930s in terrible financial situation as a result of the public debt they built up, while Ottawa was looting their land and resources.

Surely viewing history any public policymaker would move with great care. Resource control in the prairie region, as a consequence of past experience, would clearly be viewed as a sensitive and potentially divisive issue. The west has always had to fight the central Canada instinct that western resources belonged to the east. For the long-term interests of Canada that may have been a good policy. Perhaps a strong industrial and commercial heartland was crucial to nation building, but what must be recognized is that, rightly or wrongly, the western provinces see ownership, control and management of resources as their only hope for equity, if they are to sit in on a game which has been fixed against them. The ability to control these resource is absolutely fundamental to the ability of the three provinces to manage their own economies. In the case of oil and gas, they cannot control price, and this quite evidently weakens their ability to manage their own affairs. If, in addition, a court should find they cannot determine the rate of production of oil, or any other resource, the prairie provinces joined by British Columbia will revert once again to being colonies of central Canada.

• (2020)

It may be that Ottawa can get a favourable ruling from a court or, through its declaratory powers, can dictate the rate of production of the oil fields of Alberta, but Ottawa would be remarkably foolish if it considered it. What Ottawa needs is not a legal justification but an understanding of the legitimacy of western Canadian concerns.

It would be useful if reason, justice and real understanding of prairie experience could be introduced into the discussions between Alberta and Ottawa. They would be a pleasing substitute for the cleverness of the Ottawa policy planners and for the skilful and cynical massaging of words by the public relations specialists in the Department of Energy, Mines and Resources.

It would be helpful if Ontario came to understand how dangerous western alienation is to Ontario's long-term economic interests. But the real onus is on Ottawa. The real onus is on our friends across the way because Ottawa must learn that sharing, fairness and equity—words so freely used in the National Energy Program—are something more than verbal daggers to wound a debating foe.

Mr. Gamble: Mr. Chairman, when I last spoke about Bill C-54, I had an opportunity to deal with two of the chief deficiencies in this bill and, indeed, two of the chief deficiencies in the act this bill seeks to amend. Those dealt with the general absence of fair play and equity which apply to both taxpayer and Minister of National Revenue alike. I also drew attention to the fact that in its present form this bill does nothing to alleviate the absolute inability the average taxpayer of this country, as defined by the act, has in understanding the terms of the act. I suggested at that time that it was the obligation of this House to draft laws which, if they are to be obeyed, are at least to be understood.

The Income Tax Act sought to be amended by Bill C-54 has its legal foundation and justification in Section 91(3) of the British North America Act, which permits the federal government to impose any tax by any mode or system of taxation, and it refers to the opening paragraph of Section 91 of that act, which grants to the federal government the right to make laws for the peace, order and good government of Canada.

The Income Tax Act has been used since its predecessor was enacted in September of 1917, originally as a temporary measure, for the purpose of achieving something other than the actual raising of revenues. It has been used for social purposes, and it has been used for the purpose of directing industrial or commercial activities on the part of Canadians. We know that the act has been used in that sense for the purpose of establishing the right of deductions for charitable donations, dependent deductions, and manufacturing and processing incentives. It at one time contained a provision to induce the Canadian public to engage in the very risky business of searching for mines and minerals by providing a tax exempt receipt system which applied to prospectors and those who grubstaked them. Those provisions no longer exist, presumably on the theory that it is no longer necessary to induce people to search actively and take the risks involved in searching for mines and minerals. There was a three-year holiday for mining companies between the time that a mine began to produce minerals in commerical quantities and the time when they became taxable. Similarly, that provision has been eliminated.

I use those illustrations to show that the purpose of the act has not been exclusively to raise revenues but, rather, to direct policies which are in the best interests of the people of Canada.

Accordingly, I come to the major objection to which I should like to draw the attention of the House this evening. My objection is that this bill fails by omission to deal with one of the most essential issues that should confront the government and this House. The bill makes no reference to sections 117 and 123 of the act, which provide the rates of taxation which are to apply to individuals and corporations. Our nation today is beset by high inflationary pressures and by interest rates which are, by their very nature, almost confiscatory in terms of their effect upon the business community in Canada. Because of inflation rates that run in excess of 11 per cent, individuals as employees who have gainful employment will stampede to extract from their employers additional revenues so that they may at least keep pace with the growth of inflation in Canada which the government appears unable to control. An uneasy circumstance will exist which will give rise to industrial disputes and work stoppages, which will have a detrimental effect on our ability as a nation to produce and sell our goods abroad and rectify the imbalance in our international payments.

These circumstances ought to direct the attention of the government to a very simple process, and that process must be the reduction of taxes. Even without current pressures which will be brought upon the Canadian economy it is just and

reasonable, having regard to internal problems faced by Canadians, that adjustments of a substantial downward nature be made in the rates of tax imposed against Canadian enterprise and Canadian individuals.

The vast amount of tax raised through the Income Tax Act is raised from individuals and not from large corporations or small business corporations in Canada. Of the large amount of taxes raised from individuals, over 70 per cent, according to Revenue Canada's latest statistics, come from employees. If rewarded for their effort by a reduction in the federal government grab, these employees would be in a better position to increase the money supply at their disposal so that they might generate jobs for their fellow Canadians and put a much needed stimulus into the Canadian economy.

The Income Tax Act contains a provision which obliges employers to deduct and remit to Revenue Canada on a regular pay basis that portion of the income tax and Canada Pension Plan contributions which must be made by individual taxpayers who are employees. Without that provision it is doubtful that this country could last one year without a tax revolt. Taxpayers do not realize the immense amount of money they pour into the Treasury or the Consolidated Revenue Fund administered by the Government of Canada. It may be painless to them individually on a weekly, bi-weekly or monthly basis, but the hundreds of millions of dollars which are extracted in this fashion, the billions of dollars which go into the Consolidated Revenue Fund, could best be spent by the people who earn the money, rather than by the government which has shown in the past every inclination to waste it. We could recite illustrations of that for the rest of the evening.

● (2030)

One of the great undertakings of the Prime Minister and of the current government is the creation of an international redistribution of wealth to be carried out under the guise of meeting commitments under the North-South dialogue. This country, through the generosity of its taxpayers who were certainly not consulted about the process, is pumping $1.2 billion annually into foreign aid. We have seen a recent illustration of that in an announcement today that Zimbabwe is to receive $50 million over a period of ten years. That, of course, is but a small illustration of the constant flow of funds from Canada to foreign nations, many of which are under the control of dictatorial regimes which have no respect for the ordinary, generally accepted principles of human dignity. Many of these nations, which operate under a one-party system and therefore might correctly be called dictatorships, have no reference to the democratic system, yet our government persists in the view that it is absolutely essential for us to make these commitments. To what end are we making these commitments?

In 1977 we saw an illustration of the way in which some of these funds were distributed, not directly by CIDA but by another government agency, namely, the Export Development Corporation, measurably assisted by Canadians. It was a loan of some $67 million, as I recall, to Inco which developed a mine in Guatemala as a result of which the work of miners in the Sudbury area was no longer essential because that company could acquire its raw materials at a cheaper price from Guatemala. What we see here is the citizens of this country paying with their tax dollars to put their fellow citizens out of work. That is exactly how the North-South dialogue will work and how the new international order will work. I think the public should be made well aware of it. Having put their fellow citizens out of work, the public was requested to contribute to the Consolidated Revenue Fund so that unemployment insurance payments may be made to those very people whom they caused to be unemployed.

It is the height of folly; it is something which, as individual donors, very few taxpayers in Canada—certainly no one who used his head—would pursue on an individual basis. I suggest to the government that the people best able to attend to the administration of their funds are the taxpayers of Canada. I suggest to the government, if it really believes there is a crying, urgent need expressed by the people of this country to assist others, it let them assist themselves by setting up a machinery whereby donations can flow in from the pocketbooks of those from whom the funds are now extracted by law. They should be asked to make the donations which their government now makes on their behalf.

I made reference to this after commenting upon the provisions of the British North America Act. I question the legality of the Government of Canada imposing taxes by any mode or system if it is not for the peace, order and good government of Canada. I recognize that Section 92 in dealing with the right of the provinces to extract direct taxation is confined to the use of those tax funds for purely provincial purposes. The same does not appear in Section 91, but the implication is there.

If we were at the point where we were last year, the issue would not be as significant as it is today. I asked the Minister of Finance in the House on November 17, 1980, the following question:

> In light of the change in government which we anticipate in the United States as the result of the recent election there and some of the specific promises by the president-elect to reduce taxation, despite the fact that the minister's budget was recently passed by this House, is it his intention to reduce taxes in Canada in order to correspond with intended tax reductions in the United States, so as to offset the magnet-like effect of attracting business in North America to those jurisdictions with the lowest tax rates?

The minister responded by saying that I was fully aware of the fact that the budget contained a provision for indexing. He might have gone on to say, although he did not, that he promised in his budget the great deductions would be indexed for 1981, but there was no promise for any future year.

Business is attracted to a climate which welcomes it, and the greatest welcome comes from an area in which that business may be conducted allowing it as much of a profit at the end as possible. Such a country is the United States. They will in fact reduce taxes across the board for individuals and for corporations, while our government stands still and does nothing. We need the enterprise and the investment of Canadians. Business must develop in Canada so as to offer jobs, not only to those who do not have them now, but to those who are coming into

the work force and who desperately look to this government to lead the way. Instead of creating that climate, the government has turned its back on what is reasonable. It insists upon maintaining a high tax level in Canada so that business expansion will not develop here but will go elsewhere to a place where it is welcome, to a place where jobs will be offered to Americans and not to Canadians. Once the process is begun, it is extremely difficult to retard or reverse it. This government has given no indication that it is even interested in what is going to happen, and yet the handwriting is on the wall.

When Premier Davis journeyed to Japan two years ago, he was met by an observation from the Japanese to the effect that it was pointless to suggest that they invest in Canada because here the rates of taxation were too high for them. We are begging the Japanese to invest in our country; I think that is shameful in itself. We should be investing in our country ourselves, but after the great grab by the federal government, there is little left for anyone to invest. But they told us exactly what their position was. If one examined the foreign aid donations of Japan, one would find they are not as great in terms of their gross national product as are ours.

● (2040)

If one examines the percentage of donations to foreign aid by the United States, one will find that it is markedly less than ours. It is less than half. What has happened is that we are giving our money away so we can go to foreign nations and beg them to invest in our country. The whole situation is crazy. We should be encouraging Canadians to develop their own nation. Why would we ask Japan to come and develop our nation? They have been shrewd enough to look after their own finances well. Is it so that we can then let the dividends and profits from the generation of the business which they might hopefully establish here flow to the United States or Japan?

I earnestly beg the government to look at this issue and to give it the attention it deserves.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I think my remarks tonight will follow very closely the closing peregrinations of the hon. member for York North. Before I get to those remarks, I want to congratulate the hon. member for Mississauga South who very quietly this afternoon, with tremendous knowledge of the detail with which the program works, asked again for the third or fourth time that the government give serious consideration in this bill to the extension of the time allowed for the Small Business Development Bonds. It is only one of the items with which the Crosbie budget tried to reduce taxes on things people needed so that more money would be spent, more jobs would occur and more money would flow back to the taxpayer. It is a very simple request which the member for Mississauga South makes. Even if the government were to extend the expiry date a year he would be grateful. I personally wish they would extend it for at least five years and give small business, whether it be on the farm or in the city, a chance to use development money at about one-half the present interest rate. Within a year or so the government would find that the income flowing back from this program would be much greater than any loss they might suffer.

This is the third time I have spoken with respect to this legislation. I had a list of 13 subjects, but I think this will be the last. I wish to follow the theme expressed by the hon. member who just took his seat. If the task of the Minister of Finance and his official at this time in the economic history of Canada is to balance the budget, to get the country growing and expanding, the way it should be done is to take advantage of the evidence which is before the government, that is, tax rates in Canada today are not competitive with our main competitors. We can assume that is right without giving examples.

I have seen this growing over a number of years. The hon. member took advantage of that fact by mentioning the mineral industry. We developed a great mining industry in Canada by establishing a three-year tax exemption. This was to allow the mining industry time to pay off its debt and reduce its interest rate charges to a point where it could show some profit on its whole investment. Since that three-year exemption was removed, I have seen Canadian mining investment money move to other countries where they receive a higher return on their investment. The mining industry is one which is largely Canadian-owned.

I would like to give an example where this has taken place. Two of our largest industrialized types of companies, Algoma Steel and Steel Company of Canada in Hamilton, were engaged in a joint operation of developing what would have been the biggest iron mine in the world, north of Ignace, Ontario. In 1973 the provincial government got greedy and tripled the tax rate on large mines from 15 per cent to 45 per cent. Other provinces right through to the west coast did the same thing. In 1974 the federal government stepped in and in its two budgets of 1974 declared that provincial taxes and royalties were non-deductible. There was a 45 per cent tax by the province on a mining operation in a remote area north of Ignace, which is 200 miles from Thunder Bay, the federal government jumped in with a 42 per cent to 50 per cent tax rate, which was also non-deductible, then the effective tax load on that mining operation was over 90 per cent—45 per cent to the province and 42 to 50 per cent to the federal government, depending on the mine's income level. So those two large Canadian companies moved quietly across the border into Minnesota. They invested a billion dollars into developments of low-grade taconite, and today Canada imports raw iron from the United States. This puts Canadians out of work because of our tax laws.

Surely that is enough evidence in that one case alone, which affected the province of Ontario, where both the provincial government and the federal government in their quarrel and fight for revenues destroyed a very promising industry. This has all been admitted in the House. When the Hon. Don Macdonald was minister of finance he agreed this was so. He said we would have to obtain peace between the provinces and the federal government over this heavy taxation on resource industries.

At that particular time, when Mr. Tommy Douglas was in the House, the NDP were with the Conservatives asking for lower tax rates on resource industries. Now the NDP has allied themselves with this government. We have the two of them systematically driving industries out of this country. They then have the gall to turn around and complain that these companies in Ontario are importing iron from Minnesota, putting Canadians out of work. Who drove them out? This philosophy of driving taxes higher and higher to meet the demands of government drove two Canadian-owned, Canadian-controlled companies into development in high-priced ore in Minnesota. At least there they could make a profit out of their operations. But if they developed that iron ore in Canada they would lose money. I am simply saying the principle of reducing taxes to get more money is not only proven by quantitative analysis in almost every country in the western world, but it is clearly proven here in Canada where our tax rates are no longer competitive with the main competitors.

I want to conclude this series of hopefully constructive speeches on my part with how we can encourage Canadians to invest in their own country, to own their own companies in Canada as individuals and to make more money for the tax collector by investing in common shares. With present high interest rates all our large companies, in their fight for survival against these high interest rates, must shift from borrowing money at fixed rates to equity. Massey-Ferguson is putting out 30 million or 40 million new shares. Hopefully they can get rid of them. Stelco is moving into equity, as is Dofasco. In order to save themselves all our big companies must move into equity or they will be down the tube, just like the car companies. It is not only a question of bad management in borrowing money at these interest rates, but it is also a question of who it was who forced those interest rates up. It was a series of governments which did not measure on the basis of quantitative analysis of what was best, but on what the textbooks said one should do. Thus, we have this mad rush toward higher interest rates. The American nitwits, believing in the same rules and textbooks, are doing the same thing. This has been made clear by nearly everyone across this country, yet we have this determination to commit hara-kiri, suicide, or whatever one wants to call it, in the economic field. The very unique 1979 budget came out and gave a whole series of small examples on reducing taxation. One of them was on this question of encouraging Canadians to go into common stocks.

● (2050)

Of course, there will not be as much money in the beginning, but then there will not be a load on the company as it is developing. When the profits finally come the return from equity will be much bigger than the return from bonds. I would like to take the liberty of quoting for the record the proposal outlined in the 1979 budget which was defeated. I am quoting from page 11 of the budget papers, which reads as follows:

> That for the 1980 and subsequent taxation years, a Canadian common stock investment plan for individual investors resident in Canada be introduced in respect of which the following rules will apply:
>
> (a) an investor may have only one plan at any time,
>
> (b) up to $20,000 may be contributed to the plan in 1980, thereafter annual contributions may not exceed $10,000 and total net contributions may not exceed $100,000,
>
> (c) the investments of the plan will be restricted to certain short-term debt obligations and to securities of taxable Canadian corporations that are common shares, warrants or rights in respect of such shares or shares that are convertible into common shares provided that such securities are listed on a prescribed stock exchange in Canada.

It goes on to say that dividends, interest and so on will be taxable. Every member of this House wishes to see—and the government has announced it as a priority—that Canada's resources are owned by Canadians. We know that these resources cannot be owned successfully by Crown corporations. We have the experience of the whole world and, indeed, of Canada to demonstrate that fact. The answer is to let millions of common Canadians invest in common stock, if I may use the word twice, so that they may own as individuals. As individuals who own investments in these companies, they will watch carefully and maintain the pressure to ensure that there is efficiency and growth within the company.

The omission from the present budget of that program, parts of which I just quoted, means the loss of a glorious opportunity for Canadians to own more of their country through buying individual shares. Of course, they would expect to receive a larger return later on than if they were to buy bonds. We have all learned over these past ten years that any person who buys a bond is cutting his financial throat and will lose his money because of inflation. But here is a way of fighting inflation, of putting more people to work, producing more goods and, thereby, more revenue for the government to help reduce our deficit. The government could then look for other ways to reduce taxes.

The question of common shares has been in my mind ever since I came to this House. If one looks at the regulations put forward in 1957 with regard to oil, gas and minerals in the north one will be proud, as I was. I waited for so long for Canadians to have the opportunity to own their own country as individuals, instead of our industry being owned primarily by people outside the country. For example, in the case of our oil the provincial government regulations turned our oil industry over to foreign companies. But on the Canada lands which were controlled by the federal government, Canadians would have the first chance to own and control the resources as well as receiving the bulk of the revenues. Those oil and gas regulations were brought up to date and improved in 1976 and supported by my party.

To see those regulations destroyed through the legislation which came before Parliament this year was simply cruel. All the advances toward the objective of Canadian ownership, which is the purpose of the government, were destroyed by that legislation. This debate has been going on for several days, and the government has been very good in allowing hon. members to speak their minds. Most of the members who have spoken have tried their level best to put forward positive suggestions.

There has been the suggestion that the government try to save the Small Business Development Bond. I know that it is too late to go back and put in a section with regard to common shares. The time factor is too great. I hope the Minister of Finance and the government supporters behind him will remind each other over the next few months, before the next budget in the spring, to put that proposal back into the budget. Then all those other devices of reducing taxes and producing more to obtain more money for the tax collector will help to fight inflation, balance the budget and get this country back in shape.

This is not my view alone. An election was fought in the United States last fall on this very issue, and everybody laughed. They said, "Imagine reducing taxes to make more money, how ridiculous". However, there is the precedent in the United States in 1963-1964, and there are many more as well.

The first minister of finance to ever introduce such a proposal was the hon. member for St. John's West. I was not here for the budget speech, as everyone knows. However, after reading the budget paper, I realized that this was a very unique budget. Even though the government was defeated on that budget, I went out and spoke at meetings throughout my constituency and, although I found great excitement over the fact that the government had been defeated, there was an awful lot of sadness because the things for which I had fought and which had appeared in small measure in the budget had been voted down.

People had no trouble in saying that his was a good budget, or, at least, not too bad. It distressed me to see the election fought on issues which had no relationship to the fact that here was the first budget in Canadian history which was attempting to balance the budget by reducing taxes. As I have mentioned in the House before, the intellectuals of the English-speaking world will soon be teaching their classses about this unique budget. Before long, that viewpoint will go throughout the entire populous and will ultimately come back to Canada. Everybody knows what I meant when I told the Minister of Finance some weeks ago that I felt sorry for him because he had an economic policy which was suposed to be as disciplined as the 1979 budget, that he zigged when he should have zagged.

I ask the government to consider the proposals put forward by several hon. members with regard to the Small Business Development Bond and to do some real thinking with regard to the matters of capital gains, energy tax credits, reducing taxes in resource industries to increase production, reducing the taxes on the movement of energy and reducing the taxes on the more value-added industries because of cheaper energy in Canada. There is lots of energy in this country, we are a strong country. Let us get it on the go. Let us not muck up this country with the stupid idea that we must keep raising taxes and making tax laws more complicated in the hope of receiving more money, because there will not be any more money if the taxes are too high. I suggest in all seriousness, because we will be in this House together for four years, that we begin with this job right away or the opportunities which are before us now in this world of nations will be gone forever.

Mr. Thomson: Mr. Chairman, I would like to endorse what the hon. member for Qu'appelle-Moose Mountain had to say about Canadian ownership of Canadian equity. Before becoming a Member of Parliament, I was involved for 20 years in the business community. I was president of a company which offered its common stock to the employees and encouraged them to buy it. No single action that company took in a period of 15 years was more positive and constructive to both the employees and the company than placing part of the ownership in the employees' hands. I might also say that there could be no more constructive force in the Canadian economy than placing equity in the hands of the Canadian people.

• (2100)

Just recently I returned from a visit to Sweden as a member of a task force which was investigating how Canada might improve trade with that country through a national trading corporation. Only a few years ago Sweden was held up as a model economy in the free world. I would urge all hon. members to go to Sweden today and see that model, that socialist experiment. It would be particularly interesting to my friends on my left.

In 1980 Sweden had a fiscal deficit of $18 billion. That is equivalent to a $50 billion fiscal deficit in Canada, yet Sweden has a population of only eight million people.

Mr. Sargeant: Do you know what you are talking about?

Mr. Thomson: In Sweden, if you earn $25,000 per year, you pay $13,000 in taxes. That means your marginal rate of tax is 75 per cent. If you earn $32,000, the marginal rate of tax is 85 per cent. That is the social experiment, Mr. Chairman. While I was in Sweden there was a rather large snowfall so I had to buy a pair of galoshes. They cost me 159 kroner or $50 Canadian. I could have bought them here for under $10.

Miss Jewett: What Calgary interest are you representing?

Mr. Thomson: The Swedes have nationalized the iron ore industry. They have nationalized the steel industry. They have nationalized their—

An hon. Member: We have done that.

Mr. Thomson: Does the hon. member want to listen or does he want to talk?

An hon. Member: I would like to listen to some sense.

Mr. Thomson: I thought it was my turn. Sweden has nationalized the steel industry, the coal industry and the shipbuilding industry. In 1970 their standard of living was the second highest in the free world; today it is twentieth. That is what the socialist experiment has done for Sweden.

Miss Jewett: They have had a Tory government for three years.

Mr. Thomson: They have the highest suicide rate in the world and one of the highest rates of alcoholism. What has the socialist experiment done for Sweden?

An hon. Member: Ruined it.

Mr. Thomson: This brings me to the question: Is Canada going down the same road?

An hon. Member: Oh, no!

An hon. Member: Oh, yes!

Mr. Thomson: No, Canada is not going down the same road! We are not living beyond our means! The Canadian government is not living beyond our means! We had no real growth in our country in 1980 and yet the level of government expenditures increased from $54 billion to $63.5 billion. In 1981-82 there will be a no-growth situation again, yet government expenditures will rise to $73.5 billion.

In 1980 the federal government took 25 per cent of the gross national product; in 1981-82 it intends to take 30 per cent of the gross national product.

What was it that caused Sweden to go downhill, Mr. Chairman? It happened because nobody cared enough to make the capital investment needed to create jobs. The government has taken so much money out of the economy that nothing was left with which to create capital investment. The same thing is happening in Canada. The Liberal government has made no effort whatsoever to restrain its expenditures.

Instead of focusing on growth and increasing the size of the economic pie, the Liberal government has focused on ways to take more and more revenue from the same size of pie and from a stagnating economy.

The Liberal government claims that it must have more revenue and that the revenue must come from the oil industry; that the oil industry is going to have to pay!

Mr. Chénier: That is what you wanted to do last year. The Canadian people would have paid.

Mr. Thomson: The sad part of this is that any knowledgeable authority—and I would not expect to find any on the other side of the House—would say that we must spend between $400 and $600 billion in the next ten years if we are to have the energy which will be required to fuel our economy. Yet the Liberal government tells us that it is not going to give industry the money to do that; that it is going to take it away from industry. That means there is no hope of energy security for the Canadian people. That is the policy of this government.

The October, 1980, budget of the Minister of Finance was not concerned with fiscal policy; it was simply a statement of the National Energy Program. Surely the cornerstone of any energy policy should be the assurance of supply for Canadians. That surely should be the most important consideration for the next ten to 20 years. Instead, the National Energy Program is a plan to penalize industry and discourage investment when it should be seeking ways to improve production and to eliminate the crude oil imports which in 1980 amounted to the staggering sum of $7.5 billion. It takes but a fraction of a second to say $7.5 billion, Mr. Chairman. But it is over 10 per cent of the gross spending of the federal government. It is 3 per cent of the gross national product. It is a staggering amount of money that does not need to be spent and that is the tragedy. Canada does not need to fork out $7.5 billion for imports when it could spend that money at home where it would create jobs and mean energy security for Canadians.

The worst part of this is the immorality of the government saying it is going to borrow $3 billion to subsidize the consumption of gasoline in this country, and that the Canadian people will assume that burden. That decision is immoral and there is no economic justification for it.

• (2110)

Assessments of the National Energy Program so far have indicated that the goal of self-sufficiency will not be reached by the end of this decade. Indeed, the National Energy Program itself will be a major hindrance to achieving this goal. How many people across Canada have said that time and time again? Is everybody in Canada out of step with the Liberal government and with the Minister of Energy, Mines and Resources? Is everybody in Canada out of step with them?

Mr. Dingwall: No, only the oil industry.

Mr. Thomson: Who else? What about the Canadian Construction Association? What about the Canadian Manufacturers' Association?

Mr. Blais: How about Bill Davis?

Mr. Thomson: What about the bankers? Are they out of step?

An hon. Member: Tell us.

Mr. McKnight: There is not much point, you do not listen.

Mr. Thomson: The program is deficient on at least four major counts. First, the price of oil has not been increased sufficiently to promote conservation and to provide a return to the producer sufficient to promote exploration and development. Exploration capital is already leaving to seek higher returns elsewhere. Those are irrefutable facts.

Miss Bégin: The first one is easy to refute. Do you think people are dumb?

Mr. Thomson: There are none so blind that will not see.

Mr. Deans: You should coin that phrase.

Mr. Thomson: Second, the program is unrealistic in its treatment of western Canada. It fails to look upon the development of the west as a great opportunity for all Canadians.

An hon. Member: Nonsense.

Mr. Thomson: Nonsense? Go to Calgary, go to Edmonton, go to Estevan and see the rigs crossing the border. Watch the companies shutting down. For heaven's sake, open up your eyes.

An hon. Member: He is afraid to.

Mr. Collenette: There are more there this year than there were last year.

Mr. Thomson: You do not know what you are talking about.

Miss Bégin: Go easy. Listen to people.

Mr. Taylor: Go out and take a look.

Mr. Thomson: Third, the arbitrary and punitive thrust of the program makes it a focal point for forces that are attempting to divide the country.

Fourth, the program is a move to increase government involvement in the industry. This is a backward step. The oil and gas industry, as most industries, cannot be operated by government; governments cannot operate industry. Things are created and a country is built with entrepreneurial spirit whether or not hon. members want to believe it.

An hon. Member: Adam Smith lives again.

Mr. Thomson: The oil industry needs profit-orienting goals to produce continuing successful exploration and development.

Knowledgeable authorities throughout Canada have stated that the National Energy Program will leave Canada with substantially higher shortfalls in production in the 1980s, which will mean increased dependence on imported oil by 1985. Instead of seizing the opportunity for the oil and gas industry to make a substantial contribution to the economic growth of Canada, Canada's growth prospects under the National Energy Program are dismal, if not negative.

Some competent authorities have gone so far as to say the National Energy Program could be instrumental in producing a national economic disaster. At the core of the criticism of the National Energy Program is the issue of oil pricing and the attempt to isolate Canada from international energy markets.

The day after the Minister of Finance introduced his budget, I remember the headlines of the *Economist* in Britain. It read: "Canada resigns from the world." That is what we have done. Do you know of any other country in the industrialized free world which is pursuing the madness of energy prices at less than 50 per cent of world price, Mr. Chairman? Do you know of any other government in the world that is doing that? It is madness.

Miss Bégin: Is there any other country better than Canada?

An hon. Member: Yes.

Mr. Thomson: Canada must surely realize that this country is part of the world energy system. Do we not have to recognize that we are part of the world? Prices for petroleum will remain high. They will likely go higher. Given the relatively short life of our remaining oil reserves, Canada cannot afford to subsidize the consumption of such a valuable resource. I ask the hon. Minister of National Health and Welfare to tell me which country is subsidizing the consumption of a scarce resource? Is any other country in the industrialized world subsidizing the consumption of a scarce commodity?

Miss Bégin: Name a better country than Canada.

Mr. Taylor: Alberta.

Mr. Thomson: I would not name it. I love this country. That has nothing to do with the economic policies put forward by the hon. member's government.

Some hon. Members: Hear, hear!

Mr. Thomson: Only when Canadians establish the price of their petroleum resources near the levels at which most world petroleum is bought and sold will rational decisions regarding the production and consumption of petroleum be made in Canada. Prices must be higher if we are to conserve our scarce resources and continue to search in Canada for new discoveries rather than looking in the United States or elsewhere.

Mr. Andre: Or Senegal.

Mr. Thomson: Surely it makes sense to invest money in Canada rather than providing an incentive for companies to look abroad. Hon. members can laugh, but they will be laughing at the people who will be out of work as a result of the government's National Energy Program.

Apart from raising prices to achieve conservation, additional revenues received by the industry would encourage exploration. I could show hon. members case after case where the National Energy Program has had the effect of reducing producer netbacks to negative figures. In Saskatchewan and British Columbia it no longer pays to produce gas or oil from many fields. How can we possibly improve supply by making it uneconomic to produce and explore?

Higher oil prices now may ultimately be less expensive to Canada by speeding up energy resource development and reinforcing incentives toward conservation. The end result would be a reduced need for imports. Under the energy program the total burden of oil imports will eventually be borne through an additional tax on consumers of petroleum products, but in the interim taxpayers will continue to bear the burden of the rising costs of subsidies for oil imports. Reduced imports, therefore, would decrease government expenditures on subsidies. This would restore to the federal government some freedom of action in fiscal policy that a succession of federal deficits has taken away. A lower deficit with its reduced borrowing requirements would tend to reduce pressure on interest rates. I say to my friends on the left, "if you want lower interest rates, let us take a step in the right direction by reducing the federal deficit".

Borrowing requirements would tend to reduce the pressure on industry. The government would also have the option of

cutting some income taxes. Heaven forbid we should ever cut income taxes. Such reductions could be made in individual income taxes or in manufacturers' sales tax. It is likely that an increase in petroleum prices substantially offset by tax reductions would not exacerbate inflation. We are all concerned with inflation. In addition to these considerations, it must be remembered that the cost of not raising prices might be actual shortages of petroleum products in the future.

● (2120)

Every region of Canada can benefit from the development of oil and gas resources in the western provinces, off the east coast and in the Arctic. The further development of other energy sources throughout this nation, whether from hydro-electric power, nuclear power or renewable sources, will also stimulate national economic growth. In past years, major development projects such as the TransCanada PipeLine, the resources boom of the 1950s and others have given Canada strong impetus to economic growth and have strengthened our nation tremendously. Let us pursue energy developments of the eighties in the same way, as a source of economic strength, as a key to rapid economic growth and increased productivity and as a spur to greater political and economic unity.

Mr. Deans: Mr. Chairman, I do not intend to be nearly as long, and I do not intend to discuss Sweden. However, I do not mind pointing out there is no doubt that with the introduction of the policies of the Conservative government in Sweden after the defeat of the social democratic party three years ago, Sweden did go downhill rapidly.

An hon. Member: He didn't know they had been defeated.

Mr. Deans: This not being the place to discuss that, I want to talk about conditions in Canada for a moment or two. I will deal with the matter I started to speak about on Friday last. Before I get to it, I want to raise with the minister, since we are talking about income tax, the tax rates paid by lower income earners in this country.

I was in Hamilton today to see constituents and to attend the funeral of a long time friend who served in the Ontario legislature for over 20 years. While there, a woman visited me in my constituency office in order to talk about problems that confront her. This woman, who works as a beauty parlour operator, earns approximately $6,000 a year. As she outlined her difficulties to me, it became very clear that on $6,000 one cannot afford to pay income tax.

This is a woman in her middle years, obviously independent and desirous of making her own way, not eager to become part of the statistics of government expense. She pointed out the rent she has to pay, her cost of food, which rises every day, her normal costs attached to living and her costs of going to work, providing uniforms and getting them cleaned. After adding up all those costs, what this woman really needed was the money she paid on income tax just to make ends meet.

The federal government should ask Alberta to give us a little of its oil money so that this poor woman will not have to pay income tax out of such a meagre wage. I listened to the hon. member for Calgary South speak about how the system works and the fact that the oil companies are not getting enough money, how they need more and more, and how they are going to raise their prices in order to get even more, which is considerably in excess of what they can use. It makes me think of this woman in my office pointing out to me her fixed costs over which she has absolutely no control. I wonder just where our priority ought to lie.

If the minister has an opportunity to respond, I ask him to share with us his thoughts on undertaking a review of the income tax structure at the lowest levels, for a start. Possibly it could be substantiated that our cut-off point is too low. In keeping with the obvious need, we should consider whether there are ways to introduce a higher level of personal deduction or some form of rebate or credit which would afford these people an opportunity to meet their commitments on a day-to-day basis. They just cannot make it.

Knowing the minister's interest in the matter, it is not necessary to go into detail. However, it galls me when a member of this place talks about the billions of dollars going into the coffers of the multinational oil companies to be taken out of this country and invested elsewhere. I think of this woman who was born in Canada, lived here all her life, has worked every day since her mid-teens and cannot make ends meet. The hon. member is prepared to raise her costs. This woman's heating costs will go up so that the multinational oil companies can take her money to invest in some other part of the world. I find that a difficult argument to accept. It is time that members of this House who raise matters of this kind got out of this place and spoke to those who built this country and cannot afford to pay any more. We should take a serious look at the system which now exists.

I read a story over the weekend which brought this back to mind. It is in the justice column of the November 17 issue of *Maclean's* magazine. I commend it to the minister as there is a certain amount of value to be gleaned from it. The story, written by Ann Silversides is headed "The Catch-22 of single parents on welfare".

This article states almost exactly what I raised in the House on Friday last. It speaks of the entrapment of people within the system and how difficult it is for them to get out of it. With a family to raise, they must find a job. They discover that women in the work force earn just slightly more than 50 per cent of that earned by men. Therefore, they must raise their family on an income considerably less than is normally considered to be required in order to survive in this country. This article confirms what I said on Friday when speaking on another piece of legislation.

I do not want to repeat myself unnecessarily, but we are facing difficult times in this country. There are ever-larger numbers who have to raise their families alone. Within the income tax structure and grant structures which flow from the distribution of income, we must find a way to support these people during their difficult transitional period, at the same time encouraging them to upgrade or use their current skills in

order to fit into the work force. They should not have to choose between a job on one hand and welfare payments on the other. The vast majority would prefer to work. However, the income levels available to the majority of women are not enough to pay the bills. Unfortunately, because of the one-for-one ratio, if they accept a part-time job, they lose a dollar for every dollar they earn, placing them in a situation which deprives not only themselves, but their children. This interesting article refers to the problem of not being able to do for your kids what everybody else on the street is doing for theirs.

• (2130)

I just do not believe as I look at the billions and billions of dollars we spend and think of the tens of hundreds of billions of dollars we are projecting we will spend, and the fact that by and far the majority of that money, 99 per cent, will be raised in one way or another through the tax structure, that we cannot find a way here to undertake a meaningful review of the plight, first of the lady I spoke of whose income really does not afford her enough money to pay taxes, and of the people who, through no fault of their own in many cases, and in some cases perhaps even through a fault of their own, but who cares because it does not matter in the long run, are faced with poverty and with the problem of being trapped in a system which almost requires that they stay on social assistance. I know my good friend and colleague, the hon. member for Hamilton West who is sitting listening with rapture to what I am saying, is very sympathetic to this because I am sure he deals with people in this category frequently on the weekends. I am sure if he has the opportunity he will be saying to the minister, either privately in his ear or publicly in the House of Commons, that we have reached that point in time where we have to review the structure of the tax system with which we live.

I know the minister remembers the Carter commission and the work done by Mr. Carter—I cannot remember his name, who said that the whole tax structure has to be reviewed, we have to consider a dollar as a dollar; a buck is a buck is a buck and we must tax it that way. We cannot have different systems for different people. We cannot have a system in which the wealthier you are the less you pay in proportion because the more you can write off.

I think what we are seeing is Canada being bogged down by an inadequate non-progressive system. I should like to ask the minister whether he can explain to us at this point in time not only the content of this bill, which really in itself does not address this particular problem, but what kind of review is currently under way and what we can expect to see in the next two or three years before this Parliament is dissolved. I do not think this can go on much longer. It is not possible for this country to hold together, if we have such poverty at some levels and such wealth at others. I do not think we can argue with any degree of conviction for ever greater sums of money for the multinational oil companies, while at the other end of the scale we are completely ignoring the plight of so many Canadians who have worked all their lives but who, through no fault of their own are unable to earn sufficient to make ends meet, expecting that somehow or another they will dig even deeper, tighten their belts, as the Prime Minister once said, do without something, change their priorities and continue to pay ever greater sums to people who in fact have more than they can use now. I would certainly appreciate it if the minister could take a moment now to perhaps explain this to us. Is he going to do it later; a lot later?

Mr. Bussières: At the end of the debate.

Mr. Deans: You will not forget?

Mr. Bussières: Indeed I will not.

Mr. Deans: This is really important. It is probably more important than a discussion of Sweden's social structure. I have a sneaky suspicion we cannot do a lot about Sweden's social structure. I have a sneaky suspicion we cannot do anything about the financial problems of Sweden either, but I think we can do something about problems here. I say with the greatest generosity of spirit that I do not think all of the problems in Canada necessarily turn on whether we pay more for oil. I do not think that need be the crux of every argument we have here. I do not think it is necessary that we accede to greed and that we allow ourselves to be dictated to by OPEC nations' decisions on what oil is worth because they have the corner on the market. The oil in Canada belongs to us, to all of us, and the way we use it will determine the future of Canada.

We can only afford out of our gross national product to pay a certain amount of money for oil. We have obligations which go beyond paying just whatever it is that the oil companies would like. We have obligations to other people, and the only way we can meet that type of obligation of which I speak is if we have something left over after we pay the price of gasoline, the price of natural gas and the price of home heating oil.

I would ask the minister to address himself to these problems because I think in the long run they are going to be more important than whether we pay Alberta world prices.

Mr. McKenzie: Mr. Chairman, I should just like to correct a few things that have been put on the record tonight about the government's energy and tax bill.

The hon. member for Calgary North was talking about the disastrous conditions in Sweden today. It was pointed out by the hon. member for Hamilton Mountain that it now has a Conservative government. I should like to point out that the Conservative government has only been in power for one year, and there is no way to correct 44 years of socialism in one year. They have a real uphill battle ahead of them.

In addition, the hon. member for Hamilton Mountain mentioned something about cash flow. A speciality of members of the NDP is the giving of partial and false information to the Canadian public at every opportunity. Hon. members of that party like to talk about multinationals. I want to talk about Canadian oil companies. Hon. members of that party do not talk about these Canadian oil companies being driven out of this country. I am not here to defend multinationals, I am here to defend Canadian oil companies.

Let me point out that this cash flow is reinvested. If you do a little research you will find out that a lot of these companies borrow money to carry on their business. These are not a bunch of gouging Canadians stuffing profits into their pockets. Hon. members should get out on the campaign trail and tell the people the whole truth.

NDP members never mention such things as inflation accounting. I have heard very little about inflation accounting. If you do not make a lot of money today you will not survive. You must have high profit to continue in business because of double-digit inflation.

It is the Canadian oil companies which are being penalized by this national energy policy. I spent all last week and all weekend reading every paper and magazine available to me and I was unable to find anybody who supports the government energy package.

In addition a member from the NDP was talking about some poor lady who is suffering because of high energy prices. When we presented an energy package in the budget during the last Parliament, we had an energy tax credit to look after the low and middle-income earners. The NDP voted against that. They are not interested in some little old lady or a little old man or anybody else who is having a problem. They most certainly are not because they voted against assistance for the low and middle-income people, and the poor. You are utter frauds. You are against business, you are against profits, you are against entrepreneurs, and you are against anybody who is successful. Hon. members to my left would certainly penalize anyone who is successful.

● (2140)

Mr. Deans: Don't be silly.

Mr. McKenzie: So far we do not have a threat nationally from the New Democratic Party, but it is still a threat provincially, and there is no love between the NDP and the business community. They hate each other because the NDP is against business. I just explained why, and if members of the NDP think business people or people with investments to make will stay in a province or country with a little group like the NDP running its affairs, they should think again. All they want to do is nationalize business, penalize anyone who is successful, and have alcoholics and others like they do in Sweden.

I think I learned something this past weekend with respect to what has brought this on. The Liberals have dug up a socialist to draft their national energy package. I have here an article printed in the Alberta *Report*. The Liberals have found "golden boy Clark", a gentleman by the name of W. Edmund Clark of the Department of Energy, Mines and Resources.

The article is entitled "A student of socialist technique". Of course, that is something the Liberal Party is looking for because the Liberal Party drafted its present leader from the NDP. He is a former member of the NDP and an NDP organizer. The Liberals are well on the way to taking us into a socialist doctrine, and their first step is to nationalize the energy industry with its national energy package. This gentleman in the Department of Energy, Mines and Resources, Mr. Clark, has stated that people can be forced to conform. He wrote a thesis on Tanzania a number of years ago, and according to the article I have in my hand:

> "Socialist Development and Public Investment in Tanzania . . ." is the title of W. Edmund Clark's doctoral thesis at the University of Toronto in 1975. The document is well known and . . . it is seen as evidence that the principal author of the NEP is a confirmed socialist—

The first requirement of this government with respect to anything it wants drafted would be an avowed socialist. What do you think of that, Charlie?

Some hon. Members: Oh, oh!

Mr. McKenzie:

> —and that the NEP itself may have as its purpose the nationalization of the oil industry rather than energy self-sufficiency.

According to statements made by various newspapers and magazines across the country, what we have is nationalization of the industry. The policy of hon. members opposite has nothing to do with self-sufficiency.

Another article is entitled "Continuing energy project delays darken outlook for steel industry". The hon. member for Hamilton Mountain can go back and explain that to the steel industry in Hamilton. Another article is entitled "Barrels of trouble: Marc Lalonde's energy program leaves our future oil supply dangerously vulnerable." But let us not worry about that; we will have gas rationing. The article goes on to say—and it is not just western hotheads who are saying so—and I quote: "Ottawa expects Canadians to cut down their massive oil thirst one quarter by 1985." This is what one oil man calls utter "magic".

We will also experience serious problems with respect to diesel fuel shortages. I have not heard any Liberals talking about that. The article says, and I quote:

> Diesel fuel shortages may only be an early sign of graver trouble in store. To the economists, shortages are inevitable. "Milton Friedman calls it the iron law of controlled markets," says one. "If you have a price above the commodity market value, you get surpluses, like our natural gas at present. If you have a price below market, like our oil, you have shortages. It's obvious."
>
> Obviously, it's not so obvious to Marc Lalonde.

I would like to read some more with respect to the socialist NEP package. Mr. Clark went on to say in his thesis on socialism, and I quote:

> The study is seen as a part of a larger effort by scholars everywhere to turn their attention to the issue of how to build socialist societies. It is my belief that socialist scholars in particular should devote more of their energy to analysing the problems of socialist societies and the problems of transition in socialism, and somewhat less to criticizing capitalists.
>
> Narrowly defining the role of institutions becomes particularly important in a political situation such as exists in Tanzania, where large numbers of the people are unsympathetic to socialism. One has to devise ways which force these people to act in the desired manner.

This is backfiring on hon. members opposite. They are not getting anyone "to act in the desired manner".

> What is critical for a country just beginning the road to socialism—

We have not just begun. We started a few years ago, about 1968.

—is that it abandons the notion of examining every project on its merits, but rather devise crude measures which force decisions along certain lines.

The NEP package could certainly be described as a crude measure.

In fact, emerging socialist countries must be prepared to overcompensate in order to break the grip of integrated structure.

This is the type of individual the Liberal Party drafts to design its National Energy Program.

Interest rates were mentioned earlier this evening. I want to point out that the Liberal Party and the NDP are not in the least concerned about high interest rates. They like to kid people that they are, but I want to point out that the very first order of business in the last Parliament was a motion calling for an all-party committee to deal with the high-interest rate problem. The prime minister of the day, the present Leader of the Opposition, had absolutely no reservations about accepting that, and he accepted it immediately.

An all-party committee was formed. It met for a number of months and did excellent work studying how to deal with this problem and how we could assess home buyers, small businesses and all the rest. The committee was ready to submit an interim report by the end of December of 1979, but a motion saying nothing was being done about high interest rates was brought in. That was an absolute lie. That committee sat for about three months. It was working on the problem. Many more witnesses were still to be heard. Did we hear the hon. member for Winnipeg North Centre, the hon. member for Winnipeg North, or any other member of the New Democratic Party mention that that all-party committee was working on that problem? We heard not a word. A ridiculously silly petition was presented in this House a couple of weeks ago by the hon. member for Winnipeg North saying that something should be done about interest rates. Something was being done, and in this Parliament members of my party have brought in motions and asked questions about having that committee reappointed to deal with this problem. But all we hear is "no". That clearly indicates that hon. members opposite have absolutely no concern or interest. Interest rates could go to 30 per cent, and they could care less. That is the kind of nonsense which goes on in Ottawa now. The New Democratic Party should actually be described as "the public mischief party." What a little group of hypocrites! I have never witnessed anything like it in my life.

I was visited in my office last Thursday by members of the Winnipeg construction industry. They were very concerned about this energy policy. Last Friday I met with some officials from the aerospace industry in Winnipeg who were very concerned about the energy policy and how it affects their industry. The policy is having a ripple effect across the whole nation. It is affecting the steel industry and construction people. It does not matter who; people and industries will be affected by this ridiculous socialist policy. I want to quote from an article to show how the policy is affecting builders across Canada. The article states:

Prompt resolution of the Ottawa-Alberta energy impasse is the key to pulling the country's construction industry out of its present doldrums, says the president of the Canadian Construction Association.

Industry uncertainty created by the ongoing energy war is delaying millions of dollars of investment in such projects as oil and gas transportation and the development of Canadian hydro and nuclear power—

The statements go on and on. Here is another quote:

Impact of the Canadian federal tax and energy policies unveiled October 28 is beginning to show up in the form of industry budget cuts, project postponements, and an exodus of drilling rigs to the U.S.

When I spoke on this bill last week, I pointed out that it is actually one of the finest things that has ever happened to the United States. I think that President Reagan down there is on the right road, and he is certainly getting a great boost from the Liberal government in Canada.

● (2150)

The article goes on to read:

After more than a month to study the federal programs, several firms are announcing plans to cut budgets as much as 45 per cent.

I hope the hon. member for Hamilton Mountain will go back and tell the steel industry in Hamilton, "we will socialize the oil industry. Won't it be wonderful? We will socialize the industry, but you will all be out of work." The article goes on to read:

And one firm has shelved a $400 million enhanced recovery project because of the federal policies.

Even if the government changes its mind and brings in a few corrective measures, it will not reverse the situation overnight. A couple of press releases came into my office today about some limited corrective measures which will be taken with regard to the energy policy. However, I think it is too little too late.

The article goes on to speak about one of the multinationals. They hire people and they spend money regardless of what the government thinks of them. The article goes on to read:

Gulf cuts budget. Gulf Canada Ltd. plans to cut its budget 15 per cent or $900 million during the next five years as a result of the budget and tax program.

You cannot reverse that overnight. There is no such thing as a reversal after something like that goes into effect.

The article goes on to read:

Earlier, Gulf Canada had planned a 1981 budget of about $1 billion, its first billion dollar budget.

All this is shot down with this ridiculous socialist policy. As I pointed out the other day, the only reason for doing this is that they thought they would capitalize on the Canadian people's feelings about oil companies. They thought they would nationalize them and harass them. It is a ridiculous, irresponsible argument and it will backfire on them. We are hearing threats from the Prime Minister who talks about an election. Well, I hope that that election comes about fairly shortly. I would love to fight a campaign on this ridiculous energy policy which is being presented.

The article goes on to read:

But with an anticipated 30 per cent reduction in cash flow because of the federal action, Gulf Canada president John L. Stoik, said the firm had to reduce its spending plans. "We simply won't have the capacity to do any more," he said.

What is the alternative to all this? We will have Canada Works. We are on a treadmill. There is no way Canada Works can make up for the loss of investment money and all the jobs which will be lost as a result of this ridiculous policy. Here is another company, it is a Canadian company but that is all right. The Liberals are against Canadian companies also. The article reads:

Hudson's Bay slashes budget. Hudson's Bay Oil and Gas Ltd. cuts its 1981 Canadian exploration budget by more than 45 per cent to $203 million from a planned $378 million.

There will be devastating effects from such large cuts and thousands of jobs will go down the drain. Why is the government doing it? The minister who is here tonight said he will answer at the end. I hope he will have a surprise for us. I do not know what he is waiting for because the longer he leaves it, the worse it will get. This is no time to be trying to implement ridiculous socialist policies or playing games with the Canadian industry. Let him forget about that multinational business, let him think about Canadian companies. Let him forget about the multinational nonsense, it has been bled to death.

I have here a recent article from *The Globe and Mail* entitled "As the rigs roll south". It reads:

United States President Ronald Reagan has done what the Canadian government has failed to do. He has abolished the remaining controls on domestic oil prices, a job already begun by former president Jimmy Carter.

"Restrictive price controls," said Mr. Reagan, "have held U.S. oil production below its potential,

We cannot have oil production below its potential. We cannot remain at the mercy of the multinationals, like the Liberal party has, Mr. Chairman. Never mind about the multinationals, let us start developing here. Never mind chasing the rigs south.

The article goes on to read:

Federal energy minister Marc Lalonde has scoffed at the idea of petroleum capital and equipment moving from Canada to the United States, has argued that oil drilling rigs are still operating in record numbers in Canada. He should have read a letter from an oil driller which *The Globe and Mail* carried recently.

I heard the minister's comment the other day about the oil rigs, that there are a lot of them still here. But what he did not mention was that when their contracts run out, they will go south. They will not hang around here to be harassed by the government.

The article goes on to read:

F. J. Garnett, president of Garnett Drilling Ltd., in Calgary—

This is a Canadian firm, it is not a multinational or some oil baron.

—explained the situation. November through March is normally the busiest drilling period in the oil and gas industry. Oil drillers are fulfilling contracts from oil companies accepted before Ottawa announced its National Energy Program—

This points out the dishonesty of the minister. Did he give that kind of an answer in the House? No, he certainly did not. He said that the oil rigs are all staying here, but he did not mention that they will all be leaving when their contracts run out.

The Assistant Deputy Chairman: I regret having to interrupt the hon. member, but I must advise him that his time has expired.

Mr. Domm: Mr. Chairman, in the two or three remaining minutes tonight, I should like to respond—although I am very disappointed that the hon. member for Hamilton Mountain has left the House—to some of the points he made. In his remarks he referred to the fact that there was a hairdresser in his riding of Hamilton Mountain who was finding a great deal of difficulty in paying his taxes on a $6,000 income. Of course, I fully sympathize with that problem, but I hope members in the House realize exactly what the hon. member for Hamilton Mountain was suggesting should be the answer to the situation of an entrepreneur in Hamilton who is finding difficulties in making a living. The bottom line answer of the hon. member for Hamilton Mountain is: can we not be reasonable and take money from the very rich foreign multinational businesses? My only response to him, some members of my family having had experience in the hairdressing business since I have an entrepreneur son who owns more than one hairdressing establishment, is that if we had a government today which gave serious consideration to the plight of small businesses, we would be creating a climate, an atmosphere and a government policy which would allow free enterprise to function more effectively in the marketplace. My answer to the problem of the entrepreneur would be re-establishment of a government policy which would provide incentives to the business community, which would stimulate growth in the business sector, thus enabling the hairdressing establishment to which the hon. member for Hamilton Mountain referred to function economically and efficiently in today's conditions. However, we have here a government which would sooner move this country, with the help of the NDP, to a form of socialism. In reality, socialism is a form of communism. It can be summed up in a single sentence: the abolition of private property. Just the other night on national television the President of the United States said, "Call it communism, call it socialism, call it what you will, it is taking property from the people".

● (2200)

It is disregard for the right of ownership, the free enterprise system, motivated by the Liberal Party and supported by the New Democratic Party, to a point where we have in Canada today a disincentive to be in business. I see hon. members opposite smiling, but that is what we have, Mr. Chairman, a disincentive in the free enterprise market today to stay in business and function, thanks to the present Liberal government.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

FINANCE—POLICY RESPECTING INFLATION AND INTEREST RATES

Mr. John Bosley (Don Valley West): Mr. Speaker, I rise tonight during the late show proceedings to refer to a question and answer which are reported in *Hansard* on December 5, 1980 at page 5403. My question to the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) was as follows:

I am wondering if the minister is finally ready to recognize that it is his policy of increasing the federal share of the gross national product over the next two years and financing that increase through increased borrowings that drives up the expectations of inflation and interest rates—

The minister's answer was as follows:

Madam Speaker, the hon. member's question was based upon an assertion that we were increasing our share of the gross national product . . . That, of course, is not true. If the hon. member looks at the forecasts and projections, he will find that over the period of the projection until the end of 1983-84 the share of the government in the economy will be precisely the same size as it has been in the past year.

I took the Minister of Finance seriously. On the chance I was wrong, I did as the minister suggested and went to the record. There is only one record of the government's intentions with regard to its share of the gross national product. Unfortunately that is not found in *Hansard* but in the appendices to the budget papers which are now referred to as Sessional Paper No. 321-1/306A referred to in No. 82 of *Votes and Proceedings* of October 28, 1980.

With your indulgence, Mr. Speaker, I will quote some of the numbers found therein. Rather than quote them all I would appreciate if table 1.3, total outlays, could be printed in *Hansard*, otherwise I will be force to read all of the numbers. Does that meet with your indulgence, Mr. Speaker?

The Acting Speaker (Mr. Blaker): Agreed.

[*Editor's note: Table referred to above is as follows:*]

TABLE 1.3

TOTAL OUTLAYS

	1979-80	1980-81	1981-82	1982-83	1983-84
			($ millions)		
Budgetary expenditures	51,534	59,350	66,640	73,725	81,215
(per cent change)	(8.6)	(15.2)	(12.3)	(10.6)	(10.2)
(per cent of GNP)	(19.8)	(20.9)	(21.2)	(20.5)	(20.1)
Loans, investments and advances	1,428	600	985	1,000	1,060
(per cent change)	(29.6)	(–58.0)	(64.2)	(1.5)	(6.0)
Total outlays	52,962	59,950	67,625	74,725	82,275
(per cent change)	(9.1)	(13.2)	(12.8)	(10.5)	(10.1)
(per cent of GNP)	(20.3)	(21.1)	(21.5)	(20.8)	(20.3)
Public debt charges	8,524	10,400	12,350	14,375	16,200
(per cent change)	(20.8)	(22.0)	(18.8)	(16.4)	(12.7)
(per cent of GNP)	(3.3)	(3.7)	(3.9)	(4.0)	(4.0)
Total outlays excluding public debt charges	44,438	49,550	55,275	60,350	66,075
(per cent change)	(7.1)	(11.5)	(11.6)	(9.2)	(9.5)
(per cent of GNP)	(17.1)	(17.5)	(17.5)	(16.8)	(16.3)
Nominal GNP[1]					
$ billions	260.3	283.5	315.0	359.4	404.7
(per cent change)	(13.3)	(8.9)	(11.1)	(14.1)	(12.6)

[1] GNP for calendar year ending three months before the end of the corresponding fiscal year.

Mr. Bosley: Mr. Speaker, the chart shows the following figures particularly: total outlays, and under the category total outlays, per cent of GNP from 1979-80 through to 1983-84. Those figures shown as per cent of GNP for total outlays are 20.3 per cent. 21.1 per cent, 21.5 per cent, 20.8 per cent and 20.3 per cent. I refer again to what the minister said:

If the hon. member looks at the forecasts and projections, he will find that over the period of the projection until the end of 1983-84 the share of the government . . . will be precisely the same size—

It is true that if one reads just that table, that is the last year of the projections, the share projected will be the same as last year, but it is not true to suggest that over the period it will be the same. That is the first point.

Mr. Evans: Yes, it absolutely is.

Mr. Bosley: I refer hon. members to the table because it is clear.

There is a second point to be made which concerns the way in which the government conducts its bookkeeping. The second table to be included is table 4.1 of the same document, the

fiscal projections—national accounts and public accounts comparison.

[Editor's note: Table referred to above is as follows:]

TABLE 4.1

FISCAL PROJECTIONS—NATIONAL ACCOUNTS AND PUBLIC ACCOUNTS COMPARISON

	1979-80	1980-81	1981-82	1982-83	1983-84
			($ millions)		
Revenues					
Public Accounts—budgetary revenues	40,159	45,200	52,935	61,600	69,420
(per cent change)	(14.0)	(12.6)	(17.1)	(16.4)	(12.7)
National Accounts—total revenues	45,187	51,630	63,590	74,105	84,125
(per cent change)	(14.3)	(14.3)	(23.2)	(16.5)	(13.5)
Expenditures					
Public Accounts—total outlays	52,962	59,950	67,625	74,725	82,275
(per cent change)	(9.1)	(13.2)	(12.8)	(10.5)	(10.1)
National Accounts—total expenditures	54,412	63,550	73,650	82,600	91,625
(per cent change)	(10.3)	(16.8)	(15.9)	(12.2)	(10.9)
Net position					
Public Accounts—financial requirements	−10,445	−12,155	−10,980	−8,415	−7,155
National Accounts—balance	−9,225	−11,920	−10,060	−8,495	−7,500

Mr. Bosley: The government has now embarked upon a new process. That process is to enter in net figures. It has been done for some time with respect to minor items. It is now proposed to be added under the petroleum compensation account. The effect is that the government will no longer be showing its true expenditures and true revenues but only showing net figures. If one looks at Table 4.1 one will find the actual expenditures of the government will not be the same as what the public accounts figures show, but $2 billion more in 1979-80. They are projected to be nearly $9 billion more than the public accounts projections in 1983-84.

● (2205)

If one takes those numbers, which are the true spending figures of the government, as a percentage of GNP, one will find that the percentage rises from 20.9 per cent to 22.3 per cent of the GNP in the last year, and the rate is higher in every other year. I rise tonight to say that I am partly worried by the attempt of the Minister of Finance, but I presume that because he does not know his figures, he is not purposely misleading the House. I am more worried by the fact that the government is committed to the never-ending policy of taking more and more out of the economy of Canada, thereby leaving less and less for other people with which to work. As one who has had municipal experience with projections three and four years hence, I know that those projections will be wrong. For instance, in the first table to which I referred, the GNP is projected to rise by 14.1 per cent and by 12.6 per cent. I suggest that that projection is quite optimistic.

What is wrong is not that the government is pretending that it will not increase its share of the GNP, but by actually increasing its share, the government will make it more difficult for Canadians to create jobs. The Minister of Finance in describing his financial objectives refers to the policy of gradualism. Although it is not clear in the minister's statements, it is quite clear from the tables that the minister's policy is one of gradualism—to gradually destroy this economy and to gradually put everybody in Canada out of work.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, in listening to what the hon. member said, I find it very difficult to find anything in his last statements which I would consider to be of parliamentary value. Certainly, any hon. member who would accuse another hon. member—in fact a minister of the Crown—of intentionally destroying the economy of the country must be in great disrepute in his own mind for even thinking such a thing. It is absolutely asinine and it is simply not true. The hon. member must admit that he has overstated his case by a very long degree.

The fact is that according to the budget papers in 1979-80, federal expenditures will be 20.3 per cent of the gross national product and for the fiscal year 1983-84 federal expenditures will be 20.3 per cent of the gross national product. Any elementary arithmetic will indicate that the growth rate necessary to get from 20.3 per cent of the gross national product to 20.3 per cent of the gross national product is precisely the growth rate of the gross national product. It does not take a genius to figure that out.

If the hon. member is implying that the federal government will generate inflationary expectations by increasing the deficit, financial requirements and expenditures in that way, then how does he explain the figures shown in the budget which indicate, for example, that the financial requirements will decline from $10.4 billion in 1979-1980 to $7.2 billion in 1983-1984. How does the hon. member explain the deficit figures which would see a reduction in the deficit from $11.4 billion in 1979-1980 to a figure of somewhat less in the fiscal year 1983-1984.

The budget papers speak for themselves. The growth in government expenditures are clearly there for all to see, the deficit reduction figures are clearly there for all to see, and the financial requirements are clearly there for all to see. Indeed,

the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) is following a policy of gradualism. I believe it is the right policy. Hon. members who think about the issues and understand the implications of the alternatives certainly support his policy.

HEALTH CARE—USE OF PRE-NATAL SCREENING KITS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, on November 18, 1980, I asked the Minister of National Health and Welfare (Miss Bégin) what steps her department was taking with respect to the sale and promotion of certain pre-natal screening kits, mainly, the Alpha-fetoprotein kits which are designed to detect the neurological disease called spinal bifida.

• (2210)

My concern arose out of the fact that the manufacturers of these kits were then beginning a hard promotion campaign with doctors and that there was and is a significant uncertainty about the accuracy of the kits. The minister responded in the House by saying that the problem was "misuse" of the kits "more than anything else" and that she had written to provincial health ministers warning them of the dangers of misuse.

This response is inadequate in itself in so far as the misuse as such is not the only problem. This glosses over the fact that the kits themselves and their questionable accuracy is also at issue. I am glad that to some extent the minister has gone beyond her answer on that point in the House and has forbidden the sale of these kits and has restricted their use to research and investigative purposes.

Nevertheless, the minister's response at that time and in a subsequent letter to me is inadequate in a larger sense, because it is another example of the way in which the Canadian testing and approval system for new medical devices is totally unacceptable and is desperately in need of improvement.

The department contends that the onus is on the manufacturer to prove the safety and efficiency of medical devices. That sounds good except that the manufacturer must only do so if requested by the department. The department usually asks after there has been controversy and the product has already been widely distributed, marketed and used by many Canadians. This is not the kind of pre-market testing that Canadians have a right to expect from the government; in fact, it takes place more often in the United States than it does in Canada. What we have in Canada is a kind of post-market system of testing which uses Canadian people as guinea pigs.

I submit that we must no longer be content, and certainly many of us have never been content, although the government seems to have been for some time now, with a system that puts the onus on the Canadian people to get sick or die. It puts the onus on them until the medical device is proven unsafe.

The whole concept of the burden of proof in our society with respect to medical devices, with respect to new drugs, with respect to environmental questions of pollution, occupational health and safety, environmental health—the whole notion of the burden of proof must be transformed from that of putting the onus for proof on the victim to putting the onus for proof on the promoter of a particular product in the marketplace. Long-term tests of a particular product, for instance, must be done only with the informed consent of the people who participate in them. That is not an impractical proposal, Mr. Speaker. Officials of the department claim that people like me who complain about this are being ridiculous; that there are so many devices on the market that the department could hardly be expected to test them all.

The fact remains that only a very few of these devices, which fall into special categories, are tested at all. The Department of National Health and Welfare could find it within its budget, if it were motivated by a concern for the health and welfare of Canadian people, to increase the number of devices tested in this pre-market way that I have suggested and, as I requested in committee on one occasion, the department should do more to articulate the notion of burden of proof which would remove it from the Canadian consumer.

Finally, in the course of my work as NDP health critic, I have complained in this House on a number of occasions about the lack of adequate testing of certain products on the market which are related to health care. More often than not in my experience to this point, I have found that those products which eventually become a source of controversy and about which a great deal of concern develops, are products related to the health and welfare of Canadian women.

There are several things that I have had occasion to bring to the attention of the department. For instance, the question of toxic shock syndrome, because that sort of thing is not being researched. According to the department it was not a priority. Last year the contraceptive drug depo-provera was in question and as was the drug bendectin, a drug used by women. The list of things goes on and on about which there is a great deal of uncertainty in the minds of Canadian people. We seem to have no policy in which we can put some confidence.

• (2215)

Trying to get beyond the game of simply responding to questions that I raised in the House, I want to take this opportunity in the time left to me to urge upon the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Frith), and through him to the ministry of health, that it is about time the Canadian government started to take these kinds of problems seriously. It should stop the system by which the Canadian people themselves are bearing the burden of inadequate pre-market policies employed by the Ministry of National Health and Welfare.

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, there are two specific points which the hon. member has raised. One deals with some remarks he made toward the end of his comments which revolve around the use of drugs and how drugs marketed in Canada come to be allowed on the market.

The record in Canada speaks for itself with respect to the safety record of the department concerning those drugs which are allowed on the market.

The hon. member's second point concerns medical devices. I can advise the hon. member that the minister instructed departmental officials in the fall of 1980, during the controversy over the toxic shock syndrome issue, to put more emphasis on the area of how medical devices are marketed in Canada.

When the issue was originally raised about the AFP test, I think the minister correctly pointed out in the House that her recommendation was that this was only one of the diagnostic choices available to physicians in this area of neuro-tube defects. The minister did point out how under specific conditions the test should be used. She further pointed out in the House at that time that she had instructed her provincial counterparts in a letter about the limitations of the use of the AFP test. She also suggested that competent AFP testing facilities should be developed under provincial jurisdiction.

With respect to the AFP tests, the minister also sent out a medical alert to physicians outlining the conditions by which AFP could be used as a diagnostic tool. She also instructed the department to come up with what we call a standard serum. In other words, the test itself could be compared to a purified sample, which is available here in Ottawa, and provided to any of those designated testing centres.

However, the test itself has been banned in terms of its sale by the eight manufacturers on the kit. At present, they are only being used for research and investigative work. The manufacturers as well have instructed physicians about the proper use of the AFP kit. I am confident, with respect to AFP, that it is basically under control.

I want to emphasize a point I made earlier. When it comes to a device which is allowed on the market under the medical devices regulations, the minister instructed her department to put more emphasis on those products and the way in which they are marketed in Canada. Quite frankly, and I say this sincerely, knowing the pharmaceutical industry to the extent that I do, I think the department's record with respect to drugs allowed and marketed in the Canadian drug field is an excellent one. I would take some exception to what the hon. member says are some deficiencies when it comes to the marketing of drugs in this country. When it comes to drugs being allowed on the market we probably have the safest record of the western industrialized world.

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

The House adjourned at 10.20 p.m.

HOUSE OF COMMONS

Tuesday, February 3, 1981

The House met at 2 p.m.

• (1405)

[*English*]

HOUSE OF COMMONS

SIXTY-FIFTH ANNIVERSARY OF DESTRUCTION BY FIRE

Madam Speaker: Today marks the sixty-fifth anniversary of the destruction by fire of the old House of Commons. To remind us of this event, I have asked the Sergeant-at-Arms to bring into the House the wooden Mace. It was used in place of the one normally used in the House of Commons until such time as the beautiful silver and gold one was ready for our daily use here.

By the way, this wooden Mace has enriched itself with a bit of history. It was lent to parliaments in the West Indies when I believe their Mace was stolen.

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

CALL FOR REDESIGN OF POLICY—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the policy announced by the Minister of Fisheries and Oceans (Mr. LeBlanc) to close the Fraser River to gill netters for the 1981 season places an unfair emphasis of sacrifice on this group rather than a more equitable and reasonable compromise with the corporate fleets and other fishing interests, and in view of the fact that this policy will leave unrestrained the U.S. fishermen around Point Roberts, who will continue to take the very catch destined for the Fraser River, thereby nullifying any positive results for management and conservation, I move, seconded by the hon. member for Richmond-South Delta (Mr. Siddon):

That the Minister of Fisheries and Oceans redesign his policy to incorporate fairness and equity to ensure that the small gill netters are not sacrificed to the corporate fleets and other fishing interests, and do further urge the minister to take appropriate steps to monitor effectively U.S. catch of fish destined for the Fraser to provide for better management and conservation of fish stocks than has to date been realized.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ADMINISTRATION OF JUSTICE

EXPRESSION OF SUPPORT FOR ROLE OF POLICE—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under the provisions of Standing Order 43 to seek the unanimous consent of this House in expressing our tangible and intangible support for the difficult, dangerous and delicate job our police are performing in making our environment relatively safe. If we have adequate, efficient and more community support for police in this country, people and property will be much safer. Therefore I move, seconded by the hon. member for Durham-Northumberland (Mr. Lawrence):

That this House assure the police of this country of our unequivocal support and that police forces and police associations will be full partners in amending and implementing the laws of this nation.

Madam Speaker: I have been reluctant to accept congratulatory motions or motions of encouragement. Although I think the sentiments expressed in the hon. member's motion are quite commendable, I am afraid I cannot see the urgent and pressing necessity.

* * *

ASTRA TRUST

CALL FOR REFERENCE OF OPERATION TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion. Since a select committee of the Ontario legislature has heard evidence concerning the chartering of Astra Trust, which evidence raises the most serious questions as to political influences at work in the granting of this federal charter, and since the collapse of Astra Trust and associated companies has caused hundreds of Canadians to lose millions of dollars, worthy of the title "Bilking Ontario in the Eighties", I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the matter of the circumstances surrounding the chartering, operation and collapse of Astra Trust be referred for a full investigation to the House Standing Committee on Finance, Trade and Economic Affairs.

Madam Speaker: Is there unanimous consent for this motion?

S.O. 43

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

CALL FOR VIGOROUS IMPLEMENTATION—MOTION UNDER S.O. 43

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Given the submission made yesterday to the National Energy Board by Dome Petroleum that it expects Canada to be self-sufficient in oil by 1990, given today's announcement by Petro-Canada of its acquisition of Petrofina and given the embarrassing revelation by the Leader of the Opposition (Mr. Clark) that his original position on Petro-Canada was an error, I move, seconded by the hon. member for Lambton-Middlesex (Mr. Ferguson):

That this House urges the government to pursue with vigour the implementation of the National Energy Program.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1410)

ROYAL CANADIAN MOUNTED POLICE

POLICING SERVICES IN PROVINCES—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise under the provisions of Standing Order 43. Unreasonable changes in the policing cost formula proposed by the federal government are causing great concern to many cities, towns and small communities in the eight provinces that have policing contracts with the RCMP. In many instances, sound financial planning has suddenly been completely disrupted by the proposed unrealistic increases. Any divergence from the present formula should have been phased in gradually, after careful consultation with all concerned. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House urge the Solicitor General to continue with the present formula as it applies to RCMP contracts with the provinces, and that any proposed changes to cost sharing arrangements be instituted only after careful consideration and consultation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) ACT, 1980

POSSIBLE INTRODUCTION OF LEGISLATION RESPECTING PHASING-IN PERIOD—MOTION UNDER S.O. 43

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

That this House assures the Acting Minister of Veterans Affairs that any legislation he introduces to shorten or eliminate the phasing-in period respecting pensions for widows of disabled veterans where the veteran's disability rate was below 48 per cent, and likewise any legislation to tie the 100 per cent basic rate of the disability pension to the average take-home pay of the five categories of public servants designated in 1972, will receive speedy passage, and this House expresses the hope that such legislation will be introduced at an early date.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

PROPOSED VISIT TO MANITOBA—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Madam Speaker, tomorrow the Prime Minister (Mr. Trudeau) is visiting Brandon and western Manitoba, an underdeveloped area of Canada with great prospects now that jet service is becoming available. In view of its strategic location, close to the geographic centre of Canada and the North American continent, I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That the Prime Minister seize the opportunity provided by his visit to announce development projects, such as the reactivation of the community services program, the decentralization of a federal department into the area, the broadening of the herd maintenance and fodder procurement program and other similar programs that would help the process of reconciliation so urgently needed in the Canadian body politic.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

REPORTED DUMPING IN NIAGARA RIVER—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise on a matter of urgent and pressing necessity concerning recent press reports which indicate that American industry and government dumped toxic and radioactive wastes into the Niagara River

during the Second World War. If these reports are well founded, the health of residents of the Niagara peninsula is seriously threatened. Therefore I move, seconded by the hon. member for Haldimand-Norfolk (Mr. Bradley):

That this House urge the Secretary of State for External Affairs to investigate the veracity of these stories immediately, and to report his findings to the House.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SUPREME COURT OF CANADA

REFUSAL OF LEAVE TO APPEAL—MOTION UNDER S.O. 43

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. This morning three judges of the Supreme Court of Canada refused to grant leave to appeal to the full court on the crucial question of the human rights of unborn children in Canada. I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the Minister of Justice look into this matter immediately and report to this House.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

STATEMENT BY MINISTER RESPECTING RESPONSE OF BRITISH GOVERNMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is addressed to the Secretary of State for External Affairs who on Sunday said that the Government of Canada had received from the Prime Minister of Great Britain, to quote his words, "an assurance in writing" as to the response of the British government to any Canadian request. Will the minister now tell the House of Commons the nature and extent of that assurance in writing?

● (1415)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, that assurance was contained in a letter from Prime Minister Thatcher to our Prime Minister

and it was to the effect that the government of the United Kingdom would accept the responsibilities which it had already assumed and follow the tradition of proposing to the British Parliament, with its recommendation, our joint resolution.

I might say, Madam Speaker, that this is not a matter of a single letter; this is a matter of a course of conduct in which we have received repeated assurances from the government of the United Kingdom through its ministers since the time the hon. Minister of the Environment and I met with Prime Minister Thatcher in October. Beyond that it is a question of the explanation which British governments have always given of the tradition and independence of our country.

Some hon. Members: Hear, hear!

Mr. Clark: I am rather surprised that the Secretary of State for External Affairs, knowing there had been a request yesterday for that document to be tabled in the House, did not take the opportunity to table it. I hope he will do that when he responds to my supplementary question. I notice he chose his language very carefully and said that the assurance of the British government was limited to proposing and recommending acceptance; there was not a guarantee, not an assurance of passage.

Will the Secretary of State for External Affairs first undertake to table that letter on the floor of the House of Commons so we will know the whole truth about the communication in writing from the British; and, secondly, will he tell us whether the undertaking by the British extends to passage or simply to presentation?

Mr. MacGuigan: Madam Speaker, it is not traditional in dealings between governments to reveal the precise nature of the dealings which have occurred. We have no quarrel with the government of the United Kingdom with respect to these exchanges. There is certainly no reason why we should depart from the normal position in this case, and we do not propose to do so. If the government of the United Kingdom wishes to reveal the letter, that is their prerogative.

Mr. Clark: What about passage?

Mr. MacGuigan: With respect to the question of passage of the legislation, that is a very naive question for a member of Parliament to ask. No government and no member of Parliament can ever give an assurance of passage. All a government can ever do is to undertake that it will require that the measure be supported by its supporters.

Mr. Clark: The Secretary of State for External Affairs says no one can give a commitment as to passage. He said in his "Question Period" remarks on television the other day as a member of Parliament, "not only have they given a commitment to us to put it through"—in other words, passage. In other words, the Secretary of State for External Affairs is denying in the House something he said on television the other day.

Some hon. Members: Oh, oh!

Mr. Clark: The Secretary of State for External Affairs says there is no reason to depart from that tradition. There is a very good reason. The Prime Minister admitted yesterday that he has been engaging in what he calls less than candour in telling the people of Canada the whole truth about what has been going on regarding our constitution. In light of the interest in Canada in the treatment of our Constitution by another country, will the Secretary of State for External Affairs not reconsider his refusal; and will he not seek all the permissions necessary and give us an undertaking now that that written assurance will be tabled on the floor of the House of Commons so that all Canadians will have an opportunity to see exactly what was said about our Constitution?

While he is at it, will he tell us whether there were any other written assurances, whether there is any other documentation that the Secretary of State for External Affairs is keeping hidden from this Parliament, for any reason at all, that would inform the Parliament and people of Canada as to what exactly the attitude of the government of Britain is with regard to our Constitution, which we want to have home here in our country so we can deal with it?

● (1420)

Mr. MacGuigan: Madam Speaker, as usual, the Right Hon. Leader of the Opposition is failing to see the woods for the trees. This is not a question of a single letter or a single assurance. To the best of my recollection there is only one reference to this in writing, but we have received a series of assurances—some half dozen—from three or four members of the British ministry since the time when they fully understood what was proposed in the constitutional package. We have received those, and indeed they could have done nothing else because there is an unbroken tradition that British parliaments and British governments will respect the joint resolutions of this House on constitutional matters.

Some hon. Members: Hear, hear!

PREVIOUS DISCUSSIONS WITH BRITISH MINISTER

Hon. James A. McGrath (St. John's East): Madam Speaker, regarding these assurances I would like to direct a supplementary question to the Prime Minister. We know of one meeting with one member of the British government which took place in Ottawa in December. That, of course, was with the Right Hon. Francis Pym, who is now the government House leader of the parliament at Westminster.

Did Mr. Pym tell the Prime Minister during that meeting that the thinking of the U.K. government was that, "Yes, we will give you patriation with an amending formula; what you do with it beyond that is your business"? Further, did Mr. Pym tell the Prime Minister that he had some concerns—and he was speaking as the person who was nominated to be House leader—as to whether or not that bill would receive swift passage in the British parliament?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the answer to the first question is no. The answer to the second question is yes.

Mr. McGrath: Madam Speaker, during his press conference last week—this is very germane to what was discussed with Mr. Pym and a matter of public record—the Prime Minister indicated to the press that he had been told by the British that, with respect to a request from the Canadian Parliament asking Britain to amend the BNA Act, the government of Britain would have no choice, that it would be a government bill and that there would be a three-line whip?

Today in the British House of Commons in London Prime Minister Thatcher indicated that there was no such assurance and there in fact could be no such assurance. A three-line whip would indicate that the government would expect its backbenchers to fall into line and there would be limited debate. Yet the Prime Minister of Britain said today that there could be no assurance. The only way such an assurance would be given is if a bill was on the table of the house and, as no such bill has been received, no such assurance was given. What the British parliament is going to be asked to do is very important to its process.

Will the Prime Minister tell the House just exactly what assurances he did get? Perhaps while the Prime Minister is at it he might agree now to let us see the contents of that famous letter in which the Secretary of State for External Affairs puts so much faith.

Mr. Trudeau: Madam Speaker, in reply to what the hon. member has asked I have a CP wire here which begins with these words:

> British Prime Minister Margaret Thatcher today repeated with slight variation that a request from Ottawa for patriation of the Canadian Constitution must be dealt with quickly and in accordance with precedent and the law.

Some hon. Members: Hear, hear!

Mr. Trudeau: How the British government in its wisdom decides to manage its business before the House is something which only the British government can decide, and I would not be in a position to demand that it proceed one way or another. What we are demanding is that they put the measure through.

As the Secretary of State for External Affairs said, the British government has made it clear that it wants to make it a government measure, that it wants it to be proceeded with and that the whips would be on; but the way in which they will decide this and when they put the whips on is certainly something for the House leaders over there to decide.

Since the hon. member and his colleagues have been quoting so intently from the conversation I had with Mr. Pym, I am surprised that they have only quoted part of it. Maybe they do not have the whole record, or maybe they are hiding the part of the report that they do not want to show, so perhaps they could table their documents on the conversation I had with Mr. Pym. I would be happy to give the House the unequivocal commitment that Mr. Pym told me, on behalf of the British government, that they would not look through the measure,

that it would look beyond it. Mr. Pym went further and said that the British government would pay no attention to opposition from the provinces. Thus spoke Mr. Pym to me.

Some hon. Members: Hear, hear!

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● (1425)

MEDICAL CARE ACT

OBLIGATIONS OF PROVINCES RESPECTING MEDICARE

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of National Health and Welfare. Approximately five years ago the government announced its abandonment of the 50-50 cost-sharing program for medicare services which ensured that for every dollar the federal government spent on medical services in a province, that province would be required to spend a dollar. At that time the Prime Minister said that he was willing to gamble that the provinces would live up to their obligations. We said that we did not like the gamble. I have just obtained a copy of a government study which indicates that the gamble taken by the government has not paid off.

Considering that over the past five years federal expenditures to the provinces for medical services have increased by some 12 per cent but provincial spending has actually declined by 13 per cent—leading to all kinds of practices which are destroying our medicare system, such as extra billing, opting out, increased premiums and even bankrupt hospitals—when will the minister take steps to ensure that the provinces live up to the basic principles of medicare?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, with regard to timing, I am not sure that the impending election in Ontario is the best climate in which to discuss these very important matters. I am surprised that the Leader of the New Democratic Party would wait five months after the report by Mr. Justice Hall was made public before asking such a question. I suggest that to put into practice the recommendations of Mr. Justice Hall would be welcomed by all members on both sides of this House who believe that medicare is the best program for Canadians.

Mr. Broadbent: Madam Speaker, after five months the minister's answers have not improved. The hon. member for Winnipeg-Birds Hill has been trying to obtain straight answers from the minister on the recommendations of that report for many months.

I repeat, I have just received a copy of this federal government document. Very appropriately, the minister calls reference to the province of Ontario. This document shows that the province of Ontario is the worst offender with regard to refusing to spend its fair share of money on health care. Considering that the federal government contributions for medicare to the province of Ontario increased by 26.4 per cent over the past five years, while provincial spending by Bill Davis' government actually dropped by 64 per cent, when will the minister take action to ensure that Bill Davis implements universal medicare in Ontario?

Miss Bégin: Madam Speaker, the facts about the decreased proportions of investment by provincial governments into health care expenditures should be well known to the hon. member by now. I also include the government of Saskatchewan in this category. I will answer the hon. member with a question: Would the hon. member want me to withdraw payments to the province of Ontario, with the eventual consequence of disrupting services? Would he want me to do that immediately, and does he think that this is the solution?

● (1430)

Mr. Broadbent: I suspect the report is only a matter of days or weeks old. It actually points out that there are two provinces which increased their spending; one was Prince Edward Island and the other was Saskatchewan.

Some hon. Members: Hear, hear!

Mr. Broadbent: I would like to come back to the basic principles involved and have the minister play straight with the House just for once with regard to this matter, since she has talked in nice general terms about her concern with medicare.

There were five basic principles established in the Medical Care Act when it was passed in Parliament many years ago, which are being undermined in most provinces in Canada. I want to ask the minister when she will bring legislation before this Parliament which will say that for a dollar to be obtained by a province for medicare it must spend a dollar for medicare.

Some hon. Members: Hear, hear!

Miss Bégin: Provincial rights and jurisdiction in matters of health are well known. The report of Mr. Justice Hall has clearly indicated that rushing into action by the federal government can do one thing, which is withholding monthly payments to provinces which do not meet the five conditions under medicare of accessibility, and so on, which would disrupt services. He said very clearly the matter must be dealt with by the provinces at the provincial level.

Mr. Broadbent: What do you say?

Miss Bégin: I suggest the hon. member phone Mr. Cassidy and ask him to organize a campaign on that matter in Ontario.

Mr. Broadbent: We will.

* * *

THE CONSTITUTION

INQUIRY WHETHER COMMITMENT MADE RESPECTING PASSAGE THROUGH BRITISH PARLIAMENT

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I want to return to the representations which have been made by

members of our government to members of the government of the United Kingdom. I want to preface my remarks by simply pointing out that, again, the Prime Minister was less than candid with respect to the report he made to the House. He did not read the complete paragraph of the Canadian Press release which says that Prime Minister Thatcher:

—avoided a direct answer as to whether any assurance had been given to Canadian government authorities that a "three-line whip" requiring government supporters in the House of Commons to vote the party line would be used to push patriation through the British parliament.

Of course, the Prime Minister conveniently, tongue-in-cheek, as a joke, forgot to mention that.

I would like to ask the Secretary of State for External Affairs—

Mr. Trudeau: Ask me the question. You have prefaced it for me.

Mr. Hnatyshyn: The Prime Minister will have his opportunity if he wants to speak in the House. I want to ask the Secretary of State for External Affairs—

Mr. Trudeau: What is the matter, have you no guts? Are you afraid?

Mr. Hnatyshyn: The Secretary of State for External Affairs said there was to be a commitment for a three-line whip. The Prime Minister says not.

Madam Speaker: Order, please. Was the hon. member for Saskatoon West rising because he wanted to ask a question?

Some hon. Members: Oh!

Mr. Hnatyshyn: I apologize, Madam Speaker; the Prime Minister had trouble with his sphincter.

I want to ask the Secretary of State for External Affairs, who is telling the truth? Was it, as he reported in "Question Period" last Sunday, the fact that he got a commitment for a three-line whip, or is the Prime Minister leading us on again? Tell us the answer to that question.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, in none of the conversations in which I participated did I ask for any commitments from the British government. I received some in conversations, which they offered voluntarily in light of the tradition and their understanding of how they should best proceed. I did not at any time receive a commitment for a three-line whip, or any whip. I did not ask for such an agreement, but I did receive from them commitments with respect to the fact that they would follow the normal practice.

Mr. Hnatyshyn: I have a short supplementary, Madam Speaker. According to the Secretary of State for External Affairs I gather the Prime Minister is misleading us about this three-line whip. There is a plethora of legal actions going on. I want to find out what did take place.

Maybe the Secretary of State for External Affairs can answer this question. Did the Prime Minister, the minister himself, or any minister of the government, inform the Right Hon. Francis Pym that it was open to the Canadian cabinet to consider the option of a reference to the Supreme Court of Canada after the Manitoba court had rendered judgment, regardless of whether or not the judgment of the Manitoba court favoured the federal government?

Mr. MacGuigan: Madam Speaker, I am pleased the hon. member has referred to the Manitoba judgment. I think it is probably time that it was mentioned in the House today, since that court has resoundingly endorsed the federal position.

Some hon. Members: Hear, hear!

Some hon. Members: What was the vote?

Mr. MacGuigan: Madam Speaker, the commitment with respect to the whips was made not to me but to the Prime Minister, from Prime Minister to Prime Minister.

PREVIOUS DISCUSSIONS WITH BRITISH MINISTER

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, the resounding endorsement referred to by the Secretary of State for External Affairs was a split decision of three to two.

Some hon. Members: Oh, oh!

Mr. Epp: Another three-line whip.

Mr. Beatty: Madam Speaker, I would like to ask the Secretary of State for External Affairs if, in his meeting with Mr. Pym on December 19, he suggested to Mr. Pym that it might be easier for Mrs. Thatcher to keep her own troops in Westminster in line if she gave a more clear public assurance to the federal government in Ottawa that she would support the federal government's position.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am not sure, without checking my notes, if I recall precisely all of the things which were discussed. I asked Mr. Pym a great many questions during the course of my meeting with him with respect to what would make the passage of the bill in the British parliament simpler. That may well have been one of the questions which I asked, but I would have to check my notes on that.

With respect to the Manitoba decision, I might say it is a question of which question you look at. If you look at question No. 2, it was three to one. In any case, the important fact is that it was a judgment in favour of the federal argument.

Mr. Beatty: Madam Speaker, I trust that the minister will get back to the House and report whether, indeed, his minutes show that he did make that suggestion to Mr. Pym, since he suggested earlier that he did not make any such suggestion.

In view of the fact that both the Prime Minister and the Secretary of State for External Affairs have referred extensively to a letter which they have said was sent by Mrs. Thatcher to the Canadian Prime Minister, in which they purport it was stated that the British Prime Minister committed herself to supporting the Canadian position, will the minister undertake to the House that he will contact the British government to ask for permission to table that letter in the House of Commons, so that it will not be suppressed and withheld from the Canadian people?

Mr. MacGuigan: Madam Speaker, in that letter the Prime Minister of Great Britain repeated that she would live up to the commitment which she had previously made to our Prime Minister.

Mr. Beatty: Table it!

An hon. Member: Let's see it.

Mr. MacGuigan: That is a commitment which goes along with all of the other commitments, the whole series of commitments which we have received from the British government.

Mr. Clark: Why hide it?

Mr. MacGuigan: There is no magic in that commitment.

An hon. Member: Table it then.

Mr. MacGuigan: The same commitments were given in every contact we have had with the British government on this matter since it first arose. In addition to that, as I have pointed out before, that is what British governments have always done. We certainly have no intention of embarrassing the British government, or any other government, by publishing diplomatic correspondence.

[*Translation*]

JUDGMENT OF MANITOBA APPEAL COURT—GOVERNMENT POSITION

Mr. Jean Lapierre (Shefford): Madam Speaker, my question is for the Right Hon. Prime Minister. Notwithstanding the brief announcement made by the Secretary of State for External Affairs and in order to dispel the concern and the alarming doubts which have haunted the conscience of several members of the official opposition concerning the legality of the government's constitutional approach, would the Prime Minister reassure the House and the Canadian public by informing them about the essence of the conclusions reached by the Manitoba Court of Appeal?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, unfortunately I cannot give specific details because I have not seen the text of the ruling, but the Minister of Justice and Minister of State for Social Development informed me a few moments ago that, on the three aspects on which a judgment had been sought, the Manitoba Court of Appeal has ruled in favour of the initiative which is before the House by stating that it is legal and does not encroach on provincial jurisdiction.

* * *

● (1440)

[*English*]

EXTERNAL AFFAIRS

DISCUSSIONS WITH UNITED STATES SECRETARY OF STATE

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my question is for the Secretary of State for External Affairs. I should like to ask about his discussions with General Haig last week. In light of the fact that the Americans are indicating that they are going to cut back by 25 per cent on external aid, in light of the fact that some of the aid they are now giving, to El Salvador in particular, is anything but aid for the poor, and in light of the fact that the minister described his discussions as excellent, I should like to ask him if he really brought up the question of El Salvador with General Haig? Secondly, did he speak to him about the North-South Summit to be held in Ottawa and the way that the Americans will approach it?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, if I can recall all those questions, I will try to answer them. I did raise both questions. I raised the question of the North-South Summit with Secretary Haig, but I did not ask for a reply from him because the administration has just taken office. It has that question under active consideration, however.

With respect to El Salvador, I made the position of this government clear. It is one of opposition to the supply of offensive arms and I enunciated that to Secretary Haig. He was also able to tell me some facts about the situation in El Salvador which I had not previously known. We generally had a very good discussion of the issues in Central America.

With respect to the overall American aid program, my hon. friend has suggested that the Americans would be cutting back in their aid. There seems to be a controversy within the American administration at the moment. I made very strong representations, as the European community did subsequently, that it would be a tragedy for the world as well as for the United States if they were to cut back on their present aid programs.

INQUIRY WHEN PRIME MINISTER WILL MEET UNITED STATES PRESIDENT

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my supplementary question is directed to the Right Hon. Prime Minister. I should like to ask if he has made any contact with President Reagan yet and, if not, what he plans to do about bringing President Reagan into the North-South Summit in Ottawa?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the hon. member probably involuntarily misstated the case. The North-South Summit is not to be held in Ottawa; the North-South Summit which is projected will be held in Mexico, if, as we hope, it takes place.

In so far as the Ottawa Summit of seven economic countries is concerned, North-South relations is one of the items on the agenda. I hope it will be dealt with very thoroughly by the participants. I have not personally contacted President Reagan on the subject yet.

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THE CONSTITUTION

POSITION OF BRITISH PARLIAMENT IF RESOLUTION CHALLENGED IN SUPREME COURT

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct a question to the Right Hon. Prime Minister. Now that we agree on the happenings on December 19 and the assurances that the Secretary of State for External Affairs has said were given, I should like to take the Prime Minister a step further. Could he confirm that he learned in November, because of definite information that was given to the Secretary of State for External Affairs after constitutional proposals were revealed in October and after the provinces launched their court challenges, that it was the official and considered view of the government at Westminster that their parliament could not act if the constitutional proposals were being challenged before the Supreme Court of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in answer to the question of the hon. member, I will do as his colleague from Saskatoon West did a moment ago and preface my answer by dealing with some other subject. I want to tell the hon. member for Saskatoon West that if I was, in his words, partial and selective—

Some hon. Members: Order, order!

Mr. Hnatyshyn: Send me a memo.

Mr. Trudeau: —partial and selective in quoting from the CP wire, it is because the question that had been asked of me was partial and selective in quoting the other part of the wire. So I read the part that was missed by the Tory questioner.

An hon. Member: Shame!

Mr. Trudeau: Madam Speaker, if the hon. member says shame because one of his members just quoted part of a despatch, then I think I share his view. Madam Speaker, the position of this government until now has been that we tried to be as open as possible with the British government—

Some hon. Members: Oh, oh!

Mr. Trudeau: —in referring to my meetings with Prime Minister Thatcher and to other meetings of ministers with their opposite numbers in the United Kingdom. I want to tell the House very candidly—which is a word that I use—that what the British will do is something I cannot foretell. I have told this House what assurances we had. The Secretary of State for External Affairs and others have repeated those assurances. If the Conservative Party of Canada does not want to accept those assurances, that is up to them. I am not intent upon convincing them of the details of any conversation that went on.

Mr. Clark: Why don't you answer the question?

Mr. Trudeau: I am answering the question, Mr. Clark. If the British government and British parliamentarians want to choose some other course than the one they promised us to follow, that is up to them. I cannot, of course, dictate any conduct to the British parliament.

I just want to make it clear that, from the point of view of this government, the request put to the British parliament for amendment of the Constitution, as it has been put many times since the BNA Act was passed in 1867, must result in the British parliament acceding to the will of the Canadian Parliament. That is our position. If the British do not take that position, as apparently the official opposition does not take that position, it is for them to say; then we will take the argument from there.

Mr. Clark: Answer the question.

Mr. Epp: I should like to ask the Prime Minister a supplementary question, Madam Speaker, even though I did not get an answer to my first question. The Prime Minister indicates that the Conservative Party can decide what it wants. I am asking him whether he had assurances. He speaks about assurances. Did he have the assurance, as I asked him in my first question, that the parliament of the United Kingdom could not act if in fact the matter was before the Supreme Court?

Further, given that the Prime Minister has known for months now that the government at Westminster has officially said that it could not proceed if the constitutional proposals were being challenged before the Supreme Court, why does he then persist in saying that he has assurances, contrary to those views?

Mr. Trudeau: Madam Speaker, the first point is that the British have not said for months, as he says, what he said they said.

Mr. Clark: November 9.

Mr. Trudeau: Nor since November 9, Madam Speaker. From now on the position I am taking in this House, and I hope my ministers will take the same position, is that the British can speak for themselves. I do not think they need the Tory party in Canada to speak for the British parliament or the British government. As far as we are concerned, we have stated our views. I will not enter into any more—

Mr. Clark: I won't tell you anything else.

Mr. Trudeau: —cross-questioning about private meetings between our ministers, or between the British Prime Minister and myself. The House may not like this, but if they do not like it they can address themselves to the British parliament or to the British government.

Mr. Clark: This is our Parliament.

POSITION OF PROVINCES ON CHANGE OF POWERS

Hon. David Crombie (Rosedale): Madam Speaker, I should like to direct a question to the Prime Minister and ask if it is his view and the view of his government that the British parliament should be able to change the powers and responsibilities of the provinces without their consent.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think that would come under the heading of a legal opinion, certainly a constitutional opinion.

Mr. Lawrence: It is not hypothetical anyway.

Mr. Trudeau: I would point out to the hon. member that it seems to me that is exactly the position of the official opposition.

Mr. Clark: Not at all.

Mr. Trudeau: They have suggested they want patriation and an amending formula without the consent of all the provinces, and they have added to this that they want to entrench part of the charter, to wit, aboriginal rights and native rights. So they are saying that we can enact some part of the charter without the consent of the provinces. They are saying we can patriate the Constitution with an amending formula without the consent of the provinces. Therefore, I think basically they are saying the same thing. Their constitutional position is the same as ours, except that they do not have the courage to entrench the whole charter; they just want to entrench part of it.

● (1450)

Some hon. Members: Hear, hear!

Mr. Crombie: Madam Speaker, I know the Prime Minister would like to play politics with my question, but it is seriously meant.

Some hon. Members: Oh, oh!

Mr. Crombie: I know there are a number of people who are concerned with the answer. I shall direct my question in this fashion, Madam Speaker. It is an important one because it is not a question of law, as the Prime Minister said yesterday; it is indeed a question of understanding our politics. People would like to know whether it is the government's view that the British parliament can change the rights and responsibilities of the provinces without their consent. It is a simple question; I would like a direct answer.

An hon. Member: Yes or no.

Mr. Trudeau: Madam Speaker, I gave the answer. The answer is yes. What I am saying is that the Tory party said the same thing this week in committee—

Mr. Lawrence: Nonsense.

Mr. Trudeau: —when they said they would impose on the provinces by asking Great Britain to pass a statement in London affecting the rights of the provinces and saying that aboriginal rights will be imposed on the provinces without their consent.

An hon. Member: Read the transcript.

Mr. Clark: It is tough to destroy the public record.

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PETRO-CANADA

ACQUISITION OF PETROFINA—EXTENSION OF PUBLIC OWNERSHIP

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Finance. It concerns the takeover of Petrofina by Petro-Canada. In spite of this takeover, which we on this side of the House welcome and have long advocated, will the minister agree that Imperial, Gulf, Shell and Texaco still dominate the oil industry?

Some hon. Members: Oh, oh!

Mr. Waddell: As a matter of fact, the combined company represents only 8 per cent of the revenues of the industry.

An hon. Member: Why not take over Kuwait?

Mr. Waddell: If my friends will just be patient, my question to the minister is this. Is the minister prepared to announce any set policies or plans to bring the real substance and future control of the industry under public ownership?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member's question tailed off into the customary indecision of the NDP, not knowing whether they embrace the policy we have adopted in the national energy plan.

Some hon. Members: Hear, hear!

Mr. MacEachen: For my own part, the government is very pleased that Petro-Canada has been able to negotiate arrangements which will lead to this acquisition and add to the public sector, as indicated in the national energy plan.

Some hon. Members: Hear, hear!

Mr. Waddell: Madam Speaker, I think the minister is being unfair.

An hon. Member: That is right.

Mr. Waddell: I am asking him to make some real dints into private industry, so let me ask the minister this. He referred to the national energy policy. When the policy came out, shares of Petrofina were $60 to $65 on the market. Now the government is buying the shares for about $120, at a much inflated price. Can the minister indicate how he would control in future takeovers the price paid. Could the minister also tell this House and the public how Petro-Canada will pay for those shares of Petrofina?

Mr. Malone: Tell us, Allan.

Mr. Lawrence: Make the rich pay.

Mr. Paproski: How about Canada Savings Bonds?

Mr. MacEachen: Madam Speaker, on the first point which the hon. member has made, it has been the experience in previous acquisitions, either by Petro-Canada or by private companies, that in order to acquire control of a new acquisition usually a premium is required for the purchase of shares. The hon. member can debate the validity of that, but that has been the experience in this and in previous cases.

It has not been determined finally how the acquisition will be paid for, although the hon. member will recall that in the budget it was indicated there would be a Canadian ownership charge that would be used to finance acquisitions. It will be through this method that equity by the Government of Canada will be provided.

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AGRICULTURE

POTATO PRODUCTION AND MARKETING—INQUIRY WHEN COMMISSION OF INQUIRY WILL BE ESTABLISHED

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, my question is for the Minister of Agriculture. It is in connection with the report of the National Farm Products Marketing Council which he released yesterday. The minister will recall that the council makes a very serious statement in its report respecting questionable marketing practices in the potato industry. These are widespread and it seems producers have been intimidated from talking publicly about their problems within the industry.

When will the minister establish a commission of inquiry into all aspects of the potato industry? This is a request I have made on a number of occasions in this House.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I do not know whether I can go as far as the hon. member would like when he mentions a commission of inquiry into aspects of the potato industry. The National Farm Products Marketing Council has held some pretty detailed hearings. I am very concerned about some of the statements which are in their report to the effect that some producers appeared to be scared to give the evidence they really wanted to. We are investigating that and if we find that this is substantially correct, I intend to recommend some kind of commission of hearing.

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FISHERIES

OPTIONS RESPECTING CONSERVATION OF SALMON STOCKS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is for the Minister of Fisheries and Oceans. A few days ago the minister announced a complete closure of the Fraser River which will affect some 1,000 gill net fishermen whose livelihood is dependent upon that fishery. The decision was taken because of the seriously threatened state of the chinook salmon stocks.

My question is this: Why has the minister not chose to adopt some of the other management options put forward by his consultants and departmental officials which would have spread the burden of conservation more equitably among other sectors of the industry in British Columbia waters?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, what happened some days ago was that, as a result of consultation, all groups in the industry seemed to recommend very stringent conservation measures. I discussed that this morning with the assistant deputy minister who is stationed on the west coast. We are looking at ways to make other groups of the industry share in the conservation measures that we are envisaging. The final decision on this issue will possibly be made before next week.

Mr. Siddon: Madam Speaker, I am pleased to know that the decision is not final, but it has come to our attention that by shutting out the Fraser River gill net fishermen from the sockeye runs, that unfulfilled catch will be granted to the sein fish fleet. Would the minister clarify that question? Would the minister also admit that the problem with chinook stocks really results from a lack of effective enforcement over the years with regard to poaching in particular, and from the lack of this government's commitment to get on with resolving the Canada-U.S. agreement which is crucial to the completion of enhancement projects on the Fraser River?

Mr. LeBlanc: Madam Speaker, everyone who knows a little bit about the Pacific fishery knows that if we had enhanced, or if we were to have enhanced, the Fraser River stocks without bringing some equilibrium to the wild stocks, we could do very serious damage to the chinook stock which is so precious to us. We are endeavouring to take action with the full co-operation of the industry.

ADMINISTRATION OF JUSTICE

COURTNEY, B.C.—RECENT SUICIDES BY PRISONERS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is for the Solicitor General. I gave him notice of it, but I am sorry it was so late in coming. The minister is aware that three people have committed suicide in the Courtney lock-up in Courtney, British Columbia. Two of them were teenagers, and the most recent case of suicide had been arrested on a mischief charge. The major problem would appear to be a lack of adequate supervision of prisoners in the lock-up and that the lock-up is a completely inadequate facility. The lock-up has been talked about since 1972 and a new one promised since 1977, but it seems to have been held back for restraint reasons.

Would the minister investigate the details of these recent deaths? Would he also ensure that prisoners in the Courtney lock-up receive constant supervision and would he further undertake to give us a date on which construction of the new facilities will begin?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I would like to thank the hon. member for giving me a chance to check the facts following the unfortunate death of this 18-year-old youth. I concede that the cells are not in an ideal condition. In fact, a coroner's jury made recommendations for improving the cells, and I am glad to report to the House that every one of the recommendations that were made I am told has been implemented. There is a construction program in place; it has not been delayed by restraint. The target for completion of the new facilities is the end of 1982, and they will be completed on schedule.

• (1500)

Mr. Skelly: Madam Speaker, the stories that I have heard indicate the problem has been there for some time. Is the minister aware that the problem is not just the lock-up conditions, but the fact they are located in a blind spot and the supervisor is locked outside and cannot see in? With previous deaths in that particular area, one involving a 15-year-old girl and another an adult, there was a problem of supervision. Will the minister undertake that there will be no delay in bringing this matter before Treasury Board quickly, because I understand it is still pending? Will he also undertake to look carefully at the problem of supervision by civilian guards who work in that area?

Mr. Kaplan: I will do that, Madam Speaker. I want to repeat that the understanding I have is that all of the recommendations made by the coroner's jury have been put into effect. I will look into the situation to see if some temporary improvement can be made that will carry the present cells to the completion of the new facilities, which have been approved by Treasury Board and will be completed by the end of 1982.

Point of Order—Mr. McKnight

POINTS OF ORDER

MR. TOWERS—PROCEDURE RESPECTING S.O. 43 MOTION

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise on a point of order. I recognize that it is not given to members of Parliament to reflect on decisions of the Chair, but with regard to a motion I moved under Standing Order 43 today, I believe there is a misunderstanding between the Chair and myself. After looking at the "blues", perhaps the Chair might give a decision on that tomorrow. My motion was not a congratulatory message, but rather called on the communities of Canada to give support to police forces and police associations so that our country will be a better place in which to live.

Madam Speaker: It is often difficult at first glance to see whether a motion is in order. I had the feeling that it was a congratulatory message, or a message of encouragement. I was afraid that if I accepted the motion of the hon. member for Red Deer (Mr. Towers), tomorrow and on following days I may be in the position of having to accept motions with regard to nurses, doctors, and other members of the community without whom our life would not be the same. I will look at the hon. member's motion. If I have been unfair, I will certainly allow him to bring it forward on another day.

MR. NIELSEN—NOTICE OF INTENTION TO RAISE POINT OF ORDER

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on a different point of order. While the Chair is looking at the motion under Standing Order 43 of the hon. member for Red Deer (Mr. Towers), she might at the same time look at the motion under Standing Order 43 moved by the hon. member for Sarnia (Mr. Cullen) which might commend itself for a comparison between the urgency of both.

I rise now to give notice of a point of order that I intend to raise tomorrow. The Prime Minister (Mr. Trudeau) made extensive references to and citations from a letter from Prime Minister Thatcher to himself. Extensive references to and citations from the letter have been made by the Secretary of State for External Affairs (Mr. MacGuigan), both in the public media and in this House. I wish to correlate all those three sources of statements to the rules. I am now simply giving notice that I intend to raise the matter on a point of order tomorrow and give the Table officers an opportunity to advise the Chair in advance as to the precedents, and to offer the government House leader the same advantage.

MR. McKNIGHT—A PROBLEM IN MATHEMATICS

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I rise on a point of order. I will be very brief. I wish to bring to the attention of the House the courtesy which the Minister of Agriculture (Mr. Whelan) extended to those on this side by supplying us with 125 apples from the province of Quebec. However, in order to be fair, we received more cards than apples from the Minister of Agriculture. Knowing his

penchant for good housekeeping, I would like to return these cards to the Minister of Agriculture.

Some hon. Members: Oh, oh!

MR. WADDELL—STATEMENT MADE BY MR. TAYLOR

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a point of order. As reported at page 6805 of yesterday's *Hansard* the following exchange took place:

MISS BÉGIN: Name a better country than Canada.

MR. TAYLOR: Alberta.

I wonder if the hon. member for Bow River (Mr. Taylor) would take the opportunity to correct *Hansard* in that regard.

Mr. Gordon Taylor (Bow River): Madam Speaker, I would like to say that the rest of what I said is not in *Hansard*. I said "without Alberta the federal government would be broke", and I stand by that.

Mr. Waddell: It is clearly in the record of *Hansard* at page 6805:

MISS BÉGIN: Name a better country than Canada.

MR. TAYLOR: Alberta.

The hon. member refuses to change that. Are we in this House to understand he really believes that?

Madam Speaker: If the hon. member for Bow River (Mr. Taylor) does not wish to correct *Hansard*, that is his prerogative. If he wants the text to stand as it is, it will stand as it is. The hon. member for Vancouver-Kingsway (Mr. Waddell) cannot force the hon. member for Bow River to change words he thinks the hon. member said in this House.

Mr. Taylor: Madam Speaker, I would like to say that I am not in any way responsible to any member of the NDP. If the hon. member does not like it, he can lump it.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

ADVISORY COUNCIL ON THE STATUS OF WOMEN

TABLING OF MINISTER'S LETTER

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, under the provisions of Standing Order 41(2) I should like to lay upon the Table a file copy of a letter I sent to the executive committee of the Advisory Council on the Status of Women requesting that they make public their affidavit concerning the minutes of the January 9 meeting.

Mr. Walter McLean (Waterloo): Madam Speaker, having tabled the letter as he has done upon request, will the minister also table the reply he has received to the letter?

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 28, 1,459, 1,705, 1,706, 1,707, 1,808 and 1,815.

[*Text*]

CANADIAN NATIONAL RAILWAYS

Question No. 28—**Mr. Cossitt:**

1. With reference to the answer to question No. 253 of the Third Session of the Thirtieth Parliament which states in part "It is not the practice of Canadian National to disclose the names of persons or firms submitting tenders for the supply of services", on what date was this practice established and (a) who established it (b) for what reason?

2. Since Canadian National Railways is owned by the taxpayers of Canada, will the government institute an immediate policy of making public any information legitimately requested in the House of Commons about its operations and, if not, for what reason?

3. With further reference to the answer to question No. 253 of the Third Session of the Thirtieth Parliament which states in part "The amount of gross revenue paid by Blue Line Taxi Company Limited to the Crown is considered confidential to the parties involved during the term of the agreement" (a) who considers this to be confidential and for what reason (b) what are all the reasons the government permits any publicly-owned operation to keep its expenditures confidential (c) will the government now make this information public?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Transport, the management of the Canadian National Railways and the Prime Minister's and Privy Council offices as follows:

1. The cited practice is based on the needs and customs of the competitive commercial environment in which CN operates, including respect for confidentiality regarding the affairs of others proposing to contract with it. The time when that specific practice was adopted is unknown but doubtless predates the tenures of office of the present members of the board of directors and senior management officers of CN. The reason may be taken to be the protection of CN's ability to negotiate or call tenders advantageously.

2. Because Canadian National operates in a commercial and competitive environment it is not deemed desirable to impose upon that corporation disclosure policy which would place it at a disadvantage with its competitors.

3. Blue Line Taxi Company Ltd.'s contract with the Department of Transport for the provision of taxi service at Ottawa International Airport was a negotiated agreement dating from 1969. This agreement was terminated on April 30, 1980.

(a) It is standard business practice that financial information contained in such agreements is not released with-

out the consent of both parties. To the knowledge of the Department of Transport, Blue Line has not consented to such release, either during the term of the agreement or since its termination.

(b) The question refers to payments by Blue Line to the Crown. As Blue Line is not a publicly-owned operation, this subquestion does not appear applicable.

(c) The government will not release the information in question without the consent of Blue Line.

GENERAL MOTORS

Question No. 1,459—**Mr. Deans:**

1. From 1965 to June 1980, how many ordersincouncil were issued affecting General Motors and its subsidiaries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning General Motors and its subsidiaries?

3. What were the commitments from General Motors and its subsidiaries in exchange for remitting each customs duty?

4. Did General Motors and its subsidiaries meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: no orders in council were issued to General Motors by the Department of Industry, Trade and Commerce.

PRIME MINISTER'S RESIDENCE

Question No. 1,705—**Mr. Cossitt:**

1. Did the government receive any funds for payment of the swimming pool at the official residence of the Prime Minister at 24 Sussex Drive and, if so, in what manner?

2. (a) Were such funds made by (i) cash (ii) cheque or cheques and, in either case, who gave the money or who signed the cheque or cheques (b) did the name of any organization appear on the cheque or cheques, specifically the Liberal Party of Canada and, if so, was there any obligation under the law to report such disbursements and the origin of such disbursements in existence at the time they occurred?

3. On what date was each amount received and who received it on behalf of the government?

4. Were records kept of any cheque or cheques and, if so, what was the (a) name of the bank (b) number of the bank account (c) actual address of the branch of the specific bank (d) name of the holder of any account involved?

5. What are the details of all or any knowledge possessed by the government in regard to sources of funds for building the swimming pool and is there any method by which the government can determine whether any of the individual donors could have been considered in any manner as being in conflict of interest?

Hon. Yvon Pinard (President of the Privy Council): See replies to questions Nos. 1,233, answered October 28, 1975, *Hansard* page 8611; 1,294, answered July 14, 1975, *Hansard* page 7529; 2,211, answered May 20, 1975, *Hansard* page 5919; 2,691, answered July 22, 1975, *Hansard* page 7813; 2,692, answered October 14, 1975, *Hansard* page 8136; 2,773, answered October 14, 1975, *Hansard* page 8147; 3,323, answered November 7, 1975, *Hansard* page 8959.

Question No. 1,706—**Mr. Cossitt:**

1. Did the Department of Public Works have any connection with the construction of a swimming pool along with its surroundings and contents at the official residence of the Prime Minister at 24 Sussex Drive during the term of office of the Prime Minister and, if so (a) what is a detailed description of all such connections (b) what are the names of all persons in the department who had any connection with the matter?

2. Can the department absolutely assure the Canadian people that any donors involved were not in conflict of interest?

3. (a) What was the name of the contractor and the names of all subcontractors (b) what were the dates, amounts of all payments made to the general contractor or subcontractors and for what work?

4. Did Mr. William Teron, former head of Central Mortgage and Housing Corporation, have any connection with the project and, if so, in what way?

5. Does the department have any knowledge of the identity of the donors and, if so, does it know from whom any of the money was received and on what dates?

6. (a) What was the full cost of everything connected with the construction of the swimming pool (b) did any money come from public funds and, if so (i) what was the amount (ii) what is a detailed explanation?

Hon. Yvon Pinard (President of the Privy Council): See reply to question No. 1,705 answered this day.

PERSONS GIVING FINANCIAL GIFTS TO GOVERNMENT

Question No. 1,707—**Mr. Cossitt:**

1. What are the names and addresses of all persons who gave financial gifts to the government between January 1, 1973 and December 31, 1975 and, in each case, what was the (a) amount (b) purpose of the gift?

2. What are all of the details of how the money was spent?

Hon. J.-J. Blais (Minister of Supply and Services): 1 and 2. The information requested in this inquiry is not available through any records retained in finance branch, services administration, or filed in Archives on its behalf. No record has been kept of detailed documentation supporting the Public Account preparation prior to the 1976-77 fiscal year. The only reported amount available starts with the fiscal year 1974-75. In the working papers for Public Accounts, there is a combined total for "Donations to the Crown" of $29,454. However, this cannot be broken down by individual donations and would include a significant amount from anonymous donors.

This lack of detail makes it impossible to identify the purpose of the gifts as requested in part 1(b) of the inquiry. If however, no restriction were attached to the donations, as is generally the case, they would be deposited into the Consolidated Revenue Fund to become part of the total cash available to the government. This would, in essence be the response to part 2 of the inquiry.

REPAIR AND MAINTENANCE CONTRACTS

Question No. 1,808—**Mr. Herbert:**

What percentage of repair and maintenance contracts were awarded by Defence Construction (1951) Limited on a fixed-price basis?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): All repair and maintenance con-

tracts awarded in the fiscal year 1979-80 were on a fixed price basis.

CONTRACT REGULATIONS—DCL

Question No. 1,815—**Mr. Herbert:**

Are copies of the current government contracts regulations which pertain to the limits of authority under which Defence Construction (1951) Limited may increase the amounts payable under a contract available to the public?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Yes, the amendment to the Government Contracts Regulations as approved under P.C. 1980-2279, 27 August, 1980, was published in *The Canada Gazette*, Part II, Volume 114, Number 7, on September 10, 1980.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 864 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 864 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

LOBSTER—MINIMUM SIZE LIMITS

Question No. 864—**Mr. Gass:**

1. What has been the minimum size limit for lobster in the (a) Gulf of St. Lawrence area (b) Victoria-Cape Breton County area (c) Richmond County to Halifax area (d) Halifax to the U.S. Border area and are the minimum size limits expected to increase in the future and, if so, to what size?

2. Will Canadian lobster fishermen be compensated by the government for decreased catches resulting from increased minimum size limits and, if so, to what extent and in what manner will the compensation be paid?

Return tabled.

[*English*]

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

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

[*Translation*]

Madam Speaker: Under the provisions of Standing Order 54, I now leave the chair for the House to go into Committee of the Whole.

• (1510)

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed from Monday, February 2, consideration in Committee of the Whole of Bill C-54, an act to amend the statute law relating to income tax—Mr. MacEachen—Mr. Francis in the chair.

The Chairman: The House again in Committee of the Whole on Bill C-54, to amend the statute law relating to income tax. When the committee rose on Monday, February 2, 1981, clause 1 of the bill was under consideration and the hon. member for Peterborough had the floor.

On clause 1—

Mr. Domm: Mr. Chairman, dealing with Bill C-54, what is most concerning to me as a member of Parliament from Peterborough, central Ontario, is that during this session of Parliament the Liberal government through acts and bills is gradually moving this country to what I perceive to be a socialist republic. It tends to impose this plan on the Canadian people through a program introduced first with the budget, followed by an energy policy, and now through methods of taxation, in particular this Bill C-54.

I am concerned that the members to our left, the New Democratic Party, in co-operation with the government of today, are making this move toward socialism possible. The danger about this gradual move to a form of socialist republic is that if we, as Canadians, are inclined to accept socialism here in Canada, we as Canadians may forget that was a word invented back in the late nineteenth century to make us believe it is different from communism. The recent troubles in Poland have demonstrated a real lack of freedom in that country, and the Russians have illustrated in their official news releases that socialism and communism are one and the same.

If there is any doubt in this House about the simile of socialism and communism and the right to own property, I would refer them to the statement just two nights ago on national television by the President of the United States. When he was appearing before the news media he said, "Call it socialism, call it communism, call it what you will."

The other very disturbing thing is that socialism or communism eventually leads to totalitarianism, and we have evidence of that start in our country today.

Some hon. Members: Oh, oh!

Mr. Domm: I can understand why members to our left are somewhat upset on this subject of socialism.

An hon. Member: Because it is a lie.

Mr. Domm: They are upset because there is substantive proof, and an indication by this present government in concert with the New Democratic Party in Canada, that together they are going to adopt the kinds of policies which will move our nation, our country grown through the free enterprise system, into a form of socialistic government where we can take from those who have and give to those who have not, with no consideration of reward, incentive, legislation or tax measures that would add to the incentive of the free enterprise system.

Last night during the debate a member of the New Democratic Party used as an example of the kinds of policies they would like to see in place in Canada the case of a hairdresser in Hamilton who was finding it difficult to pay taxes. The very simple and basic answer the New Democratic Party would give, and this is recorded in my response last night was: can you not find some company, a major corporation, from which you can take that money—he was directing these remarks to previous statements by one of my colleagues—and pay the taxes for that person who is having a great deal of difficulty making that $6,000 payment? I remind the member from Hamilton—

Mr. Deans: On a point of order, Mr. Chairman—

Mr. Domm: Mr. Chairman, it is my turn, and I have 20 minutes.

The Chairman: Order, please. I recognize the hon. member for Hamilton Mountain on a point of order.

Mr. Deans: On the point of order, Mr. Chairman, the member is attempting to put words into my mouth. He is stating I said something last night which I did not say. I ask him to point to that portion of *Hansard* in which I said anything even vaguely resembling what he has now said, and if he cannot find it, withdraw it.

The Chairman: The hon. member has made his point.

Mr. Domm: The answer by the New Democratic member, the hon. member for Hamilton Mountain, to the problem of the hairdresser who found it difficult to pay this tax on $6,000 was: why cannot this Liberal government find that money to make it more easy for that constituent not to have to pay that tax? In reality the reason that hairdresser cannot pay tax on $6,000 income is because this government, in concert with the New Democratic Party of Canada, has failed to introduce policies, tax measures and incentives that would allow the free enterprise system to produce on its own. Free of government intervention in the marketplace it could produce on its own the profits necessary to generate the funds for this government to pay the bills. However, it insists, with the help of the New Democratic Party, on introducing policies in Canada which inflame government requirements for funds in order that it can satisfy this insatiable desire to spend money. We expect in Bill C-54 income tax measures which will encourage small businesses to function in order to produce the necessary profits.

We had hoped there would be some relief for the farmers in respect of capital gains tax in Bill C-54. What in reality is happening under this tax measure, Bill C-54, is that farmers are going to be forced to sell their farms to pay all the accumulated capital gains tax which could amount to a sum greater than a farm's selling price. The non-exemption for farmers under the capital gains tax has been a major factor in the decline in the number of Canadian farms. Farmers are being forced to add the cost of their tax to the selling price, and this has led to immensely high set-up costs for new farms.

The Clark government would have allowed farmers to roll over the proceeds of a farm sale into an RRSP. Whatever the Prime Minister might think of it, Canadian farmers are looking ruefully now for some assistance. They have major questions of concern, as does the public, as to why the government has eliminated the farm community from assistance through RRSPs to avoid capital gains tax. Members opposite in the government will answer that they can put it on hold, that they do not have to pay that capital gains tax if they hand it down from father to son. However, it just sits there and, with inflation growing at the rate it is today, and with the devalued dollar like it never has been before, reality will fall on those farmers maybe two generations from now in that they will have to pay that tax.

We had hoped for an energy tax credit as well for the low and middle-income groups. I can remember not a year ago that members opposite, when they were in opposition, and NDP members as well, just a little over a year ago, were asking for some assistance for low and middle-income groups in order to offset some of their increased costs of energy. In the Crosbie budget, defeated by the NDP and the Liberals, we had offered an energy tax credit to assist every individual on low and middle incomes in Canada in offsetting stress and strain brought to bear by increased energy prices. That was and is denied. It is not in the present tax measures brought forward either in the budget or in this new income tax legislation.

• (1520)

I say to the members of the New Democratic Party and of the Liberal Party of Canada, which I like to refer to as the "Liberal-Democratic Party of Canada", that we need to introduce into our economy systems of taxation which will add incentives to businesses and encourage the construction industry so that homes can be built to supply the needs of all those people who are finding it virtually impossible to acquire homes today.

As a Conservative government we introduced a mortgage interest deduction. We brought it in, but it was turned down. It was not passed. Not all Liberals voted against the mortgage interest deduction. Some of them had the guts to stand up in this House and support mortgage interest deductions. What happened was that the New Democratic Party members did not want mortgage interest deductions. They did not want to help low and middle-income people acquire homes. They felt it would only benefit the rich or those who have, and that it would not help those who have not.

I remind the members of the New Democratic Party to my left that there are many low and middle-income people in

Canada today who are losing their homes through foreclosure, who are unable, because of high interest rates, to make their payments. What is the response when we in opposition say assistance is needed for people so that they can build homes, so that there can be added incentives for the construction industry and so that we can create jobs and a climate which will allow this country to grow? We get no co-operation from hon. members opposite. They do not feel these measures are necessary.

As late as last night in television releases it was noted that all the programs introduced on behalf of the construction industry of Canada have down sides. That came from a minister in the present government. The down sides of introduced programs were referred to, and I say that we want some up sides. We want some turnarounds in our economy. We will get turnarounds only if we encourage the construction industry, which is the greatest producer of jobs in the labour force I can think of which we can mobilize and put into action today. We could offer interest savings to home owners to encourage them to buy homes. In doing so we could then add an incentive to the construction industry which is very badly needed today.

What did Liberal members opposite do with respect to a property tax deduction? Do I hear any cries from the New Democratic Party because we no longer have that in our income tax program? We had to rely on the Conservative government of Ontario to offer relief to the people who find it most difficult to pay their property taxes. The provincial Conservative government of Ontario introduced legislation which provided property tax relief for home owners in Ontario in lower income groups, senior citizens and people on fixed incomes, the people most seriously affected, because hon. members opposite have lost their credibility and have no responsibility when it comes to energy tax credits, mortgage interest deductions, property tax deductions, and so forth.

What is happening? This government will take away from the provinces of Canada, through tax measures and energy policies, their revenue-producing resource base. Through expropriation and through legislation this government will acquire control of major corporations in Canada. When hon. members opposite seize that control through energy tax measures, they take away from the provinces of Canada the royalties they have always received and have grown to expect. They remove royalties from the provinces of Canada, because once the federal government takes an interest in those corporations, that opportunity and that revenue are taken from the provinces of Canada.

I warn the people of Ontario not to be taken in by the idea that always to acquire, to seize public ownership, to take state control of the free enterprise system is best for the people of Canada because, in view of what this government has done in the west with its present policies, I say, watch out, Ontario. Watch out for Inco. Watch out that this government down the road a piece does not feel it can set the world market price for nickel. How would the people of Ontario like it if the Liberal Government of Canada were to decide to set the price of nickel at 50 per cent of the world price? What would we in Ontario say? We would say exactly what we are saying now.

The main object of this government in the energy field should be to seek self-sufficiency. Because of tax measures, budgets, and income tax legislation, we are the poorest example of moving toward self-sufficiency in the energy field. Non-renewable resources will be gone, with them will go revenue, and when it is gone it cannot be reclaimed. We will have to go to the world price somewhere down the road. If we do not, we will have to continue to subsidize.

Let us look at the promises made by this government in the last election campaign. I could find only five made by the Prime Minister of Canada, and all five have been broken. This government has not lived up to one of them. First, the Liberals would "manage more rigorously the nation's finances in order to make more effective the use of the taxpayer's money". The Prime Minister made that pledge just before the people went to the polls and were conned into voting for him. He said, and I quote, "We will hold the line on government expenditure growth under the rate of gross national product". That is the promise; what is the performance? For the coming fiscal year the MacEachen budget calls for an increase of 12.8 per cent in total federal spending. It forecasts an increase of 11.1 per cent in the gross national product, including inflation, so government spending is not being held in line.

Second, the Prime Minister promised "to achieve energy security at a fair price for all Canadians". He ridiculed the Tories for having failed to make a deal with the producing provinces, and he said, "We will negotiate an increase of less than 14 cents" in the price of a gallon of gasoline. A year later negotiations with the producing provinces are completely stalled, and energy security is a fading dream. When I filled up to come to Ottawa from Peterborough this week, I found that there has been an increase in one year of 50 cents a gallon.

Third, the Prime Minister promised a "development and industrial strategy which will provide jobs, spur growth and increase Canadian ownership and control". The Prime Minister said, "This party will not simply stand by and let the recession come". The then leader of the opposition and now Prime Minister said, "We will fight it and overcome it". He said that every economic tool at the disposal of a Liberal government would be used to save Canadian jobs and to maintain Canadian growth. In the year since that speech the Trudeau government has made no effort to use any economic tool to stave off the recession. In fact it did not even bring in a budget until it had been in office for seven months.

As for the promised industrial strategy, it is still to be produced, and Statistics Canada has just reported that more than 30,000 more Canadians are out of work now than a year ago.

The fourth promise of the Prime Minister in the last election campaign was that he would lead "a national government that uses its strength to realize the aspirations and economic potential of each of our provinces". It would be "a national government that builds up rather than tears down" and would make

the 1980s "a decade of opportunity rather than a decade of doubt."

Mr. Chairman, I will finish with just one sentence. Fifth, the Prime Minister promised to "enhance the security of every individual by helping those who most need assistance". He has neglected to do that. We are minus new capital gains tax provisions, energy tax credits, mortgage interest deduction, property tax deduction and energy savings for the people of Canada.

● (1530)

[*Translation*]

Mr. Roy: Mr. Chairman, I am happy to take part in this debate concerning a taxation bill which once again will help the Canadian people while stimulating the economy. I hope that these tax proposals will be reflected in the 1980 tax returns of all Canadians. I trust further that, as soon as this bill is passed, all the members on this side of the House will welcome it as a beneficial impact on the economy.

Mr. Chairman, I listened very carefully to the member who spoke before me. He still seems unable to distinguish between a socialist party and a Communist party since he still associates socialism with communism. During the time available to me, I shall try to explain that on February 18 of last year, the Canadian people chose, not the capitalistic philosophy of the Progressive Conservatives nor the socialist doctrine expressed by the NDP, but rather a party whose objective was to Canadianize these industries. This is why, as a member of the Liberal party, I have always disliked the leftist or rightist parties which go by that name in European countries. As for us in the Liberal Party, our objective is not to belong to the left or to the right, but rather to extend the centre so that the aspirations of all Canadians, whether from the west, the centre or the east will be reflected in our social legislation and economic incentives. This is why I say that the philosophy of the Liberal Party aims at extending the centrist position, and this is why on February 18 of last year the Canadian people chose our party rather than one or the other of the two extremes.

I listened yesterday evening to the hon. member for Calgary South who told us about a trip which I also made as a member of the task force on the national trading company. The hon. member talked about the economy of Sweden, which has been administered for a long time by a socialist government, and he quoted the following figures: if you earn $25,000 a year, you will pay $13,000 in taxes, and you can be taxed at a rate of up to 75 per cent if you earn $32,000, and at a rate of up to 85 per cent if your income is higher.

I have witnessed this situation and I think that my hon. colleague described it very well. He said that he bought a pair of galoshes for 159 kroner, to which I was also a witness. I told him, "John, if you had bought those galoshes in Canada, you would have paid $10, because this is what I paid for galoshes before leaving for this trip."

An hon. Member: What are 150 kroner worth in Europe?

Mr. Roy: In Canadian dollars, 150 kroner are worth about $50. I believe that this is a good illustration of what is the situation in Canada and how often we forget it.

I shall try to describe the pattern of the Canadian economy. During that trip, Mr. Chairman, I was proud to wear the Canadian flag, as I am proud today to wear a Canadian tie.

I was proud to see to what extent Canadians are well known for the reliability of their passport and also for the way they behave, for the role played by our embassies throughout the world, for the efficiency of our trade representatives in the industrial field. I would like to pay tribute to all those people for their outstanding dedication in representing Canada abroad. I would ask the parliamentary secretary who is here in front of me, to convey my congratulations to the people responsible for the excellent work they did and are still doing. I am speaking in the presence of the chairman of the special committee on the national trading company who was with me during that trip. We could see how anxious those people were to represent Canada as it should be. They are indeed good will ambassadors and worthy spokesmen for Canada's economic leaders.

I have other comments to make on the role played here by our commercial attachés who have visited all Canadian provinces as well. We also paid visits to the major Canadian cities where we met the industrialists and manufacturers with small and medium-size businesses, but the relationship between management and staff as we know it here in Canada—I do not want to reveal the contents of the report which will be tabled in the House but I would have liked to see our commercial attachés here in Canada show the same motivation as we have witnessed outside the country.

Mr. Chairman, I would rather restrict my comments to economic indicators and the progress made here in Canada. I will not use selective or partisan references, nor figures originating from political sources. The data and statistical tables I rely on were issued by the World Bank, by American statistics agencies and by the OECD, the Organization for Economic Co-operation and Development. The significant aspect is that we are all aware that inflation is rampant, that it is an affliction which knows no boundaries, an evil found all over the world. But what matters as well after we have paid our taxes is the money left in our pockets to buy a house, appliances, food, consumer goods or any other products. I think that is what really matters and I will refer to economic indicators to depict Canadian conditions as they are. I alluded earlier to the role played by our trade representatives, our ambassadors throughout the world. Members of the official opposition are saying today that they are blind, deaf, that they lack objectivity or else that they are solidly anchored by

partisanship and want to make Canadians and their economy appear as though they are mediocre and reflect a disastrous situation.

An hon. Member: They have a negative approach.

Mr. Roy: It is a negative approach and what was rejected last February 18 was indeed that negative approach which makes them criticize everything without objectivity. Everyone talks about inflation and, of course, we have inflation in Canada but, between 1960 and 1979, unemployment went up 520 per cent in Australia, 443 per cent in West Germany, 108 per cent in the United Kingdom, 90 per cent in Japan and 40 per cent in Sweden. At 27 per cent Canada ranks second behind the United States in job creation. I have here some figures which reflect the situation as regards job creation. In Australia, for example, a country with a rather rightist government, the number of jobs has increased by 12 per cent. In Sweden, under the socialist administration, the increase was 9 per cent. I should have liked, had we had more time, to speak a little longer about the Swedish socialist party, since the PQ government wanted to somewhat imitate or copy Sweden's socialist administration. I hope Quebeckers, come the next election, will remember the economic performance under the socialist or social-democrat system in Sweden where today more employees or workers are employed in the public than in the private sector. That is not what we intend to do, Mr. Chairman, absolutely not. But that is what some try to have us say or to make people believe. Members of the Progressive Conservative Party suggest that the Liberal Party has become a socialist party. On the contrary, we are a centre party and we want to enlarge the centre. We want to reduce the budgetary deficit, but we are aware of our responsibilities to the disadvantaged people as well as to small and medium-sized businesses in need of economic incentives. I intend to revert to that later. As for job creation, Canada was first among OECD countries. Our economy had the best growth rate for the years 1970 to 1979 with 55 per cent, as compared to France with 41 per cent, Japan with 38 per cent, the United States with 29 per cent and Sweden with 19 per cent.

● (1540)

What is important and what I realized on this trip is that food is less expensive in Canada than anywhere else in the world. That is consistent with the statements made by the Minister of Agriculture who often refers to the cost of a food basket in U.S. dollars—but unfortunately people do not quite realize it. Let us compare the cost of a food basket in Canada and elsewhere. In Canada, it costs $55.58, in the United States, $58.02, in Australia, under a fairly rightist government, $66.70, in Sweden, under a socialist government, $99.68, in Japan, because we are often asked to compare Japan's economy or economic performance to Canada's, the same food basket which in Canada costs $55.58 U.S., costs $135.10.

Let us now consider the number of hours of work needed to purchase those groceries. In Canada, seven hours of work are required and about the same in the United States. In Australia, a few more hours are needed; in Sweden, it takes 14 hours of work to purchase those groceries; and in Japan, 25 hours of work. Mr. Chairman, I could go on and on. That is an indicator of the Canadian economy, an indicator which members opposite never mention. They say, "The economy is in a slump. The government is going socialist." Well, let us talk about that. Reference is also made to the flight of capital, to an unfavourable climate for investment.

I have here a speech made by Senator Bud Olson, Minister of State for Economic Development, at the "Business Outlook for 1980" conference held in Toronto by the Conference Board of Canada. The minister mentioned that capital is an important source of growth for our economy, and I quote:

> We can always borrow abroad, of course, and that is what we have done in the past. In fact, the foreign percentage—as opposed to the national percentage—of investment capital in Canada has gone from approximately 5.5 per cent at the beginning of the decade to 9 per cent at the end. This is an increase of some $3.75 billion in foreign borrowings in that period.

So then, those foreign countries chose to invest in Canada and their investments doubled in the last ten years. They chose Canada because it was in their interest to do so. It is our responsibility to develop a climate favourable to investments. I think that these new tax measures contained in the budget brought down by the Minister of Finance are yet another government initiative designed to encourage job creation, stimulate small and medium-sized businesses and develop our industry.

I should also like to reply to the hon. member for Qu'Appelle-Moose Mountain who spoke last night. I have considerable respect for the hon. member who, at one time, was minister of agriculture. However, when he mentioned yesterday that we should encourage Canadians to participate increasingly in energy programs, in fact he was preaching Canadian ownership of Canadian industries. He mentioned how important it is for Canadians to invest in Canadian institutions and industries. That is precisely what we are doing. We are striving to Canadianize increasingly the oil industry. That is the Liberal program, the Liberal policy which was rejected by big business on February 18: they would rather continue squeezing money out of the Canadian provinces, the Canadian people, and continue to fatten up the oil industry. What have we done? One need but read what the hon. Minister of Energy, Mines and Resources announced: an amount of $100 million to help co-operatives and credit unions take a more active part in energy development.

The discussions launched last May with the various co-operative unions, whose membership exceeds nine million Canadians, should result in total investments estimated at over $1 billion. That is what we are doing now, Mr. Chairman. It seems to us that on the other side, because of partisanship or lack of objectivity, hon. members keep on preaching, without

ever seeing the end of the tunnel. They are still in the dark or almost total darkness. That is the difference between an optimistic Liberal philosophy and that of the Progessive Conservative Party which is essentially capitalistic. It is that difference which tipped the scales last February 18. That is why the Liberal Party stands neither to the left nor to the right, and is trying to widen the centre. We want to listen to the Canadian people. We want to meet their aspirations making them a reality through positive legislation. That is what we want to keep on doing.

Mr. Chairman, we heard the hon. members of the opposition speak of a disastrous economic situation. Last week, once again some good news was announced with regard to the economy; mention was made of another favorable economic indicator, namely, a trade surplus of $8 billion. This is very encouraging. Furthermore, in order to promote the further development of our Canadian industries, of the small and medium-sized businesses, we must protect them because some countries also want to expand their world markets through a mixed credit system by favouring an interest rate to develop their foreign trade. We wanted to protect our industries. The minister announced a three-year program that was not designed to subsidize exports but simply to prevent Canadians from losing potential markets, because some countries use mixed credit to support their interest rate somewhat and thus deprive Canadian companies of contracts.

We took action. The government looked into the problem. The special committee which considers the advisability of setting up a national trading company had received representations from manufacturers. They pleaded with us to do something because contracts were being lost, because they were not competitive. The government decided to act, and over a three-year period projects worth $900 million will be protected in order to prevent the loss of jobs in the Canadian industry. That's leadership. One does not wait until the train has gone by to react. And that is what we are being told now. I have tried somewhat to feel the pulse of the economy in the housing sector, and I could do the same in other sectors. It has been done with regard to the food basket and the creation of jobs. I could deal with the development of small businesses through various economic incentives, but that is the objective we are aiming at through these new income tax amendments, Mr. Chairman.

In conclusion, Mr. Chairman, I should like simply to say this: Canada is the country of the world which will meet the greatest challenge over the next few years. The Canadian people themselves are facing this challenge. It is our responsibility to take advantage of our geographic situation as well as our natural and human resources if we are to meet this great challenge.

● (1550)

[*English*]

Mr. Bosley: Mr. Chairman, it is normal during first reading of a bill, or during Committee of the Whole stage, that most interventions do not come from the government side so it is nice that we had one on this bill. We can expect the odd one—and that certainly was an odd one. As a Canadian, not as a Conservative, I get a little tired of the defence that government members make of their policies based on the fact that they have not ruined this country quite as badly as other policies have ruined other countries. I find that a very tiresome defence of policies for which the government is responsible.

The hon. member for Laval has charged that we are not being objectively critical when we say that we do not believe the government intends to reduce its deficit. We base this criticism on the demonstrated record of the government so far. I believe that evidence from the past is more useful than objective criticism and promises for the future. The record of the government is very clear on that. If I am not being objectively critical but am somewhat suspicious of the government's projections with regard to the deficit, I apologize to the hon. member and to you, Mr. Chairman. I am suspicious, however, and I think I have good reason to be.

Perhaps the most critical thing in the speech which may be indicative of the problem we face when we are accused of being partisan, is that having made a budget presentation which argued at length, as the hon. member for Qu'Appelle-Moose Mountain expounded upon so eloquently last night, that the single best thing to get the Canadian economy going is to get Canadians to invest in it, the hon. member for Laval then refuted that argument by saying more money is being given to caisses populaires. No one objects to the government helping those who need help. What I object to is the government's philosophy that says, "We will take more, give out a little of it, and in this way give help." That is the philosophy which has landed us with our present problems.

I should like to compliment the government, however. Perhaps the hon. member for Laval would be interested in knowing that a number of Conservatives welcome some of the measures in this bill and believe that the government should be complimented on them. A measure that was welcomed in my constituency was the spouse's allowance introduced by the Minister of National Health and Welfare. The inclusion of a deduction for spouses' income in unincorporated businesses in this bill is a fantastic idea.

There are others that we like as well, and I will mention them with tongue in cheek. That seems to have become fashionable in this House; the Prime Minister is making a track record of it.

One provision that will help a small but unusual group of people is the provision for an employee aircraft deduction. Until the present time only businesses have been able to deduct aircraft expenses but now employees who have to use planes will be able to deduct that expense. I thank the minister for including that provision because it is going to be helpful to

some workers in my constituency. I suspect the reason the Liberals included it is that they know how many Canadians may need planes to get to work in future if the economy continues to fade.

The overseas employment deduction will probably be just as useful as the last one. A number of my constituents are now finding that in order to do the work for which they are trained, they have to leave the country.

The volunteer firemen's credit will be welcomed in some of the small communities in Canada. It may turn out to be extremely useful because, looking ahead at the prospects for the economy, it seems there may be a lot of fires to put out. I am sure the government does not think of such things when it includes such deductions in legislation, but they will be needed.

Seriously, Mr. Chairman, there are a number of matters in the bill that will be useful, but I want to turn now to some things which are not in the bill but which should be in it. After I deal with them I shall expound upon why I believe they are not in the bill as I think the reason is indicative of the philosophy of this government.

I am very sad that the small business tax credit has not yet been extended. One of the problems facing Canadians today is the growing fear that not only will they not be able to create more wealth for themselves and others but that they may end up losing their present jobs. One way to combat that is to allow the small business sector to grow as quickly as it can because it is the foundation of employment in this country. I urge the government not to let the small business credit expire. In the tough times ahead it will be one of the few things to encourage people to invest in the small business sector, and that investment is vital if we are to survive this period.

For different reasons than those put forward by the hon. member for Peterborough I would urge the government—and I suspect without any hope—to reconsider its position on mortgage interest deductions. The argument for the deduction of interest on mortgages is often made by those who are currently paying off mortgages. I think there is another argument, however, that goes to the question of tax equity in our system. This point is not often made, but I should like to make it now.

Under the present system a young, struggling couple are rewarded through the tax system if they invest their money in RRSPs, and rent rather than own their home. That is the first problem. Anyone who does the mathematics of that proposition will find that there is in fact an incentive to remain a tenant and no incentive to become an owner. That is very well if one chooses to do that, but I believe it is silly to have a system that creates an incentive for people to remain dependent on landlords.

It is usual for young couples to struggle along and pay their mortgage without any help. That is the way they begin to build an estate. They discover, however, that once they have an asset they can borrow against it in order to increase the estate—to invest in Canadian stocks and bonds, to buy a piece of property or an asset that may increase in value. They discover that they can deduct the interest. They have built up an estate without any help. Home owners often do not realize that they are relatively well-off compared to those who rent a home. Once they get rid of the mortgage and are secure, they can borrow against that asset and become better off. That is all well and good, Mr. Chairman. But it is like telling them that when they are well off the government will help them become better off, but when they were not well off in estate terms there was no help for them to begin an estate.

There is a tax bias in this which, in my view, in addition to all the very sensible help offered to those who want to build rental property has partly led to the dramatic decline in the last 40 years in the number of Canadians who own their own homes.

I make that case, Mr. Chairman, because I think the case is usually made the other way—help for those who have trouble keeping up their mortgages. While that is a valid case, I would urge the government to help those who do not now own their homes to become owners. They are discouraged from doing so by the tax system. The community, as a result, has fewer home owners and it follows that there is less sense of commitment to the community.

I find it tragic that the investment tax credit in the last budget was so narrow. The Crosbie budget would have encouraged Canadians to invest in Canada. This budget encourages Canadians to invest in DREE areas. That is well and good because the underprivileged and underdeveloped areas need help as well to improve their position in the Canadian family. However, I would urge the government to remember that the idea of the investment tax credit was to encourage Canadians to invest everywhere in Canada. In the final analysis we cannot afford the luxury of saying that we only need investment in some parts of Canada. We are not that well off.

• (1600)

I am saddened to find there is no provision for an energy tax credit. There was no provision in the budget, and therefore there was no provision for one in this document. I am more saddened than ever not only because of the Liberal promise in the election that Canadians would not pay what we said they would pay for gas but that promise was made phony the moment the Liberals omitted the energy tax credit. The poorest Canadians are now without the tax credit and will pay more for their gas, even if it has only gone up ten cents a gallon, and every Canadian knows that it has gone up two or three times that already.

However, I am disillusioned because of this morning's announcement about Petro-Canada and Petrofina. Let me be clear in what I have to tell you about this. I will concede that most Canadians demonstrated in the election they believe Petro-Canada is not a bad thing. I think that was very clear from the polls. Certainly it is clear in my area. But most Canadians expect their dollars to be spent well. I for one do not like the idea that we will pay $1.5 billion for an asset worth $1 billion. But worse still, because of the way the system

will go, Canadians will pay for that asset twice by borrowing. They will pay for it as far as I can tell, because there is no official announcement about how they will pay for it, through the petroleum compensation charge which will become another income tax, although it will not be represented as such in this kind of a document. Because it will be a petroleum compensation charge levied on gas and oil, it will be paid for by all Canadians, regardless of income. We shall all realize the effects of the failure to include energy tax credit in this bill.

Not only is the Government of Canada proposing that Canadians pay more indirectly for their oil and gas through wellhead levies, but now it is proposing that Canadians pay 50 per cent more than the assets which they propose to buy are worth. Canadians of all income levels will pay for that through their oil and gas without an energy tax credit for either of those matters. This will hurt those who can least afford the bill. That is precisely why the Crosbie budget included an energy tax credit for all households of moderate and low income. One of the tragedies of the re-election of this government is that it has failed to see that. I say to hon. members, if you are going to do what you are going to do, you have an obligation to protect those who can least afford these things, and you have not done it.

I suppose, Mr. Chairman, in a strange way none of these failures to include measures that will reduce the tax take of the government should surprise me. Last night in the late show I made some reference to the Minister of Finance's comments about what the government will take out of the gross national product. Members will find these references in yesterday's *Hansard*. The hon. member for Laval referred to the fact the government plans ultimately to reduce its spending and its deficits. The only problem with that is that the method the government proposes to use will not work, and the numbers which the government uses deny its own case.

If hon. members look in the appendix of the ways and means motion behind the budget on which this income tax is based, and look at table 4.1 in the appendix, which is a comparison of the national and public accounts of Canada, they will find that the Government of Canada proposes to increase its real spending from roughly $54 billion in 1979-1980 to roughly $91 billion in 1983-1984. As a percentage of the gross national product of Canada, that represents an increase from 20.9 per cent of the GNP to 22.3 per cent of the GNP. In other words, the government's own numbers indicate it plans to keep taking more out of the economy of Canada. Those are not the numbers the government quotes in the budget. The public account numbers are quoted in the budget. Those are the numbers which are created by taking the national accounts and eliminating from them all the figures which the government nets in.

What that means, for example, is that in the petroleum compensation charge, the government will take the money in and pay it out. It will never show on the books of the government. Any Canadian who does not believe what I have just said only has to read the budget because that is precisely what the government proposes to do, that there should be no accounting for that money in the books of the public accounts of Canada. It is on that basis the government claims it is not going to increase its spending dramatically. The real figures show that it is. The government then argues, and this Income Tax Act is to support this argument, that if it takes more out of the system now, as the member for Laval said, and then spends it, somehow the economy will grow again, in fact, in 1983 to 1984, and in 1982 to 1983, we will see a great increase in the GNP in Canada. That is the Minister of Finance's budgetary argument, Mr. Chairman.

If that is an argument which will work, then every Canadian has a right to ask why, having done it for 12 years, has it produced the situation that we are in today? Why are Canadians out of work in greater numbers than before? Why is Canada's inflation so rampant? Why does our dollar continue to fall on world markets? If it is such a good argument to restore the economy of Canada, why has it not worked when it has been used as the single Liberal economic policy to date?

I should mention one small matter, if I may, to correct the hon. member for Laval's figures. He has made a great deal out of Canada's job-creation record. I accept that Canada has done better than some other countries in the world. The premise of the member's argument is that because we have done better than other countries in the world, we should be satisfied. I have never understood being satisfied at reaching 50 per cent or 25 per cent of the country's potential. This country has the potential to keep everybody at work and to be, in significant ways, a much more vital and energetic country than it is today.

It is interesting to note that the figures which the member was using were 1979-1980 figures. This was during the period when we were in power. During the nine months we were in power the private sector of Canada created 300,000 jobs. The government did not do that because government does not create jobs or wealth. The private sector does that. The private sector created these jobs because it had faith in the economic future of this country. Some of that, in my view, was because of the then government. In the first nine months of this government's term, 75,000 jobs were created in the private sector. I suggest, as is true in that area, as it is true in the energy field and also in the investment field, it is because those on whom we must rely to create wealth, jobs, income and security for Canadians, have less faith in this government.

In conclusion, while there are measures in this Income Tax Act which are welcome, the tragedy is the omission of measures that are needed. Because they are not here is another indication that the government, when it was out of office, learned nothing about how to solve the real economic problems in the country. The government is back before us with yet another bill which, in the final analysis, intends to take more out of Canadian taxpayers' pockets because the government believes it can spend Canadian money better than Canadian taxpayers can. It is that philosophy which will destroy the economy of the country.

Mr. McRae: Mr. Chairman, I listened with a good deal of interest to the hon. member for Don Valley West. He has a

well reasoned argument. I do not entirely agree with all of what he says. However, I must say that a majority of economists will conclude that most economic measures take about a year to come into play. If his figures on unemployment are correct, then I will have some problems with what he is saying. If it is true that it takes a year, then the 300,000 jobs created when his government was in power were a result of economic policies of the previous government. And the problems of the last year were as a result of this government being in power. That may be a bit facetious. It has about as much value as the statement itself.

● (1610)

I have one other general criticism. It is a sweeping kind of criticism. It has to do basically with the whole business of housing mortgages in which that government was involved. There are good reasons for doing that kind of thing when one has plenty of money to do it. However, at certain times governments have to move with their limited resources in the directions that are most important.

In this budget the government has said that investment in energy is the key problem that will face the country over the next ten to 15 years. Money will have to be found to solve this problem. There is a lot that can be said about directing capital into the housing industry and consumer industries at this time when so much capital will be needed for energy.

I enjoyed the rationale of the hon. member's speech. I must say that he presents himself very well. However, two speeches I listened to last night prompted me to speak today. I heard part of the speech of the hon. member for Calgary South, and the remarks by the hon. member for Winnipeg-Assiniboine. I found them to be completely one-sided in their approach. Canada has a mixed economy. We have a bit of socialism, and private enterprise. With a population of 25 million people and such a vast area, the only way we can operate is with a mixed economy.

I will try to correct some impressions. I do not want it to appear as though I am anti-oil industry. I want to put on record what I believe to be the relationship between the Tory party and the oil industry as I have determined it in my eight years' experience here.

The hon. member for Etobicoke Centre came to my constituency where he made a very strong defence of the industry. He boxed himself into a corner as a strong supporter of the oil industry versus the consumers of Canada.

Before I came here, the industry was constantly preaching the notion that we have so much oil in this country we must do everything we can to create markets. They made arrangements with the government, and the Borden line was drawn. Those people living west of the Ottawa Valley line obtained their oil from Alberta, and paid a premium for it. That was one way of using some of the large amount of oil that we apparently had.

The Hon. Joe Greene was getting his information from the industry, the National Energy Board, and the department. It was to the effect that we had between 100 and 120 years' supply of oil and 700 years' supply of natural gas. We had nothing to worry about.

When I came here in 1972 the Department of Energy, Mines and Resources was a relatively small operation. It dealt mostly with geological surveys, making maps and that kind of thing. The energy side was not all that important in the totality of it. The National Energy Board and the department obtained most of their information about reserves from the industry. They did not have the resources to determine this for themselves.

In early 1973 the 1972 reserve figures were presented to us. They indicated that the ultimate recoverable reserves of conventional crude oil in this country were 101 billion barrels. I am going back to this to try to show why Canadians do not believe this industry. I will try to indicate why there is a great deal of skepticism about that industry.

Some of us began to wonder about that figure of 101 billion barrels. We received bits of information from the department and from talking to various people. A very eminent petroleum geologist, Professor Ken North of Carleton University, appeared before our committee and told us that the figures were not realistic. He said that, if the figures were true, we must have a couple of Saharas in our midst, and this would have to be especially true with regard to the far north and the Arctic islands.

Some of us, including the minister, began to ask questions. Donald Macdonald, the then energy minister, stated in 1973 that the figures were not correct, that we did not have those kinds of reserves and we would have to cut back on exports to the United States. You should have heard the howls from the other side. They said it was terrible, "there is all kinds of oil in this country, it is ridiculous to cut back on exports."

The first stage was that we had so much oil we did not know what to do with it. We were looked upon as being some kind of strange animal for not wanting to sell our oil when we had so much of it. The second stage was that the oil was there, but we would have to find it and, in order to do that, more money was needed. The industry said that in order to find the oil more money would have to be spent and this would involve raising the price to consumers.

The industry said that if the price of oil were raised from $4 to $8 a barrel, there would be an 800 per cent increase in reserves. Seven years later we have had an increase, not from $4 to $8, but to $18, and the reserves are 35 per cent less than what they were in 1974.

That is the kind of information that has been given to the Canadian public. No wonder the public has become skeptical. I am not saying this to tear down the industry but to point out what the industry has presented to this nation and the fact that it has been wrong.

I remember visiting the Ranchmen's Club in Calgary where I met some people in the oil industry. I asked how they thought the Canadian people could believe them when they presented this kind of material. They told me that they were not lying or trying to distort the truth, but that they had been

able to refine their information. They were doing a better job of determining the real reserves because of technological advances.

During a six-year period we went from 101 billion barrels to 15 billion barrels, even though we had only used approximately four billion. This is why the Canadian people are skeptical. I firmly believe that we in this country and, in fact, throughout the world, are in serious difficulty in terms of oil reserves. I have been saying that in this House for eight years. I would not have been saying that had I listened to the oil industry. The Canadian public have many reasons for not believing what they have been told.

I now want to deal with the position of the Conservative party over the past several years. Every time we have tried—

• (1620)

Some hon. Members: Oh, oh!

Mr. McRae: The point is I am glad to have your support. I just think you should be supporting us now because I think we have something good going now and you should be here. That is another argument.

Every time we tried to take some step to ease the situation, for instance we brought in the petroleum administration bill, when we brought in the emergency allocation bill—two of them as a matter of fact—when we brought in the petroleum monitoring bill to find out what costs were, and so on, and when we brought in PetroCan, we had virtual filibusters from the other side on every one of them. All these bills were attempting to do something about a declining oil and natural gas situation. But the response was, "We do not need these things. The industry will find it," and so on. There was that absolute faith on the other side that this industry could solve the problem.

The industry is going to have to be part of the solution, there is no question about that. I do not want to say the industry has been all wrong. The point of fact is that there has to be some kind of meeting between industry and government, and some corrections on the part of government to make sure we do solve these problems.

We are talking about the present budget, and I would just like to comment if I have a minute left or so about that budget. There are a number of things in it which I think will help correct this situation. There is no question but that there is a government interjection or intervention which has not been there in the past. This is why I find it so difficult for the NDP not to support what we are doing at this particular stage, because there is a government intervention in this budget in terms of the energy program. I do not think there is any question about that fact. It is a budget which says we are going to give more power to PetroCan, and buy some other multinationals, and so on. These are some of the things in this particular package.

It is also a program which I think does something most important. When looking at the total oil scene in this country, and I think this is important, the real future is in tar sands and in heavy oils. I do not think there is much more in strictly conventional areas. I do not think there will be many more increases in conventional crude. This is one of the criticisms, one of the reasons people talk about it being a bad thing that rigs are leaving Canada, but that is something I wonder about. I wonder why the rigs are leaving Canada and is that a bad thing at this particular point. Let us talk about gas at this particular point. We have thousands and thousands of gas—

An hon. Member: And if we have all this gas you are going to export it.

Mr. McRae: I wanted badly to say that myself. The NDP members are just agreeing with the whole program. We are giving all kinds of incentives to the industry—

An hon. Member: And that is why the rigs are leaving.

Mr. McRae: —to go out, explore, find this gas, then cap it, and then they want to export it. I do not want to export it, industry wants to export it. The industry says we must keep exporting. I wonder why governments give incentives to discover and export a resource that 20 years from now we are going to need desperately in this country. I will admit that if there is more oil to be found we should find it. I do not believe there is a great deal more conventional crude oil to be found, certainly below the 50th parallel in this country. I think they are correct incentives, but if some of them are not correct, and I am worrying about no one suggesting—

An hon. Member: You are talking about greater oil but—

Mr. McRae: I am worried about no one saying that there is not enough incentive in secondary tertiary treatment. I want to find that out and, if it is true, perhaps there should be more.

Basically let us go to where I think the real crux of the answer is, and that is in tar sands and heavy oil. We sat in our own committee when we were in opposition and were told through letters and so on that $20 a barrel was about what it was going to cost to bring on a barrel of tar sands oil. That is the figure we were given by the industry. That may have been a little low, and I will accept that. Now about a year later we are told that $38 a barrel is not enough.

An hon. Member: Why are you accepting it?

Mr. McRae: I would love to give another speech to explain it to the NDP, but that is not possible at this particular point. They are saying $38 is not enough and will not quite do it. I wonder why—

An hon. Member: Your minister is saying that.

The Chairman: Order, please. The hon. member for Thunder Bay-Atikokan has the floor.

Mr. McRae: I am wondering why it is that because the world price goes up to $38 all of a sudden we must have world price, and all of a sudden we cannot possibly produce at less, when two years or a year before all we needed was half as

much. That has been the history of pricing all the way along. If we went from $4 to $8 in 1974 we would have had an 800 per cent increase in reserves of conventional crude oil. Every time there is another big jump, and we are now at $18, reserves are down, and they have been reduced by 35 per cent.

I want to conclude at this particular point by wondering whether there are not many things about this industry that must be severely corrected, and whether there is not a need for a company like PetroCan, which provides an eye and an ear on the industry, to get to know these things and find out what is going on. I wonder if there is not a strong place in the industry for the government and the industry to work hand in hand. I do not think we can just rely totally on an industry which is providing us with this faulty kind of information, and has been for the last 15 years, with the government saying, "You do it, you are the only ones who can; the public sector has no business being involved in this."

Basically I think Canada has always grown as a country with a private and public mix. We are in a situation in this industry where there is a real crisis, and when that kind of crisis comes on in the petroleum, gas and energy industry, it is incumbent upon the governments of the country to take control of the situation and work the problem out along with the private sector.

Mr. Shields: Mr. Chairman, it gives me a great deal of pleasure to continue with this debate. I should like to make one small observation in response to the previous speaker, the hon. member for Thunder Bay-Atikokan. I have been wondering for a long time what the attitude of the government was to oil rigs leaving Canada and going to the United States. Now we have heard it very strongly put by the previous speaker who has said, or asked, is it really bad that rigs are leaving Canada? Let me suggest to the hon. member that it certainly is bad.

Each rig one sees out drilling for oil in western Canada in the prairie provinces represents an individual factory employing 25 to 30 people. I would like to ask the hon. member for Thunder Bay-Atikokan what he would say if 75 small factories from his province were leaving the country and going to the United States. I would like to ask him how he would feel about that. His view is that it is really not bad. He asks the question, is it really bad? You are damned right, it is bad, it is a shame, it is deplorable, and it is the result of the policy of the present government.

● (1630)

The previous speaker said that tar sands and heavy oil are probably the future for Canada. I agree with that. They certainly are. The hon. member referred to oil pricing. He implied that with the National Energy Program we cannot tie the price of this commodity to the world price; we must bury our heads in the sand and ignore the fact that we are part of the western world and that other countries are all raising their prices for this commodity. If we search through the national energy policy, we find that the price of neither conventional nor synthetic oil is tied to the world price when the world price goes up. However, the National Energy Program does tie that price to the world price if the world price goes down.

The National Energy Program clearly states that the price of synthetic crude or heavy oil from plants in northern Alberta will be $38 per barrel tied to the consumer price index as the world price goes up, but as the world price comes down the price will be $38 tied to the consumer price index or the world price, whichever is the lesser. In other words, the government opposite wants to tie the price to the world price if the world price goes down but not if it goes up. Why in God's name do hon. members opposite not make up their minds? I suggest to the members of the government that this is history. They need only look back in history to see exactly the same thing.

Hon. members opposite talk about not trusting information we get from the oil industry. I suggest that the people of western Canada are not prepared to trust the information they are getting from the present government, which is dominated by central Canada.

Let us look back in history for a moment. Let us look back to the First World War. The price of a commodity produced in western Canada was frozen. It was frozen with the same excuse that we could not tie the price of cereal grains to the world price. It was to be a made-in-Canada price.

Mr. McRae: It has been tied since, though.

Mr. Shields: During the Second World War exactly the same thing took place. History repeats itself time and again, and I suggest it is being repeated right now. If hon. members look through the national energy policy and read it again, they will see that the price of production from synthetic crude plants—I am talking about Syncrude, GCOS, Cold Lake, and any other plant which will come onstream in that area—has a ceiling of $38 a barrel tied to the consumer price index, which has no relationship, but if the price of oil goes down on the world market lower than $38, to hell with the cost of production; the price will go down with the world price. The price is being tied as the world price goes down, but this government will not tie it to the world price when the world price goes up. That is not very logical.

With respect to increases in prices I point out that inflation has robbed us of more than half our cost of living dollar in the past ten years. For gasoline our dollar is worth 33 cents in 1980 compared with what it was worth in 1970. With respect to our utility bills it is worth 38 cents; for food it is worth 46 cents; for home purchases it is worth 35 cents; for used cars it is worth 54 cents; for university education it is worth 50 cents; for rent it is worth 58 cents; for new cars it is worth 60 cents; and for clothing it is worth 66 cents. That is what inflation has done to our dollar. And we wonder why prices go up!

Between 1970 and 1980 over half the purchasing power of the Canadian dollar disappeared because of inflation. What has the government done about it? It has done absolutely nothing. It creates more inflation by purchasing offshore and by subsidizing. I shake my head at the ridiculous situation we find ourselves in today. I cannot help but wonder whether we have lost our marbles completely. We are prepared to import

oil and pay horrendous subsidies at the expense of the taxpayer. At the same time we do not get on with the job of oil self-sufficiency in Canada. We are the one country in the world which has it within our grasp to achieve oil self-sufficiency, and we are not doing it.

The government across the way says that it cannot come to an agreement with Alberta, which is one of the major producers, but this government does not sit down and negotiate with Alberta. That is why there is no agreement. There were two things which Alberta would not negotiate. Alberta would not negotiate an export tax on natural gas and a tax at the wellhead. Through its National Energy Program this government has brought in the very two things it was asked not to bring in because they threaten ownership of the natural resource.

This takes us back again to the history of our country. Western Canadians want to be full partners in this federation. They do not want to feel that they are a colony which has no control on an equal basis with the other provinces. That is all they are asking.

In Calgary we read the headline "Oil drilling is booming," but it is not booming in Alberta or Saskatchewan any more. It is booming in the United States because the industry here is slowly packing its trucks and moving individual factories to the United States. Why? The industry is doing this because in the United States it can get a return on its investment much quicker. This is much to the delight of the United States government, which welcomes these people with open arms. The United States government is not putting up any barriers whatsoever.

Mr. Daudlin: Nonsense.

Mr. Shields: The hon. member across the way says "nonsense". He is right; it is nonsense. Why does he not tell the minister that it is nonsense? I know it is nonsense. I have been there, and I have seen. Has the hon. member been to the border to watch the rigs go by? If the hon. member is saying the whole energy policy is nonsense, I agree with him. Let him tell that to his Minister of Energy, Mines and Resources.

The measures in the budget dealing with energy actually discourage production. How can we get people to invest the vast amounts of money required for a new tar sands plant in Cold Lake or for a new tar sands plant at the Alsands project north of Fort McMurray? Each company is requesting the minimum, which they are prepared to accept as the maximum, of a 20 per cent return on a discounted cash flow basis. When the figures are worked out it amounts to about an 11 per cent or 12 per cent return on the actual investment. That is what the companies want. Without these companies in place in Alberta and Saskatchewan, there would not be much of an oil industry in Canada. In fact there would be nothing.

● (1640)

The hon. member for Thunder Bay-Atikokan mentioned in the course of his remarks the subsidy which the province of Ontario paid to the producing provinces, and particularly to Alberta, for western oil during the 1960s. I ask hon. members opposite to research this matter. Subsidies of ten cents per barrel, 20 cents per barrel, and one year it even went as high as 30 cents per barrel, were paid. But the total subsidy for that ten-year period prior to 1970 was less than $1 million. I would ask hon. members opposite whether they know the total subsidy, which has now gone the other way with Alberta subsidizing Ontario, for the ten-year period 1970 to 1980. The amount stands at just under $30 billion. Yet they ask why people in western Canada are upset—because they are not being listened to, and the government is not attempting to understand their feelings or the position in which they find themselves.

I ask each government member to search his or her conscience. I love my country, and I do not like what is happening. The proudest moment for me was the day I walked through the doors into this chamber to represent the great constituency of Athabasca. But I have watched the arrogance of the government. When I go home, sometimes I want to lie down and cry because of the attitude of the government and because it will not listen. I ask government members to go out to western Canada where they can see what is happening.

I would now like to talk on the Income Tax Act, particularly the portion which allows for the discrimination against men and women in the area of child care expense deductions. I thought that we lived in an enlightened society and in a country which would not discriminate against men and women who are single family parents. However, the Income Tax Act does discriminate. A man who supports a child or children cannot claim on the same basis as a woman who supports a child or children. There is something wrong here and the matter should be addressed.

I hope that hon. members opposite will read the national energy policy and make notes in the margin with the thought in mind of trying on the shoes of the people in western Canada who have invested their life savings in small drilling companies, small service companies, and small trucking companies. Many of these companies are now facing bankruptcy and receivership because the industry is moving away. I ask hon. members opposite whether they would feel threatened by a central government which is obviously moving toward a centralized approach to running the country. How would hon. members opposite feel if they saw their life savings disappearing and they were facing the prospect of starting over? Indeed, how would hon. members opposite feel if they felt that their only alternative was to leave the country of their birth and move, lock, stock and barrel, to the United States?

I am not being an alarmist. I am merely trying to outline what is happening in Alberta. Many friends of mine have invested every cent they have. Their wives work teaching school, nursing, and so on, to build up a small business in the oil industry. Many of these friends are now faced with the question of remaining Canadian or moving to the United States. These people are the kinds of entrepreneurs Canada needs to develop, but this budget is encouraging many of these people to pack up and move out. I hope with all my heart that members opposite will think the matter through, read over the

energy policy of the government, and put their feet in the shoes of those people out west. I would be interested in their conclusions.

Mr. Munro (Esquimalt-Saanich): Mr. Chairman, in participating in this debate I wish to confine my remarks to two elements, if time permits. I am sorry that the Minister of Energy, Mines and Resources and the minister responsible for CMHC are not present. One element to which I would like to refer has been badly neglected in the proposal which is before us. Perhaps neglected is not the right word, but, rather, converted. The approach of the government in terms of inducements is completely upside down.

The area with which I am concerned relates to the conservation of energy. On page 98 of the budget papers there is a paragraph relating to energy conversion grants and their impact on income tax contributions. It is worth reading this entry because it displays very clearly the attitude of the government toward encouraging people to take conservation measures. The paragraph reads as follows:

Grants will be provided under the National Energy Program to assist individuals and small firms in the conversion off-oil.

That is the conversion from oil to another means of home heating.

As is the case with grants under the Canadian Home Insulation Program, an amendment is proposed to the tax law—

And here are the important words:

—to ensure that these energy conversion grants will be included in the income of the beneficiary. In the case of a married person the grant will be taxable to the spouse with the higher income.

A measure of this sort ought not to contain this form of inducement, but I suppose it is a method of extracting more taxes from the Canadian public. Goodness knows, and the Canadian people know as well as 'Goodness', that this government needs all the taxes it can get. Even then it is not doing too well in helping itself in its debt service. Giving with one hand, if you like, and taking it back with the other is very much the philosophy of this government. Whereas I think the matter ought to be done, and I am satisfied in my own mind that it would achieve the end which I like to think the government hopes to achieve, namely, fuel conservation, if it were turned the other way around, if a person were to spend for "conversion off-oil", as the expression is, or if he were to insulate or change the windows in his house to double-paned windows in order to effect heat conservation, and then the expenditure which he makes in this area could be deducted from the taxable amount of his income, not at the end but as a deduction in the course of calculating his income tax. I am speaking in domestic terms but, of course, it does apply in greater measure to industries as well.

● (1650)

The Canadian Home Insulation Program, known as CHIP, is a very strange program. It has its advantages. The $500 to the individual who insulates his home or instals double-paned windows is to be entered in his income tax return as taxable income, as revenue. But it is not revenue, it is an expenditure, and a legitimate one. It is legitimate because the home owner has intended to save fuel by involving himself in this particular domestic expenditure. Furthermore, in the industry there are—and I regret to have to say this—a number of fly-by-night organizations which pretend to know about home insulation. These companies do insulate homes, whether it be with fibreglass batts or urea formaldehyde and the dangers that that involves—and we certainly have had our dose of urea formaldehyde in the House this last few weeks.

But there are a great many enterprises which have gone into the business of insulating homes without any training whatsoever. They claim that they know how to perform this service. There is no proof that what they do will save the home owner any money. Therefore I feel there ought to be an additional element to this CHIP program. I see that the minister responsible for CMHC is back in the chamber. I like to think that his organization might very well take this into account.

There ought to be a method of measuring whether the insulation has been properly applied. We might call this a heat audit. There are thermo-metric scanners, infra-red scanners, if you like, which can indicate where heat losses occur. I suggest that it would be most appropriate, in addition to the actual insulation, to have this heat audit component as a requirement to a grant under the CHIP program. Someone mentioned to me that this heat audit would be very expensive, but I suggest it is not all that expensive.

I received an offer to have my house examined with one of these infra-red scanners. The charge was to have been $40. I asked if there was a special rate being given to me because I happened to be the man's Member of Parliament. He told me that that is what he would charge anyone to perform this service. We are perhaps fortunate in Victoria this year not to have had weather sufficiently cold to have carried out this scanning test. But I warn the House, when the weather does get colder—and it will—I will have this test carried out. I will then determine whether or not I actually need to instal more insulation.

There is one thing the minister responsible for CMHC may or may not know, and I suppose this also involves the Department of Supply and Services. It is that there are a number of these infra-red scanners, which are reputable. Their functions vary from those which will produce a read-out on a television screen, which can be seen at the time the examination takes place, to one which is rather similar to an electro-cardiogram, which fluctuates as the scanner goes across the roof or the front of the house. It indicates where the heat losses are occurring. There are five or six of these particular infra-red scanning machines which are fairly new.

I believe the Department of Supply and Services, in conjunction with the Department of Consumer and Corporate Affairs, has set up a standard for these particular machines. Curiously enough, the specifications for a standard which would be acceptable to the Canadian government are drawn almost entirely from one particular make of infra-red scanner. Furthermore, I am told that one of the government departments has acquired five, six, seven or ten of these scanners.

Apparently these scanners meet the government specifications which were taken from the makers' specifications and incorporated into a standard acceptable to the Canadian government. These particular scanners have been offered to a development corporation in Alberta. I understand the operators and the machines are to be flown to Alberta in order to carry out this audit for this development corporation, even though similar machines already exist in Calgary in the hands of independent operators.

The government has moved into this field, and taken the bread and butter, or the dollars if you like, out of the hands of some private enterprises which can just as easily do the operation in Calgary for the development company. I hope to develop this notion sometime in question period in order to find out exactly why the federal government entered into this field already occupied by private industry. I suppose, when one considers what has been happening in the past two weeks in the constitutional committee, and what we are seeing in terms of Petro-Canada's absorption of other facets of our industry, it is not surprising that the federal government should be moving in on private industry and destroying the livelihood of a number of companies.

The Assistant Deputy Chairman: It being five o'clock, it is my duty to rise, report progress, and ask leave to consider the bill again later this day.

Progress reported.

• (1700)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—National Security—U.S.S.R. cruise ship "*Odessa*"—Inquiry whether security checks conducted; the hon. member for York North (Mr. Gamble)—National Revenue—Inquiry whether taxes will be reduced; and the hon. member for Mission-Port Moody (Mr. Rose)—Communications—Licence renewals and transfers—Provision of policy guidelines.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, public bills, private bills, notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Items Nos. 17, 18, 22, 25, 27, 29, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 43 and 44 allowed to stand by unanimous consent.

* * *

PRAIRIE FARM ASSISTANCE ACT

MEASURE TO REPEAL

The Acting Speaker (Mr. Ethier): Before putting the question on Bill C-245, an act to repeal the Prairie Farm Assistance Act, the Chair ought to register reservations and enter a caveat as to the procedural acceptability of this bill. I am of the view that certain provisions of the bill may involve the expenditure of public funds, which can only be authorized by way of a Royal recommendation. However, since the Chair does not want to take too much of the time of private members' hour to rule now, I intend to allow the debate on the bill without prejudice to the decision which may have to be made on the procedural acceptability of the bill at the conclusion of the debate on second reading.

Mr. Doug Neil (Moose Jaw) moved that Bill C-245, to repeal the Prairie Farm Assistance Act, be read the second time and referred to the Standing Committee on Agriculture.

He said: Mr. Speaker, I appreciate your comments. I do not want to get into a procedural debate with respect to whether the bill applies; I would simply say that the moneys referred to in the subject matter of the bill are not government moneys but moneys belonging to the producers of western Canada. I do not think they would come within the purview of the remarks you have made.

I appreciate the opportunity to speak on Bill C-245, a private member's bill, the effect of which is to repeal the Prairie Farm Assistance Act and to set up a trust for the purpose of taking certain moneys and using the interest on those moneys for the purpose of research and development. I will not go into a detailed history of the act or the administration of the act as I expect to have the opportunity to do so at some future time. Suffice it to say that the PFAA was passed in 1939. Its purpose was to give crop failure assistance to western grain producers.

The money for that purpose was raised by a 1 per cent levy against deliveries of all grains by producers in western Canada. The levy was paid into a fund set up under the act entitled the prairie farm emergency fund. For various reasons that plan was phased out in 1972 and, in August of that year, collection of the 1 per cent levy on the producers' deliveries was discontinued.

If one examines the Public Accounts of 1978-79 one finds that under the prairie farm emergency fund there is to the credit of that fund some $9,066,972. This money has been on deposit in that fund since 1972. It represents the balance

remaining of moneys contributed by the western grain producers under that 1 per cent levy. In other words, it is producers' money; it is not taxpayers' money. I emphasize that, Mr. Speaker, it is not taxpayers' money. That money has been in the account since August, 1972, and has not drawn one cent of interest. If one uses the modest interest rate of 8 per cent, and if interest had been paid on that amount, the fund today would total some $16,781,528, but possibly a more realistic rate would be 9 per cent if averaged from 1972 until the present time. If interest had been paid on the fund at a rate of 9 per cent since August, 1972, today it would total $18,066,505. In other words, the western grain producers have lost some $7 to $9 million in interest on that account.

There is a great need today for research and development in all fields of endeavour, and agriculture is no exception. If we are to increase our production to meet the target of 30 million tonnes of grain as western farm organizations and the Wheat Board predict, in order to meet the demand for food in the world in the future, it is essential that we carry out an intensive program of research and development for cereal grains and oil seeds.

While Agriculture Canada does an excellent job in research and development, over the years it has spread itself very, very thin. Its funds are limited. I believe it is generally accepted in western Canada and, indeed, throughout all of Canada, that there is a need for funds specifically earmarked for research and development of cereal crops and oil seeds suitable for cultivation in western Canada.

If one examines the estimates for 1979-81 it is interesting to note that the Government of Canada, or Agriculture Canada, pays about $1.3 million to universities and other scientific organizations for research and development. At current rates, interest on the $9 million-odd in this emergency fund would about equal that $1.3 million.

It is with the need for funds for research and development in mind that I propose the bill we are debating today. The bill provides, first of all, for the repeal of the Prairie Farm Assistance Act. Second, it provides for the setting up of a prairie cereal and oil seed research and development trust. Third, it provides for the transfer of the $9,066,972 to the trust for investment. As I said earlier, that fund would generate well over $1 million in interest at today's rates. Fourth, it provides for the use of the interest on this fund for research and development on cereal grains and oil seeds suitable for production in the western prairie region.

The bill further provides for four trustees. Three of those trustees would be elected by the producers of western Canada who are listed as producers in the permit books, and they would be elected at the same time as the advisory board members of the Canadian Wheat Board. These trustees would have to be producers named in a permit book, and each of the three trustees would have to come from each of the prairie provinces.

• (1710)

These three trustees would name a fourth man who would be chairman of the trust. He would be an expert in the field of research and development in cereal and oil seeds. The trustees would hold office for a period of four years and they would determine what use would be made of the interest earned on the $9 million-odd. They would decide whether the money should go to a university or to individuals doing research in the area to which I have referred. Of course these trustees would be empowered to accept gifts or bequests from individuals or organizations to add to the capital of the fund.

This bill has received good press in all of western Canada. As well, the bill has been circulated to all the various farm organizations, local pool organizations, local UGG organizations and local elevator agents. I was most pleased with the support I have received for my bill. I have received many letters, and copies of them were turned over to the Minister of Agriculture (Mr. Whelan) for his consideration.

I might add that on October 30 last, a few days after the bill was printed, I wrote to the minister, sent him a copy of the bill, and solicited his support. I have had several conversations with the minister and I continue to hope that he will give speedy passage to the bill. He told me that he supported the concept of using these monies for research and development. He did, however, have some doubts as to my proposed method of dealing with the fund as set out in the bill. The minister was good enough to advise me earlier today that he would be proposing a motion this afternoon which, while it will not result in my bill becoming law, will open the matter to public discussion and input. Presumably it will result in a government bill some time in the future.

I do point out the urgency of the matter, however. At present day interest rates, interest accrues at the rate of some $3,000 a day on this fund, and that is money lost daily to research and development. I urge the minister to talk to the cabinet about this matter and try to persuade his cabinet colleagues to start paying interest on the money in this fund because that money is producers' money. Interest certainly could be paid on that fund at the same rate at which the Government of Canada pays interest on dominion government bonds. By following that course, when the trust is set up money would then be available immediately for the trustees who can decide to pay out funds which will get the whole process of research and development in motion.

I might say that since proposing my bill I have learned there is a move afoot by some farm organizations in western Canada to press for a check-off on the sale of grain deliveries for the purpose of research and development. This idea was proposed several years ago. It did, however, require a vote, which did not pass at that time. Undoubtedly any move for a check-off now or in the future would require a vote. I would suggest that such a vote could not be held for at least a year.

I would urge the minister after due consideration by the committee and by him, rather than waiting for a decision on any check-off, or a vote on any check-off, that he bring in a bill which would make provision for the board of trustees, or

whatever type of structure upon which he decided, to have the power to receive the moneys which might be derived from the checkoff of funds. These could be added to the funds which are available from the prairie farm emergency fund.

I see that my time is almost up and I know there are other speakers who wish to make a contribution to this debate. I do look forward to the minister's comments and the motion which I understand he will propose at the close of his remarks.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I am pleased to be able to speak on Bill C-245. I thank the hon. member for Moose Jaw (Mr. Neil) for putting this bill before the House.

For almost a century now agricultural research has been supporting commercial agriculture and related industries in Canada. Initially, Canadian agriculture was faced with the challenge of farming in virgin territory, with limited resources. Early research focused on that fact. It did a good job of providing the kind of information which was necessary to provide the pioneers with the cultural success necessary to grow crops under those circumstances.

It is necessary that the knowledge about how crops can be grown be disseminated to farmers. Agriculture Canada has built up a research capacity as well as an educational distribution system. This has worked very well. It did not always get the information out, but it has worked very well compared to many other systems. There is no doubt about the need for research. I support the bill in its main approach because of this requirement. I support the idea of immediately making arrangements to put the prairie farm emergency fund into use for research rather than letting it remain in its present position as part of an account of the Government of Canada.

There is no doubt about a continuing need for increased funding for research. Development into cereals and oil seed production is an area which requires extra funds.

In several recent agricultural conferences in the west and in Ottawa during the last few years a great deal of time and consideration has been given to the increase in our export level of grains and of oil seeds to a suggested level of 30 million tonnes. To do that, it is necessary to increase not only the amount of land in production but also to increase production from each area of land. A great portion of this increased production, which would require about a 4 per cent increase in production per year, when at present we are only increasing at the rate of approximately 2 per cent a year, could be achieved through research if it is used in the right way.

● (1720)

We have committed our farmers to a great increase in production. The increase would be based on the increase in fertilizer, weed control, reduction of summer fallow, improvement in varieties, better moisture control, snow control, and expansion of irrigation areas. All of this can be increased by providing more knowledge to the farmers about their land and how to increase production on it. If the research is not carried out and the information given to the farmers, there is very little chance of reaching the potential sales levels indicated by the Canadian Wheat Board and other agencies.

There is no doubt that there are potential sales if we can raise the grain. As we know, our trade deficit would be much greater without the sale of grains and oil seeds from western Canada. For the well-being of our economy it is necessary to recognize the need for research and increased production in the west in those areas.

The hon. member for Moose Jaw presented one method by which these funds could be used. I commend him on his initiative in this direction. I agree with his basic approach, but only to the extent that it suggests one method of getting government funds into research. Several farm organizations have also agreed, but some have expressed concern that the hon. member's approach would set up one more administrative structure to administer a particular amount of money, without the kind of co-ordination which should be available for research in this area.

As a westerner I share the hon. member's concern that research into cereal grains and oil seeds for use in the prairie region should be expanded. The commitment of funds to another foundation will further fragment the public approach to research and development and allow the government to withdraw easily from yet another area of publicly funded research. This is a real danger in this area.

Research budgets in the Department of Agriculture have decreased in real terms. Increases have run at about 10 per cent annually. The director general of the western research branch says that 10 per cent does not keep face with inflation. They also say there have been necessary staff cuts each year because of that lack of increase. Researchers in the west have indicated that they need an increase of between 50 per cent and 70 per cent in research funds for equipment, travel, energy, and manpower.

On many occasions this government has indicated that it is striving mightily to increase production of western agriculture. However, this lack of funds in the research area does not indicate that much concern. The research component of getting to 30 million tonnes in export levels has been ignored to some extent. Ministers do not put their money where their mouths are.

There are some dangers in this area as well if we follow the hon. member's approach. The new prairie cereal and oil seed research and development trust would possibly overlap with present public programs by funding private, competing research. This may be another case of public funds—I know the hon. member indicated that these funds belonged to the farmers, but they are public funds—going to private ventures for the benefit of the private sector first, in plant development, and for the benefit of the public and producer second.

We face a number of problems in our transportation system because the function of that system is not an instrument of public policy. We have demanded that the CNR and CPR be integrated and publicly controlled in order to provide better service to the people of Canada. Rail transportation is a mess

because private and public interests cannot work together. The same concerns apply to plant research. Public institutions suffer when private interests begin to gain control.

The government advocates the fragmentation of public plant research by its support of plant patent legislation. Corporate and multinational involvement in seed breeding will neglect the specific need of the Canadian market. It has happened in pesticide controls and is likely to happen in seed controls. Pesticide controls have been developed for other climates and markets. By shifting to small and private research, the process may be endangered and will not guarantee that optimum levels of research will be maintained.

There is a danger that this type of foundation will fund agrichemical firms, and these firms have demonstrated that private research focuses on development rather than research. Byron Beeler of Ciba-Geiby told the Canada Grains Council that he personally sees research divided into the discovery phase, and the exploitation phase; that discovery research will continue in the public institutions. Conversely, he believes that the exploitation of research can best be done by private enterprise.

In general, there is a need to support long-term research that is directed in the public interest. Public interest is not restricted to producers, but to Canadians. There is a need for an integrated food policy for Canada, and only the central government can orchestrate the development and realization of such a policy.

I appreciate the suggestion of the hon. member that the trustees of such a fund would be producers. This recognizes the dependence the producers have on research and development in agriculture. However, there are two problems inherent in this suggestion. First, the lack of input of non-board people fails to address the very serious problem of an integrated food policy for Canada.

● (1730)

The danger exists that the role of producers in this instance could lead to a more widespread belief that producers, and not Canadians as a whole, should be responsible for agricultural research. It is very necessary that we continue to recognize that basic research in agriculture in Canada should be funded by all the people of Canada, not only the producers.

In conclusion, I agree that the money should be taken out of general trust funds and put to work for the farmers, to whom it really belongs. I agree also there is a great need for research, and that is a good place to put the money. Unless the government is ready to come up with a more co-ordinated project which will not bury these funds or lose them to the farmers, unless the government is willing to refer the content of the measure to the committee, as suggested by the hon. member, then I think we should pass this bill in its present form so we make use of these funds as quickly as possible.

Again I commend the hon. member for Moose Jaw for his initiative in bringing forth this bill. If it does not pass, I hope at least the content of it will have some effect on the development and expansion of research in agriculture.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my remarks will deal with other parts of this bill which have been debated. The part I refer to is the repeal of the Prairie Farm Assistance Act.

I had the promise of a minister of the Crown, the Hon. Mitchell Sharp, that the PFAA would not be abolished or repealed until certain things happened. These things have not happened, yet I am standing in my place today to say I am withdrawing my objection and freeing the government from any promise made by that minister, Mr. Sharp.

What I am talking about here is that the PFAA was good legislation. Money was collected from the farmers and paid for crop loss, apportioned where the need was the greatest. Unfortunately a political machine developed around this organization. People were hired on a political basis and certain decisions were made on political grounds.

In 1959 Parliament passed the crop insurance legislation. Now that this crop insurance legislation is widely accepted by farmers on the prairies, the Prairie Farm Assistance Act has become obsolete and, therefore, should be repealed. In the 1974 election certain queer and distorted things began to happen. After the election was over several members of the House—the hon. member for Red Deer (Mr. Towers), the hon. member for Swift Current-Maple Creek (Mr. Hamilton), and myself—did certain things. We reported these happenings to the Auditor General's department. Later on we reported the information to the criminal fraud squad of the RCMP. Charges were laid against some of the people who had done the things I have mentioned. The case was recommended by the magistrate at the preliminary hearing to go to court. That case has never been to court because the Attorney General for Saskatchewan, Mr. Romanow, has seen fit not to let it go to trial. Since this is a responsibility of the province, there is nothing the federal government can do about it.

The part I have not mentioned is that in addition to the criminal fraud which took place, the stealing of the farmers' money to be spent on political purposes, there was political fraud. This political fraud was aimed, to my certain knowledge, at three Conservatives and one NDP. It is not the type of thing one wants to mention. I think the supporters of the NDP in my area, certainly the supporters of the Conservative Party, and I am very sure all the supporters of the Liberal Party, wish it would die and go away. In essence I am saying I am prepared to let it die and go away; I hope it does not happen again. I just wanted to get this intervention on the record because of my personal feelings and my stand. As a Privy Councillor I think I have some responsibility to maintain the law in Canada. When I see the law broken, I think it is my duty to do what I can to report it and to see what action can be taken. I have never had the chance to bring before the Standing Committee on Privileges and Elections what that political fraud was, to let my fellow colleagues in Parliament judge what happened and make whatever ruling was necessary.

I am giving up that right to my privileges for the purpose of letting this very positive proposal of the hon. member for

Moose Jaw (Mr. Neil) go forward. When the Minister of Agriculture (Mr. Whelan) speaks, I hope he will accept the concept of moving this forward and will remember that I deserve a bit of the credit, as I have had to suffer a pretty rough time about this matter and will have to keep pretty quiet as a result of this speech.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I want first of all to say that we are very interested in the presentation by the hon. member for Moose Jaw (Mr. Neil), a bill to repeal the Prairie Farm Assistance Act and to use the revenues collected for research to the benefit of prairie farmers.

Bill C-245 proposes that funds remaining under the PFAA prairie farm emergency fund should be put into a trust administered by four trustees from the prairie provinces.

If I understand the bill correctly, the trustee's job would be to allocate interest paid on the moneys remaining in the prairie farm emergency fund to individuals or groups to carry out research on cereal grains or oilseeds.

I agree with the intent of the bill. It has the interest of the prairie farmers at heart. I am also happy the bill gives members of the House the opportunity to debate the issue and bring it to public attention.

However, I am sure the hon. member knows we on the government side have not been idle on this issue. A great deal of research and planning has taken place. We are in the process of putting the final touches, as I told him at the time he presented the bill, on a bill to accomplish much the same thing the hon. member's bill would propose and sets out to do. We feel ours may be a little bit better and will do this a little more efficiently, with even greater ultimate returns to the prairie farmers.

Before I talk further about the government's intention in respect of PFAA, I would like to discuss some of the background which directly affects any decision to be made about PFAA funds. Let me say this to the hon. member for Prince Albert (Mr. Hovdebo) who talks about the research budget: I do not have the exact figures with me, but if all other aspects of my department had held the status quo as well as has been the case with research, I would have no complaint about what we are doing in agriculture. The department for which I am responsible this year is spending about $156 million on research. That is the largest research budget for which any minister has responsibility in the government. When we talk about what we are doing in research, etc., I just hope we are not trying to get across to the people that we are doing nothing.

All other countries in the northern hemisphere are very envious of us for what we have accomplished in research, especially in cereal grain production, and also with the new varieties of canola seeds, commonly called rapeseed.

● (1740)

The Prairie Farm Assistance Act was introduced in 1939 to help prairie farmers when they suffered crop failure. A levy of 1 per cent was deducted when grain was sold to licensed purchasers, and this amount was transferred to a special account called the prairie farm emergency fund. This fund played an important role in helping stabilize the incomes of grain farmers on the prairies for many years. I agree with the hon. member who just spoke that the administration of that fund lent itself to political finagling and political "everything you can think of." As a politician and as one who abhors those kinds of things, I was glad to see crop insurance become a reality. I think the fund did a good job. The intent was good; however, by 1972 crop insurance programs had become available in most parts of western Canada, and collection of levies was discontinued. Crop insurance was made available to all provinces in Canada in 1974.

Since 1974 the federal-provincial crop insurance program has provided farmers with protection against crop losses. I do not think any other country in the world has a crop insurance program like we do. I do not know of any.

In the United States there was a program called the disaster program. The former secretary of agriculture told me that is just what it was, a disaster. The program had all the things in it which should not be in a program designed to provide security for farmers.

How does our crop insurance program work? Farmers pay half the premiums, the federal government pays the other half and the provinces administer them. Since 1974 the federal contribution to crop insurance in the prairie provinces has been about $375 million. A man out there asked me the other day, "What have you ever done for farmers?" This figure does not include this year. It includes the years up to this year. The figure this year for federal participation will be one of the highest, because there were substantial losses in certain parts of the prairie provinces, especially in Manitoba and Saskatchewan. There were some losses in Alberta also, but prior to this year our outright contribution to crop insurance has been $375 million since 1974.

When the prairie farm emergency fund was discontinued, a bill was introduced to revoke the PFAA and transfer the money remaining to the western grain stabilization fund. If hon. members will recall, that was the intent at that time. There was much discussion; it was said that there would be no agreement to pass the bill. The debate would have continued, so the bill was allowed to die on the order paper, as was a second bill introduced in 1976.

At present the prairie farm emergency fund—and this is something the hon. member for Moose Jaw should know—is a non-interest-bearing account with a balance of more than $9 million. This is money the hon. member for Moose Jaw proposes to put into a trust.

Having this money work for prairie farmers through research is the ideal situation because, after all it is the farmers' money. It was money which farmers set aside to provide for income security. In my view there is no more important aspect to future farm stability and prosperity than the increased production potential afforded through research.

The hon. member for Prince Albert mentioned a desire to raise our production figures by 1990 to 36 million tonnes. I recently met heads of research departments at Saskatoon, and we discussed that. Some of them are very optimistic, as I am, that we can do that. One said we should not do that and that we should not wear out the soil because of the fact that people in other parts of the world are doing nothing about controlling their populations. The area in Canada I come from has probably some of the oldest farm land in Canada. I can show hon. members land there which is well taken care of and has been for many, many years. I am told that one farm was first cultivated in 1730, and it is one of the most productive in the whole area. It produces a variety of crops. Only the imagination could limit the productivity of that land. In my view there is no more important aspect to future farm stability and prosperity—and I am repeating this—than the increased production potential afforded through research. Some of my economists can show that for every dollar invested in research we get back nine. That is a pretty good investment.

Agriculture Canada has set a priority on production research in the western provinces. Already about 1,350 person-years in the department are allocated to the western region of the research branch, and more than $40 million is being spent annually by my department on western research. Some say that is not enough in view of the amount of production which comes out of that area, but let us look at our accomplishments in research in cereal grain and in canola seed. They have been phenomenal with respect to production in that area. We are doing the kinds of things which are needed to promote that kind of production, but I do not say we should cut back.

I come back to what the hon. member for Prince Albert said. This year we are adding 59 man-years to research in Canada. We can always say we are not adding enough, that we are short of bodies and so forth. Any good researcher always wants more. If he did not, he would not be a good researcher. The kinds of activities I have talked about have paid off in the past. Just as an example, almost three-quarters of the total wheat acreage planted on the prairies last year was sown with five hard red spring wheat varieties developed at Agriculture Canada's Winnipeg research station. That accomplishment is the envy of the world.

I am reading a book written by Grant MacEwan with respect to how agriculture in western Canada was developed. In the early days people were more interested in fur-bearing animals and that type of thing, but they said that the land would never be productive. They said it should never be cultivated. Palliser and the man who was head of Rupertsland gave evidence to the British, before the British sold that part of the land to Canada, saying that the land would never be productive. How wrong they were! We have become the envy of the world, but that is mainly because of the research which has been carried on. That is why the Chinese want researchers from western Canada who know how to farm in semi-desert and dry land conditions. These western Canadian researchers know the varieties of grass which will withstand the tremendously hard winters in that part of the world. We have some of the world's leading expertise in that type of research.

The government's research program to develop double-low canola varieties of rapeseed allowed that industry to grow—we call that the Cinderella story—from almost nothing to a billion dollar industry in just a little over 20 years. The expansion in that industry again can only be limited by the imagination. I learned the other day that by 1990 producers will be growing two million acres of rape in the far northern portion of Ontario, the clay belt, in other regions in the east, and also in parts of Quebec. It will be grown because new varieties will be productive and even better with regard to protein content and with regard to the oil, which we know is good for human or animal consumption, or for whatever we might want to use it. This is due to the research carried out by people in western Canada.

Research in canola seed in Canada in 30 years has superseded anything Japan has done in 300 years and anything Poland has done in 1,000 years. Those are the two oldest cultures which have used canola seed, previously commonly called rapeseed. With respect to the tremendous value of research and how it has improved production, I say that in many instances we have done more than any other country in the world. I only give these examples to illustrate that the government is fully aware of the value of research to the western farmer, and we are always ready to listen to any proposal from the western agriculture industry as to how to improve the service we provide.

We have advisory committees for our research stations, not in all areas but in those areas where producers make those kinds of representations. I think this system works very well.

There is a challenge before us. The Canadian Wheat Board estimates increased demand for Canadian grain on world markets could permit us to export 30 million tonnes or more each year by 1985. The only way to meet this demand is to increase production, and that means more production research.

My department intends to strengthen its research programs in western Canada. Proposals for additional research on production technology at the research branch's 15 western stations are now being developed. There is a special $4 billion program for western Canada. As far as I am concerned, a big part of it will be going toward—and we have already made proposals—increased research.

● (1750)

There are a number of new grain varieties which will be released shortly. They will go a long way toward increasing the production potential of that 30 million tonnes per year up to 1985. Many of these are resistant to diseases which have been important contributors to crop losses in the past. We are also sensitive to the need to diversify western agriculture and develop varieties of new crops suited to prairie growing conditions. The federal new crop development fund has already paid for a lot of valuable new crop research. I am sure the hon. member for Moose Jaw is aware of this fund, because each time I announce a program for an area, I send notice to the

hon. member who represents the area. These matters should be of interest to hon. members, and they should be informed generally of what is occurring in the private sector, in the universities or in perhaps a private group of farmers working through their organizations which may be carrying on some unique research.

Results show that crops such as lentils, fababeans and a number of spices can be economically grown in the prairies. The first explorers on the prairies were searching for land which was rich in myrrh, spices and pearls. We are now able to produce some of those spices in the prairies. The researchers say that we can produce these spices and effectively compete in world markets.

We agree that the money made available from the prairie farm emergency fund should go into research, but there is a need to ensure this research is not a duplication of efforts. This is probably the only area on which I agreed with the hon. member for Prince Albert. Duplicating of efforts is a waste of money. Many times, on behalf of the Government of Canada, I sign agreements with other countries with regard to their research. I refer to countries such as Israel, Mexico and the United States. With many of these countries the agreement is based on a research exchange basis whereby, if a country is carrying on a project of interest to us, our scientists will work with that country's researchers and, of course, we reciprocate. This sharing of knowledge throughout the world can only help to better the life of mankind.

Research is readily exchanged around the world. If the countries of the world got along as well as their ministers of agriculture in exchanging research in order that mankind may have a better way of life, there would not be nearly as much trouble as there is in the world today. The government's plan will ensure that efforts are not duplicated. Agriculture Canada will be responsible for administering the revenues from an interest-bearing account that would be put toward research. In this way any duplication of efforts will be avoided. For example, this year I refused a new crop development program simply because there were four other stations conducting the same research as was being proposed, I believe, by the Palliser people. I believe that my refusal made them mad, but their program would have been the fifth such program.

This fund would be separate from Agriculture Canada's budget and would be maintained indefinitely to benefit western farmers. I can see a number of areas in which this new research program would benefit western producers. It could be used to support co-operative variety trials, zero and minimum tillage research, or to assess the potential of frontier areas for agricultural production. I am sure hon. members who watched the national news on television last night saw an example of such benefits. These are only a few possibilities.

Many people talk about the loss of land through urban and industrial encroachment. However, I am sure many people do not realize that most of the land in Canada which is lost is lost through salinization of the soil. Every year hundreds of thousands of acres are lost in this way; we must solve this problem.

Another exciting research project is being conducted at the Lethbridge station which deals with the "transfixation" of nitrogen with cereal grains. If we are successful in this research, it will mean millions of dollars in savings to people throughout the world. If a cereal grain is able to produce nitrogen in the same manner as legumes, clover, soybeans or peas—and our researchers say that it will come about—there will be tremendous savings in energy simply because nitrogen takes more energy to produce than any other fertilizer. Concentrated work is necessary in such areas.

Before any money is spent, there would be consultation with producers in western Canada on what type of research would be most beneficial. As the government's bill on this matter is still in the preparation stage, I cannot discuss the details at this time. Once again, I applaud the hon. member for Moose Jaw for his intent in introducing this bill.

Therefore, I move:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-245, to repeal the Prairie Farm Assistance Act, be not now read a second time but that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Agriculture."

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

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Shall the motion, as amended, carry?

Some hon. Members: Carried.

The Acting Speaker (Mr. Ethier): Accordingly, the order is discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Agriculture.

Order discharged, bill withdrawn and subject matter referred to the Standing Committee on Agriculture.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration in Committee of the Whole of Bill C-54, to amend the statute law relating to income tax—Mr. MacEachen—Mr. Ethier in the chair.

The Deputy Chairman: It being six o'clock , I do now leave the chair until eight o'clock.

At six o'clock the committee took recess.

Income Tax Act

AFTER RECESS

The committee resumed at 8 p.m.

[*Translation*]

The Deputy Chairman: The House again in Committee of the Whole on Bill C-54, to amend the statute law relating to income tax.

[*English*]

When the committee rose at five o'clock, clause 1 of the bill was under consideration and the hon. member for Esquimalt-Saanich had the floor.

Mr. Munro (Esquimalt-Saanich): Mr. Chairman, just before I called it five o'clock, I was talking about the various types of infra-red scanners. I was urging upon the government the inclusion of charges for scanning, certainly for domestic premises or houses, as part of the CHIP program, so as to ensure people receive value for their money.

At the beginning of my comments I was also urging upon the government that instead of making grants outright to people who undertook to insulate their houses, or to add double windows—in order to conserve fuel, that the costs for doing this be permitted as a legitimate deduction for income tax purposes, including the cost of a pre-installation and post-installation scan. I mentioned the cost of that scan would be in the neighbourhood of $40 for each operation. I do not think that is too much.

The criticism which may be levelled at me would be that perhaps a number of people who are having their houses insulated would not normally pay income tax. In this particular instance what could happen is that the person, who would not normally pay income tax, might very well apply for a refund for the expenditure up to a certain limit. This could also encompass the cost of scanning. This could be done through the submission of an income tax form indicating that there was no taxable income but that funds were paid out for insulation purposes under the CHIP program. Since they were not paying income tax, they were claiming a refund for moneys they had expended.

The message I want to give the government at this time is that there should be an allowance, not as a grant under CHIP but claimable as a legitimate domestic expense, whether or not a person pays income tax. Scanning should be included as part of the whole CHIP operation.

[*Translation*]

Mr. Bussières: Mr. Chairman, as I understand it, we had agreed to put an end to the debate on Clause 1. I shall take a few moments before—

The Deputy Chairman: I am sorry to interrupt the hon. minister, but I would not want to mislead him. Another member has asked to be recognized, but he is not yet in his seat. Would the hon. minister agree to listen to the hon. member before beginning his comments?

Mr. Bussières: I have no objection.

[*English*]

Mr. Nielsen: Mr. Chairman, I rise on a point of order. I think there might be a disposition to move away from clause 1 at this stage. There may well be other members who wish to speak on subsequent clauses, but the minister has a number of questions which he must answer. Perhaps he might be given the opportunity to do so now.

Mr. Knowles: Mr. Chairman, I rise on the same point of order. I confirm what the hon. member for Yukon has just said. I realize that there is no House order and any individual member can exercise his right. But we are prepared, as result of discussions this afternoon, to consider the debate on Clause 1 as concluded, except for the answers to questions. Then, as we move to other clauses, various members may want to speak on some of those individual clauses. But we are prepared to let this be the end of the discussion on Clause 1.

• (2010)

[*Translation*]

The Deputy Chairman: I therefore recognize the hon. Minister of State for Finance.

Mr. Bussières: Thank you, Mr. Chairman. I think that if I try to comment on every question that has been raised, we shall spend many more hours discussing this bill because there have been many interventions. A great many extremely interesting questions have been raised, but I shall try to be as brief as possible so that those members who have other points to make may do so during the clause by clause consideration of this bill.

I intend to go from the general to the specific in my comments as very general remarks have been made and very specific issues have also been raised during the debate on Clause 1 of the bill.

My first general observation will be to comment briefly on the remark made by several hon. members to the effect that this bill is extremely complex. Some members have even referred to clauses or parts of clauses which contain only figures or the numbers of subparagraphs, designated either by Roman or Arabic numerals or by small letters or capitals. This does not seem to make much sense, and it even seems to confirm that all tax or fiscal legislation is overly complicated.

However, I believe we must distinguish between common legislation which applies to all individuals who have to pay income or property taxes and those measures which apply to more complex tax-paying groups or companies, as the tax laws applicable to these companies or firms become more complex in proportion to the complexity of these companies.

On the other hand, if we go beyond the scope of the bill before us, we realize that these are general amendments to the Income Tax Act. Of course, if only part of a clause or even an entire clause is struck from the bill, the result may seem really very complex. But once the amendment becomes part of the

over-all provision of the income tax legislation, it does take a clearly different sense, since it is then replaced in the general context of the section which this bill is designed to amend.

Second, I would like to come back immediately to certain objections or questions that have been raised. Perhaps I ought to deal with a general question which I wrote down, namely, the comments made by the hon. member for Broadview-Greenwood about capital gains and especially the working documents tabled by the Minister of Finance. As I recall, the hon. member raised two points. First, he was anxious to know what the government intended to do with the document. I would like to tell him what the decision is, but it has yet to be made. I might add that I fully agree with him and that we must have a debate, but it has to be properly channelled in the sense that it is not good enough to gather opinions from left and right and here and there throughout the country. We have to find a way of synthetizing and classifying these opinions so as to be in a position to make decisions concerning the relatively wide field of capital gains taxation. The hon. members also stated that the government, as such, has not taken a stand on that document. I suggest that since the purpose of the document is to launch a debate, and convinced as I am of the need to synthetize or, if you will, to channel the debate and gather information, we should wait for the feedback before taking a stand on the documents. Along with some of his colleagues, the hon. member pointed out that there are two schools of thought which might very well be at opposite ends of the spectrum. In other words—and this has come up several times in the course of the debate, some people would do away with all taxes on capital gains, yet others advocate higher tax rates on capital gains. I think as the debate progresses we will find out about public reaction to this, and it will be a lot easier to decide what is the best course of action within our taxation system.

I am not sure we will see an ideological coalition of Conservatives and Liberals and New Democrats once the government policy on capital gains is known. However, it will reflect the common sense which has always been the characteristic of Liberal policies.

One aspect of this bill has been the object of attention and lengthy comments. All members are concerned about it and I have the impression that it is of concern, more particularly and more especially, to one of my cabinet colleagues, the Minister of State for Small Businesses, for it concerns the Small Business Development Bond.

The first comment we hear about this measure is that its application is overly restricted, suffice to re-examine the expression itself to realize that its application must be restricted since it is a Small Business Development Bond.

I know that the hon. member for Mississauga South (Mr. Blenkarn) would like it better if these bonds covered the inventories, the working capital and a wide variety of the financial requirements of small businesses. In addition, the hon. member is convinced that the government must use the available funds as judiciously as possible. And I am sure the hon. member will recognize that the decision to give priority to the development of small business by limiting this type of bond, especially in these times of high unemployment where the availability of funds is limited because of the government's commitment to restraint, is a government decision which will certainly be looked upon favourably by most people.

Other comments have been made about this provision. I think we will have the opportunity of discussing it later on tonight or at some other time.

Some members have also dealt with the greater flexibility which will be afforded with regard to the taxation of income from the sale of farm property, especially when such a sale is effected within the same family.

I would first like to indicate that those provisions already exist on the fiscal level to facilitate the transfer or sale of farm property between members of a family.

I must also add that the tax measures relating to such sales or transfers of farm property do contain certain restrictions.

● (2020)

For example, residence is excluded and there are various measures which encourage the sale or transfer of property to members of the same family. Now the wider question of whether or not to facilitate even more the sale or transfer of farm property relates to the taxation of capital gains, and since a working paper has been tabled, we think that it would be wiser and better to wait until the capital gains policy has been reviewed before changing the present provisions which are quite generous with regard to the sale or transfer of farm property between members of a family.

I think the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) also referred to the provision relating to alimony for common law spouses. He was surprised to find that this provision which was in the December 1979 budget was left out of this bill. I would draw his attention to the fact that it has not been left out, and I refer him to Clause 29 of this bill.

The hon. member has also asked us to reconsider the case of common law couples who could be entitled to a married exemption. It is clear that in our present taxation system married exemptions are only granted to married couples. It seems very easy to consider positively such a request, and it is not the first time that it has been examined. The problem lies in the fact that as far as common law couples are concerned we are dealing with personal conditions which are often changeable. It is quite difficult to get a clear and specific definition covering the cases which the hon. member would like to include. However, this study is made regularly and we are trying to draw up a provision which would entirely cover those cases, without being discriminatory.

It has also been pointed out that the non-taxable allowance granted to voluntary firemen set at $500 should be increased. I think it is essential to take into consideration the fact that the deductions granted for job-related expenses which are already set at 3 per cent can go up to $500 which gives a total non-taxable or deductible amount of $1,000. I think it would be quite difficult to consider very high deductions in very special cases such as voluntary firemen. However, such a provision recognizes the importance of voluntary work.

I would also like to use this opportunity to refer to the case brought up by the hon. member for Edmonton South. He raised the entire issue of voluntary work and possible amendments to the existing provision in the Income Tax which provides for a general $100 deduction for charitable donations.

The hon. member made some suggestions. I should like to tell him they are interesting but costly. I should like also to point out that last Friday my colleague, the Secretary of State and Minister of Communications, as well as other colleagues, had opportunity to meet with spokesmen of voluntary organizations. The whole question of how to help financially, through the tax system, the voluntary organizations or people making donations to those organizations is currently under review by the government. However we have to examine the cost of such measures and to what extent we can afford measures that would divert revenues still quite limited in the present circumstances.

The question has also been raised about benefits for parents who have to buy devices for the handicapped. I should like to point out, that a task force made up of parliamentarians will soon submit, if it has not done so already, a report on the needs of the handicapped. I am sure it will make recommendations to the Department of Finance about possible measures to help handicapped people through tax legislation. When this report is tabled, it will receive all the attention it deserves.

Some hon. members have also asked why the government has not retained the energy tax credit which was part of the December 1979 budget. I think this question has already been answered on several occasions in this House, either by the Minister of Finance or the Minister of Energy, Mines and Resources. This government has introduced an energy program which protects all Canadian consumers irrespective of their income level against increases in oil prices. This government has planned increases in oil prices which will not create as much hardship for the consumers as those forecast by the previous government. In this way, with smaller increases, there is no need to give back with the left hand what we have taken away with the right hand. That is the reason we have not retained this measure.

Some hon. members have also raised the question of the investment tax credit, especially in designated areas. I am referring to the representations made by the hon. member for Rimouski-Témiscouata and by the hon. member for York-Sunbury. The question of the areas selected for designation which qualify for the investment tax credit, as always in such cases, concerns boundary lines. As a matter of fact, I suggest this credit is extremely generous, and as any measure—

● (2030)

The Deputy Chairman: I regret to interrupt the hon. minister but his allotted time has expired. He may, however, continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Bussières: Mr. Chairman, I thank the hon. members for allowing me to go on with my remarks. As for any tax expenditures, we know where they begin, namely when the legislation is passed by Parliament, but we never know where they will end with regard to financial implications. It is with this first concern in mind, as well as our desire to help the areas which need it most, that we have delineated the boundaries of those areas which qualify for this very generous investment tax credit. It is precisely because of its generosity and the fact that it is difficult to assess the cost of such tax expenditures that the government has seen fit to limit this investment tax credit to areas that need it most. Furthermore, the level of economic activity, the various rates of unemployment, the capacity of the area to generate investment and employment opportunities have been determining factors in the designation of these areas.

The member for Vancouver East was in this House earlier is concerned about housing problems and has been critical of a measure contained in this budget, namely, a tax incentive for multiple unit residential buildings commonly referred to as MURBs. I must say to the hon. member that this is not the kind of measure most likely to generate extensive residential development. However, it has been introduced because of the over-all economic situation and, above all, of the desire of the government to limit its spendings.

The government believes that in areas where the demand for multiple units housing is strong and consequently where housing is the least available, this measure will help generate the construction of such housing facilities and will also reduce the hardships faced by these areas with regard to their housing demand. Of course, when times are better, government expenditures would be much less burdensome and we could then afford to introduce more generous programs to help the building industry. But I am convinced that Canadians understand the situation the government is in now and its unwavering determination to limit its expenditures to meet only the most urgent needs.

Another question which was raised by several hon. members, particularly the hon. member for Prince George-Peace River, is assistance to workers in the north. I would like to remind the House that following the concerns expressed by several hon. members, namely, the Minister of National Revenue, the Minister of State for Mines and the hon. member who

made representations once again, the government imposed a moratorium on expenditures earmarked for northern workers. However, in spite of the apparent justification of some representations, I would point out that the danger and the inequity would be in using the taxpayers' money to make up for employment problems in some areas. I am talking about difficulties involving wages or salaries. I think we should find other means, such as more generous salaries to compensate workers who are experiencing difficulties in northern areas.

I still have many more comments to make, however I do not wish to abuse the generosity of the hon. members. When the provisions of this piece of legislation come up for study, I shall then take the opportunity to complete my remarks. I thank the hon. members for their kind attention.

Clause 1 agreed to.

On Clause 2—

Mr. Bussières: In the series of technical amendments I handed in yesterday, if my memory serves me right and if Mr. Short is not mistaken, we had a technical amendment to Clause 2.

Mr. Axworthy moved:

That subclause 2(2) of Bill C-54 be amended by substituting the following at line 20 on page 5:

"a specified employer, and"

Mr. Bussières: Subclause 2(2) of the bill provides that an amount not exceeding $50,000 may be deducted annually by certain employees of Canadian firms working overseas. That deduction is intended to improve the competitive position of our businessmen and Canadian firms working on construction contracts abroad. The addition of the word "and" to that clause in fact merely makes up for an omission when the bill was drafted.

Amendment agreed to.

Clause 2, as amended, agreed to.

[*English*]

Clauses 3 to 6 inclusive agreed to.

On clause 7—

Mr. Rae: Mr. Chairman, I would like to ask the government to tell us why this amendment, if I understand it correctly, excludes from income housing loans received by shareholders and employees, which in effect gives a tax free benefit to directors and senior officers of corporations. It obviously gives tax advantages to people in those positions. I wish to ask the minister the estimated cost of this tax expenditure and why it is not possible for us to have, first, full taxation of this income since in effect it is income and, second, why it is not possible to have full disclosure of all loans to employees and officers of corporations, as is required in the United States.

● (2040)

[*Translation*]

Mr. Bussières: Mr. Chairman, I shall answer the first part of the question of the hon. member with regard to the estimated cost of this expenditure. We have no accurate estimate of it. As one can see on reading the provision involved, it extends to the spouse an existing provision. It would, therefore, be extremely difficult to make an estimate, even a rough one, of the cost of this expenditure.

The hon. member asked why companies could not be required to reveal the name of the beneficiaries of this measure. Personally, I feel it would be very difficult to draw up a list of the persons concerned or to demand that their names be revealed. It could even become somewhat childish to have a small business reveal the name of one of its employees to whom a loan was granted toward the purchase of his home at a privileged rate of interest. I doubt that this type of information could help make business relations healthier in our country.

Mr. Rae: I must say to the minister that, in his answers here in Committee of the Whole or in the Standing Committee on Finance, Trade and Economic Affairs, I am always struck by the fact that he is a reformer for things general but a conservative for things specific. When asked specific questions, he suggests this is not possible in such a case. But I would simply like to suggest to the minister that we have here a matter of loans to employees, a substantial benefit enjoyed by a certain group, so we should ask ourselves: Why not tax this as income?

Mr. Bussières: Mr. Chairman, I feel that this is not the only benefit employees can derive from their employment. This is a known type of benefit that has appeared for a number of years in the Income Tax Act, but it is not the only type of benefit. I feel that if we were, for instance, to require disclosure by lending companies or other corporations extending benefits to their employees in the form of mortgages or other loans, this would penalize the employees concerned, as compared to those working for other firms or corporations that may extend other types of benefits which would be exempt from disclosure.

Coming back to the basic point, I cannot see how such disclosure would improve the management of our corporations or even public confidence in those firms. In fact, the only advantage might be to satisfy the curiosity of a very small group of people.

Mr. Rae: Naturally, I do not agree that I represent only a very minute part of the population. When I hear the minister tell me that he advocates that idea because it has existed for a very long time, I wonder about the type of conservative proposal, or conservative defence he is putting forth.

Mr. Bussières: Mr. Chairman, unfortunately I did not base my argument merely on the fact that the provision has existed

for a very long time. That, to my mind, is a little far-fetched. The argument I developed is this: this provision is a fact, it exists. It is a tradition that is not necessarily conservative. I am convinced there are many traditions the hon. member holds dear, to which he clings, which he is not willing to brush away off-hand. Because he cares about those traditions, because he clings to them does not make a conservative out of him.

Clause 7 agreed to.

[*English*]

On Clause 8—

Mr. Nielsen: Mr. Chairman, I understand, as a result of the very vigorous and articulate representations made by the hon. member for Mississauga South and many others on this side that the government is very seriously considering an amendment to clause 8 of the bill which might well become the subject of a House order tomorrow. If that be the case, perhaps we might find disposition to stand Clause 8 until these representations in respect of extending the life of the Small Business Development Bond might find their way into a suitable amendment to be brought forward by the government tomorrow.

[*Translation*]

Mr. Bussières: Mr. Chairman, Clause 7 of the bill has been carried. The remarks of the hon. member for Yukon, the deputy leader of his party in the House, are accurate. I fully agree that the House should stand Clause 8 and proceed with Clause 9, with a view to coming back to it tomorrow with proposals that meet the wishes of all hon. members, more specifically the Minister of State for Small Businesses.

Clause 8 stood.

[*English*]

Clause 9 agreed to.

On Clause 10—

Mr. Rae: Mr. Chairman, I want to deal with subparagraph (a) which, reading from the ways and means motion, as I understand it, makes some changes in respect of deductibility of registered defined benefit pension plans. It is my understanding that employers make contributions to defined benefit pension plans on behalf of their employees, and these contributions are tax deductible. Special payments are made for past service, or when benefit levels are increased, in order to overcome the problem of underfunding. Normally the amount of these special payments is regulated so employers do not underfund and thus put pensioners' incomes into jeopardy. I would like to ask the minister whether the government is now proposing that the maximums on these special payments, in order to avoid the problem of underfunding, be eliminated? Is that what is being suggested?

I wonder if I might ask the minister a set of questions on this subject and perhaps he can then discuss the answer with his officials. The problem I am raising is obviously related to the impact the elimination of these maximums might have on the problem of underfunding of defined benefit pension plans. I point out to the minister that 57 per cent of these plans, according to a recent study, are now in actuarial deficit. The minister would obviously appreciate the very serious problem this causes in bankruptcy proceedings when there is serious underfunding of these pension funds. In recent proceedings involving the bankruptcy of the White Motor Company, employees discovered to their horror that the pension fund had been vastly underfunded. This is now causing them very serious and real security problems; they are facing this difficulty.

● (2050)

What would the impact of such underfunding be, and why is the government removing the maximum payable and a special benefit payable, when this can clearly have an impact on the funding and on the solvency of these pension plans, many of which are currently underfunded?

[*Translation*]

Mr. Bussières: Mr. Chairman, this provision is intended to give greater flexibility in the matter of the contribution of an employer to a registered pension plan over and above $3,500, which is the present limit for each employee. I should like to point out that the application of this provision on flexibility in the payments will be subject to the prior approval of the Minister of Revenue.

[*English*]

Mr. Rae: I am not attempting to delay this proceeding at all, but I am attempting to deal with the problem. It is my understanding—perhaps I have misunderstood—that the amount of the special payment that is made by the employer is currently regulated by the department just to avoid the problem of underfunding, which is already very serious. Is it not possible, if we decide to remove the maximums on an application from an employer because of difficulties that employer is facing, that the consequence of an application of that kind would be to aggravate the problem of underfunding rather than to solve it?

[*Translation*]

Mr. Bussières: Mr. Chairman, if I understand correctly the matter raised by the hon. member, I suggest there is no connection between the legislation and the problem he has raised, because increasing the amount of contributions over and above $3,500 will certainly not worsen underfunding or funding below $3,500. As a matter of fact, the purpose of this amendment is to make the ceiling the maximum, more flexible. I can find no connection between the matter raised by the hon. member and our efforts to make this legislation more flexible.

[*English*]

Mr. Rae: Can the minister tell us in what circumstances the government would be flexible in terms of the kind of funding which will be required, and will the employees, who are the potential beneficiaries of these plans, be informed when the

government decides it will be flexible with an employer's contribution to the plan?

[*Translation*]

Mr. Bussières: Mr. Chairman, I am afraid I do not understand or the hon. member does not understand the legislation. As a matter of fact, what is the purpose of this legislation? It is to allow an employer to contribute to a pension fund more than the current maximum of $3,500. Moreover, I do not think that this legislation deals directly with the matter which the hon. member has raised. There is no connection between the two realities; that is the problem.

[*English*]

Mr. Rae: Mr. Chairman, I do not want to extend this discussion unnecessarily—

Mr. Peterson: Bravo!

Mr. Rae: The hon. member for Willowdale can say "bravo", but I do think this is a problem. I am sure when he is faced with employees in his riding who come from bankrupt firms and who have had their pension funds denuded by their employers, they too will be raising some questions with him.

If it is not relevant in this context, perhaps the minister can give us the assurance that this is one of the things which will be discussed at the National Pensions Conference, in which I am sure he is taking an interest, as are others.

[*Translation*]

Mr. Bussières: Mr. Chairman, I can assure the hon. member that this is one of the subjects which will be dealt with during the conference on pensions. I am confident that this conference will propose answers not only to this particular problem but also to a great many other problems related to pensions in this country.

Clause 10 agreed to.

Clause 11 agreed to.

[*English*]

On Clause 12—

Mr. Riis: Mr. Chairman, under present legislation the chartered banks of Canada are allowed to deduct from their taxable income any losses from bad or doubtful debts. This particular amendment allows banks to deduct or defer this deduction to subsequent tax years, which will presumably have the effect of increasing bank profits. Considering recent reports that banks are not doing too badly, and particularly the report coming from the Economic Council of Canada in 1978 that Canadian chartered banks actually overcharged Canadians to the tune of hundreds of millions of dollars—perhaps by 1980 reaching the $1 billion mark—has the Department of Finance determined the impact of this amendment on bank profits? Will this not allow banks to profit from record levels of bankruptcies due to high interest rates? I think this is a very crucial question, particularly in light of recent evidence brought forward regarding overcharging by Canada's banks.

[*Translation*]

Mr. Bussières: Mr. Chairman, the intent of this amendment is in fact to place the banks' reserves for doubtful debts on the same footing as those of any other type of corporation. This should have no impact whatever on bank profits.

Clause 12 agreed to.

[*English*]

Clauses 13 to 15 inclusive agreed to.

On Clause 16—

Mr. Rae: Mr. Chairman, this proposal makes a change in the capital gains tax. Part of the explanatory note says, and I quote:

> That where, as a consequence of the death of a taxpayer after September 5, 1977—

Perhaps I could ask the minister by what miracle that date was chosen. Who died on September 5, 1977, or who died on September 6, 1977?

> —an object certified under the Cultural Property Export and Import Act is donated to a designated institution or public authority, any capital gain from the disposition of the object be exempt.

This clause, as well as Clauses 18 and 20, deals with the question of capital gains.

[*Translation*]

I should like to remind the minister that when answering our questions on Clause 1 he said he agreed we should find a way to channel the discussion on capital gains. Now perhaps he should tell me how. If he does not know just now, when does he intend to tell us? Will it be in committee? How shall we discuss it?

Finally, why should we make minor changes in respect of capital gains when he admitted himself that he was waiting for the opportunity to consider the problem? We see now that he accepted some changes, and I would like to know why. What was the rationale for selecting that particular date of September 5, 1977? When will he be in a position to announce how we will, to use his own words, channel the discussion of the problem?

● (2100)

Mr. Bussières: Mr. Chairman, I am very glad to see that the hon. member pays so much attention to what I say when I answer questions, which is not usual if one has to answer many questions. Why September 5, 1977? What is the magic reason that made us choose that date? This is the day when the Cultural Property Export and Import Act came into force. That is the reason for selecting that particular date. That takes care of the first point. As to the second point, reverting to the argument I used with regard to the working paper on capital gains, I would like to point out to the hon. member that this amendment is a minor one, that it is of a technical nature and as such it does not have a significant impact on taxation.

As to the more general question of the government's intention with regard to the working paper on capital gains, I would say that several possibilities for discussion are open to the government. However, some of those possibilities are rather uncertain at the present time. I am thinking particularly of the Standing Committee on Finance, Trade and Economic Affairs which, as the hon. member knows, is busy considering several bills and has studied a working paper on our import policy. With such a workload, it would be difficult to entrust it with another task. There is the possibility of setting up a task force similar to those which already exist—and such as the member suggests— to consider the whole question of equalization and also that of the comprehensive shared-cost programs between the federal government and the provinces. That is another avenue which could be explored. However, the hon. member would agree with me that if we use that method of assessing equalization and cost-sharing programs, the possibility of setting up such task forces is still limited since it would drain the energy of several hon. members. If we gave priority to the study of equalization and cost-sharing programs for instance, we would be granting greater importance to the hon. member's suggestion than to a working paper circulated by the government a few months ago. There are also other avenues; concerned people are invited through media advertisements to produce briefs and to make representations to the department. That is another alternative which can also be used by the government. However, no decision has yet been made, not due to procrastination, but simply because some avenues we would have liked to resort to are already rather overcrowded at the present time.

[*English*]

Clause 16 agreed to.

Clauses 17 to 21 inclusive agreed to.

On Clause 22—

Mr. Axworthy moved:

That Subclause 22(13) of Bill C-54 be amended by striking out line 23 on page 46 and substituting the following therefor:

"interest after October 28, 1980 and are applicable in determining the adjusted cost base of a partnership interest disposed of by a person after 1976 and before October 29, 1980, where that person so elects in prescribed form before 1982."

Mr. Nielsen: Mr. Chairman, I do not know what the effect of that amendment will be, and I am sure our critic will not know because we have received no notice of the amendment. I am prepared to listen to the minister's explanation as to the effect of that amendment. But I would suggest that we might better facilitate an understanding as we go through the some 100 clauses left in the bill—if it is the government's intention to make further such amendments—if we are given notice.

Mr. Blenkarn: We have received notice.

Mr. Nielsen: We received notice?

Mr. Blenkarn: Yes, and they are okay. We received notice of these amendments yesterday from the minister. We have checked the amendments which are largely technical. They do not concern us at all; indeed they improve the bill.

[*Translation*]

Mr. Bussières: Mr. Chairman, the very brief explanation contained in the notes that were handed out yesterday is that many representations were made to change the date of the coming into force of this technical amendment. I do not see any difficulty. I think the hon. member understood very well the nature of the amendment.

[*English*]

Amendment agreed to.

Clause 22, as amended, agreed to.

Clause 23 agreed to.

On Clause 24—

Mr. Axworthy moved:

That Clause 24 of Bill C-54 be amended

(a) by striking out lines 9 to 18 on page 47 and substituting the following therefor:

"Canada has after April 21, 1980, received a taxable dividend in respect of which it is entitled to a deduction under subsection 112(1) or 138(6) as part of a transaction or event or a series of transactions or events (other than as part of a series of transactions or events that commenced before April 22, 1980, one of the purposes of which (or, in the case of a dividend under subsection 84(3), one of the results of which) was to";

(b) by striking out lines 9 to 13 on page 48 and substituting the following therefor:

"(ii) a significant increase in the interest in any corporation of any person with whom the corporation that received the dividend was dealing at arm's length; or

(b) if the dividend was received in the";

(c) by striking out lines 45 and 46 on page 50 and substituting the following therefor:

"(f) where a corporation has"; and

(d) by striking out line 11 on page 51 and substituting the following therefor:

"after April 21, 1980."

Mr. Rae: Mr. Chairman, this is an area of the law which caused me headaches at law school. I do not mind sharing that information with the minister. I would simply like to ask him so as to better understand. He will perhaps recall the discussions of yesterday concerning the problem of the relationship between capital gains income, dividend income and earned income. I would simply like to ask him—and perhaps he could confer with Mr. Short who might come up with an opinion on this—whether the effect of this will be to deal with yet another loophole in the perennial surplus stripping problem, or whether this has the effect of creating greater equivalents between dividend income and capital gains income at the expense of earned income. Could the minister tell us the intention of the amendment? I do not know what the amendment is all about.

• (2110)

[*Translation*]

Mr. Bussières: Mr. Chairman, one of the purposes of this amendment is to avoid that a possible taxable capital gain be turned into a tax exempt dividend. This will eliminate a loophole in the act and allow us to tax this type of capital gain. This is the exact purpose of this amendment.

[*English*]

Mr. Rae: The minister looked as tentative in giving his answer as I was in posing the question. I do not mean that as criticism. I am still not entirely clear. Perhaps Mr. Short or one of the minister's officials could comment on this problem. I was simply citing from the discussion paper in the example I was raising.

Does the government have any views on the problem of the relationship between these three forms of income and the fact that we have, in the name of closing a loophole, created a greater over-all inequity in the tax system? I see them shaking their heads; obviously I am on the wrong track. But if that is a problem, perhaps this amendment has no relationship to it. If so, perhaps the minister could explain how it does not. I am still not entirely clear.

[*Translation*]

Mr. Bussières: Mr. Chairman, I should have been more explicit in making my comments, even though I want to keep my introductions as short as possible. In fact, the problem raised by the hon. member is not involved here. The amendment concerns a corollary problem or a problem which is related to the much larger problem raised by the hon. member. This should be discussed in the course of the debate we would like to have on capital gains. This amendment removes a possible loophole, but it does not solve the much larger problem mentioned by the hon. member, which will be discussed and addressed in some way by the government when we undertake a more in-depth study in the course of a debate on capital gains tax.

[*English*]

Amendment agreed to.

Clause 24, as amended, agreed to.

On Clause 25—

Mr. Rae: Mr. Chairman, I am somewhat surprised that hon. members to the right have not risen on this clause, since it seems to be a question of some importance to them; that is to say, the question as to whether or not the conversion grant given by the government of up to $800 should be taxable as income. If it is the intention of the government to encourage conservation, then the net effect of this conversion grant may be far less than the effective cost of the project. One considers something as income when it is income, but one does not consider something as income when all it is being used for is the conversion of a furnace, the installation of insulation and so on.

For example, the government could say to Mrs. Jones, "How much would it cost you to change your furnace from oil to gas?" If Mrs. Jones said, "It will cost me $1,600", then the government should say, "Here is $800, Mrs. Jones, we are paying half the cost." But, the government is not saying that. What the government is saying is: "Mrs. Jones, here is $800 which you have to declare on your income tax return." So, the government is really giving Mrs. Jones $450 or $500, which may be far less than the cost of the actual conversion. I agree with the principle—

Mr. Evans: It provides an incentive.

Mr. Rae: The member for Ottawa Centre, the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance, says it provides an incentive. My answer to that is that it does not provide as much an incentive as the government is capable of providing. As my friend from Kamloops said, it is misleading. They are saying that it is income. It is not income, because that money goes immediately to the expense of the conversion. Therefore, if they are saying they want to effectively provide a real incentive to people to convert from oil to gas, then there should be a program which is clearly either a direct non-taxable grant or a reimbursement in the form of a credit. It does not matter how they do it; they can either do it through the tax system or a grant system. The purpose is to provide an incentive, and there is no need to make it taxable as income. It is not income, because as soon as one receives it one spends it; it is not income in that sense. It is income which has been used up at the point of its being given away.

[*Translation*]

Mr. Bussières: Mr. Chairman, I am really surprised at the comments made by the hon. member. If we ask the taxpayer who receives such a grant to include it in his income, it is for equity purposes and because this government wants to help those who need it most. As one's financial position improves, there is a lesser need for help from the government. If we were to give a $800 grant to someone whether he earns an income of $9,000 or $20,000, this would be inequitable. However, as soon as this grant becomes taxable, the person earning $20,000 will have less money left over from his $800 grant, and thus the balance will be restored. I believe that the hon. member is sufficiently concerned about these liberal ideas to agree that such a subsidy should be taxable to achieve equity and to help first those who need it most.

Mr. Rae: The minister says that I am concerned about liberal ideas. I can assure him that the minister is not now expressing any liberal ideas. If he really wanted to be progressive, he could introduce either a non-taxable benefit or a tax credit, which would be even more progressive, and this is what he would be saying if he were sitting on the side of the opposition. I recall hearing him talk about a tax credit when he was a member of the opposition. A tax credit is a lot more

progressive than the mere provision that the income will be taxable once it has been received by the individual.

● (2120)

Mr. Bussières: Mr. Chairman, of course we could debate at length on how to apply such an incentive to change the volume and pattern of our energy consumption. However, in the program put forward by the government we have decided to offer grants on an individual basis and, as I said earlier, to ensure a greater equity in the use of that money by making it taxable as part of a person's taxable income. This is a choice which we made, and certainly this measure will be widely used in Canada. It will benefit all Canadians, while helping us implement our energy conservation program aimed at attaining self-sufficiency within the chosen time frame.

Mr. Rae: I do not want to lengthen the discussion, but I would like to suggest to the minister that for this year we will wait and see whether the program is adequate as far as implementing the energy conservation program referred to by the minister. Next year we will be anxious to get the figures to see whether the $800 taxable grant is indeed adequate for the implementation of the National Energy Program. We will want to look at the figures, and I must tell the minister that if he is genuinely sincere—and, of course, I know he is personally sincere—if the government is sincere with respect to self-sufficiency, they will have to do more than that to truly ensure that Canadians will conserve more energy.

Mr. Bussières: Very briefly, Mr. Chairman, I too am convinced that as a society we should do much more in that area of energy conservation, if we are to reach self-sufficiency. But I believe we should rely not only on government incentives but also on the awareness of Canadians to the need to conserve energy, if we are to attain self-sufficiency, and as well on their sense of responsibility and their commitment to reach the goal of self-sufficiency, in order to complement the various energy conservation measures included in the National Energy Program. Therefore, I feel that these incentives, combined with the efforts of each and every one, will allow us to achieve our goals.

[*English*]

Clauses 25 and 26 agreed to.

On Clause 27—

Mr. Axworthy moved:

That subclause 27(6) of Bill C-54 be amended

(a) by striking out line 10 on page 57 and substituting the following therefor:

"the taxpayer, the person with whom he was not dealing at arm's length or the predecessor corpo-";

(b) by striking out line 39 on page 57 and substituting the following therefor:

"the taxpayer, the person with whom he was not dealing at arm's length or the predecessor corpo-"; and

(c) by striking out line 18 on page 58 and substituting the following therefor:

"the taxpayer, the person with whom he was not dealing at arm's length or the predecessor corpo-".

Amendment agreed to.

Clause 27, as amended, agreed to.

Clause 28 agreed to.

On Clause 29—

Mr. Axworthy moved:

That subclause 29(4) of Bill C-54 be amended

(a) by striking out line 25 on page 63 and substituting the following therefor:

"for the year,"; and

(b) by striking out lines 30 to 41 on page 63 and substituting the following therefor:

"is a refund of premiums (within the meaning of section 146) under a Registered Retirement Savings Plan received by the taxpayer out of or under the plan on or after the death of the person who was, immediately before his death, the annuitant thereunder and the taxpayer's spouse, and

(iii) was not deducted in computing the taxpayer's income for a previous year;"

Amendment agreed to.

Clause 29, as amended, agreed to.

Clauses 30 to 39 inclusive agreed to.

On Clause 40—

Mr. Axworthy moved:

That Subclause 40(2) of Bill C-54 be amended by striking out line 5 on page 100 and substituting the following therefor:

"(2), where a person has trans-"

Mr. Rae: Mr. Chairman, I simply want to indicate to the minister one of the concerns of my party and myself about the remarks of the Minister of National Health and Welfare in her speech on January 19 regarding the proposal that a spouse be paid a salary from an unincorporated business and have that payment deducted as a business expense. Also the proposal allows Canada Pension Plan contributions on behalf of the spouse. I want to raise a couple of questions about this, one of which I raised with the Minister of Finance some time ago. Perhaps tonight the minister can shed some light on this problem.

The other question was raised by the Minister of National Health and Welfare in her remarks when she indicated that this provision allows the government to say it has fulfilled its commitment to include women in the Canada Pension Plan. I want to indicate to the minister that this covers only a handful of women; it does not cover those who cannot afford the Canada Pension Plan contributions. While we are supportive of this amendment which was, after all, proposed in the Crosbie budget, we do not regard it in any sense as an excuse for the government to claim that it is resolving the problem of pensions for women who work at home.

We are just touching the surface of this problem. We have made progress, and for many people and unincorporated small businesses it is a significant advance. Still, it is a very small step for mankind, if I may say so, and not one which can be regarded as an achievement. I found it ironic that the Minister of National Health and Welfare would take a proposal from the Crosbie budget and somehow claim that it was partially implementing the promises of the Liberal Party in the last

election campaign that it would make some major reforms to the Canada Pension Plan. We are still awaiting those reforms.

Has the department given any consideration to the effect this clause will have or could have on family law provisions at the provincial level? I have raised this problem at some length with the Minister of Finance.

• (2130)

It concerns whether or not the payments made by a spouse to another spouse will be deemed sufficient, or will have any effect on the matrimonial property rights, in the view of the department, which have been established at the provincial level in virtually every province. As the minister will know, it is now the established law in just about every province that a spouse has, in a sense, a constructive equity interest in the case of many family businesses. This is simply because the woman has perhaps worked in the home while the husband has gone to work in a small business. There is now provision in most of our provincial laws allowing a spouse to argue on the premise: "I have an interest in that business because I have been working at home." That gives that spouse a constructive equity interest.

My concern is based on a question which has been raised with me by many women's groups across the country. It is a question which perhaps the department should at least think about. It is as follows: Will the fact that spouses are being paid allow the paying spouse to argue that there is no equity interest there because that interest, in a sense, has been bought off on a cash basis, on an annual income basis? Therefore she has been recognized for the work which she has contributed to the business. Does the minister see this having any effect on this matrimonial property law problem?

[*Translation*]

Mr. Bussières: Mr. Chairman, concerning the problem of marriage law raised by the hon. member, I must say the legislation would have no direct effects, as he explained. However, I would like to come back to his opening comments and assure him that the government does not believe this bill will solve every problem. The government does not believe it will solve all problems involving the participation of a spouse to a pension plan, particularly the Canada Pension Plan or the Quebec Pension Plan. We certainly understand and recognize that the scope of this amendment is quite limited, yet, it is a small step forward and small steps can go a very long way if we have patience and if we can wait for the opportunity which may come our way. In the present situation, this opportunity depends mostly on the financial capabilities of the government, inasmuch as those capacities could be involved in such legislation.

I think my colleague, the Minister of National Health and Welfare, did not mean that this legislation would solve all problems. I think she is sufficiently practical and liberal to realize that the bill we are discussing may be only a small step, but it is a step forward. I believe that if we keep moving on in small steps we will eventually achieve great progress, as this government usually does, but those measured steps must be in keeping with the government's ability to pay and our rate of social development.

[*English*]

Mr. Rae: Mr. Chairman, the minister did not answer the second part of the question. I do not know whether he thought it was too speculative or whether he was not prepared to answer it at all. But in answer to the minister's comments on the importance of taking the small paces or what we used to call banana steps, I think it was Frank Scott who said of Mackenzie King that his basic rule was never do by halves what one can always do by quarters. That seems to be the philosophy the minister is presenting today.

[*Translation*]

Mr. Bussières: Mr. Chairman, I do not wish to indulge in some sort of philosophical discussion with the hon. member since my concerns before I entered politics were directly related to the phenomenology of perception. We might spend a night which would be most interesting for those who are interested in phenomenology, but rather boring for the others. At any rate, I would like to tell him that the legislation before us will have no conflicting or direct effects, I am told, with regard to provincial legislation or marriage law. I believe our basic concern was, through a tax measure, to bring about the answer to a problem faced by spouses who take part in the work of their partner in small and medium-sized businesses. We are adjusting to problems raised by provincial laws rather than interfering with provincial marriage legislation.

[*English*]

Mr. Rae: Mr. Chairman, let me say I hope the minister is right. But I ask him if he were a spouse who had been paying his wife a salary for a number of years and was then faced with the argument that his wife had some sort of a constructive equity interest in the business, surely that spouse could argue, "No, you do not because I have been paying you a salary." If that is the case, then I suggest we may have a problem. I am not arguing this to be mischievous, and it is not because I disbelieve in the proposal that has been made. When this question was raised with me, it made a certain amount of sense. If I were counsel to the person involved it is an argument which would not have occurred to me, however, having been mentioned to me, it is something which does make a certain amount of sense; that is the question. The provisions of much of our provincial legislation are based on the fact that now the spouse has a constructive equity interest, and cases coming from the Supreme Court of Canada are clearly pointing in this direction, even for common law spouses. Therefore once you start paying your spouse a salary, surely you can argue, "You do not have any other interest other than the salary that you are being paid".

I do not know whether or not it is a problem. I am simply raising this question with the minister. It strikes me as something which is worth thinking about, and for all we know, it

may have an impact on matrimonial property problems at the provincial level.

[*Translation*]

Mr. Bussières: Mr. Chairman, first of all, the amendment before us does not necessarily mean that a salary would be paid to the spouse. I am not a lawyer, but I suggest that if a problem is raised by a spouse who thinks he or she is entitled to some equity, for instance, in the business of his or her partner at the time of a divorce, it would be the responsibility of the court, according to the divorce law of that province, to rule on the matter concerning the rights of this spouse as far as his or her share in the business is concerned. I believe it should be incumbent upon the court to rule on the matter in the light of the provincial divorce legislation. I do not think we could provide in our tax legislation for theoretical cases of divorce since such conflicts come under provincial legislation and are settled through the courts.

[*English*]

Amendment agreed to.

Clause 40, as amended, agreed to.

Clause 41 agreed to.

• (2140)

On Clause 42—

Mr. Rae: I wonder if the minister could explain the purpose of Clause 42 with respect to employee loans and deal with a problem raised by Mr. Drache in a recent *Financial Post* article dealing specifically with this amendment. I am sure Mr. Drache is concerned. Perhaps the minister can explain the purpose of the amendment.

[*Translation*]

Mr. Bussières: Mr. Chairman, the purpose of this amendment is to remove any unwanted impact or effects which could arise when an employee obtains a loan from his employer and the rate applying to that loan is about the same rate which would be charged generally to the public at large. So, that is the purpose of the amendment we are now proposing.

[*English*]

Mr. Rae: I am still not entirely clear, Mr. Chairman. Perhaps the minister can explain by means of an example. My understanding is the effect of this, which one might call a VIP change, is to effectively reduce the level of the benefit that employee is receiving by virtue of the fact he is receiving subsidized loan from his employer. Is that the purpose of the legislation? If so, can the minister tell us how much it is going to cost?

[*Translation*]

Mr. Bussières: I hope I have understood, Mr. Chairman. That is a little complicated. Indeed the provision is aimed at establishing the rate with reference to which we could assume that a benefit has accrued to an individual who has obtained a loan at a certain rate from his employer. So this provision is designed to set the rate which would be used as a standard of measurement from which we could work out the benefit by comparing the interest rate paid on the loan granted by the employer to the employee with that standard of measurement.

[*English*]

Mr. Nielsen: That is only the first part.

Mr. Rae: Yes, Mr. Chairman, the minister only answered the first part of the question. Perhaps it is a two-pronged question. Has the minister or his department conducted a study as to where this tax expenditure falls? In terms of income groups, who gets the benefit of this tax expenditure? Also, what will be the cost of this new benefit to those who receive subsidized loans from their employers? What will this new benefit be worth?

[*Translation*]

Mr. Bussières: Mr. Chairman, I will say it is a measure which is widely used especially by employees in isolated areas. Reference was made earlier to benefits granted to employees in the north. It is a type of benefit which is granted to some people who are employed in the north. We also mentioned certain classes of institutions, for instance, financial institutions, trust companies, banks, or any other financial institution which will frequently grant such loans to their employees, and not only to their employees, because that type of loan can be granted in a very general way to their employees. I see the hon. member shaking his head. I am told it is currently being done. As far as estimated costs are concerned, I must say that we have no provision for evaluation. It is very difficult to set a cost evaluation for such a measure, and I regret to say to the hon. member that I cannot indicate the amount which could be involved in this instance.

[*English*]

Mr. Rae: Mr. Chairman, I think we are entitled to at least a rough estimate. If the minister is going to carry out these sorts of changes, although they may be minor, they will result in a benefit or a tax relief for a certain group of taxpayers. Although it may seem like a large number, more than five people, in terms of the relationship to the 15 million people who filed income tax forms last year, it would be a minuscule proportion of those 15 million. Without being ideological, we are entitled to know, if this benefit or tax relief is being given, who is receiving it and how much it will cost. As I said to the minister previously—and we said this in the House many times—one person's tax benefit is another's tax burden. If a tax benefit is to be provided for these people, we are entitled to know how much it will cost. I can then go to my constituents and tell them the reason they do not get a cost of living tax benefit is the government is giving benefits like this to other people in society.

[*Translation*]

Mr. Bussières: Mr. Chairman, I mentioned a certain number of people to whom this provision could apply. As to

the cost of the change or adjustment which is made on the basis of the rate taken as a measurement and the rate which is granted, I have been told that it would not exceed $2 million or $3 million.

[*English*]

Clause 42 agreed to.

Clause 43 agreed to.

On Clause 44—

Mr. Nickerson: Mr. Chairman, under Clause 44(4) authority is to be granted to the governor in council, presumably, to establish certain rates of interest for the 1979 and 1980 taxation years. Could the minister tell us what rates he intends to establish for those two years?

● (2150)

Mr. Bussières: Did the hon. member say Clause 44(4)?

Mr. Nickerson: It is 42(4).

The Chairman: Clause 42 has been adopted.

Mr. Nickerson: I draw the minister's attention to page 104.

[*Translation*]

Mr. Bussières: It is Clause 40. The prescribed rate for the year 1980 was 11 per cent and the Minister of National Revenue has announced that the rate for 1981 would be 12 per cent.

[*English*]

Clause 44 agreed to.

Clauses 45 to 57 inclusive agreed to.

On Clause 58—

Mr. Rae: Mr. Chairman, this provision allows the taxpayer to include units of mutual fund trust in his or her definition of a Canadian security for the purpose of the $1,000 deduction for investment income. I have some questions for the minister about this tax expenditure which arise from a series of ill-fated articles which misled the Canadian public when they appeared in *The Globe and Mail* following the minister's budget.

I am sure the minister recalls that this particular item of tax expenditure, along with a number of others, including the dividend tax credit, RHOSPs, changes predicted in RRSPs and so on, caused confusion when they were put forward. My questions really arise from the fact that this is a very costly deduction. It costs $665 million in forgone taxes. While it does benefit a wide range of taxpayers, obviously by far the heaviest concentration of those taking the full $1,000 exemption fall within the upper income tax brackets.

Just to show that this is fairly widespread, we know, for example, that there were 107,622 taxpayers in 1978 with incomes between $14,500 and $15,000 who each claimed an average exemption of $500 under this provision.

My question for the minister is really this: together with the RHOSP and other quite expensive expenditures this was supposed to be under careful study by the department and ready for the chopping block; is it still the intention of the government to study these very costly tax expenditures? Will we ever have an opportunity to discuss these in other than a very general and fairly unsatisfactory way, such as we have today? Is it the minister's intention—or does the department have any studies—to examine the differential effect of allowing a tax credit to replace the deduction for this kind of exemption for RRSP and RHOSP deductions?

[*Translation*]

Mr. Bussières: Mr. Chairman, I do not want to be malicious but if we were to agree to the many suggestions voiced by the hon. member, I think we would have to stop sitting in the House in order to do our work in committee. It would not be an ineffective way of doing things, but still, I think that all taxation measures are constantly under review considering that the goal of this government is to have an increasingly fairer taxation system. We are continuously studying the various taxation measures. The hon. member based his statement on the premise that this measure was mostly used by people in the upper income brackets or, at least, in relatively high income brackets. I am told that this is not really true and that many people who have reached retirement age, or receive pensions to make that kind of investment; as well as people with average incomes as this provision is very interesting for them, while people with a much higher income will be interested in larger investments and perhaps also in more speculative investments with a much higher return. This may agree with the contention that the more you have, the more you want. So, this would confirm what we are told in connection with this particular measure.

The government is very much concerned with the various measures that imply tax expenditures, as it is difficult to estimate such expenditures. As I said earlier, we know where they start but we never know where they stop. Those measures are subject to permanent review by the department.

[*English*]

Mr. Rae: It is just before ten o'clock, Mr. Chairman. I wonder if I could just say to the minister that our frustration about setting up so many studies arises from the fact that we would prefer to be the government making the decisions. That is not the case at the moment, so we would rather be in the position as parliamentarians involved in the study of these problems, getting as many facts as we can and being as constructive about them as we can. Rather than sitting back and letting the government carry on as though we do not exist, I suggest that would be preferable. Faced with the choice of three things—total inactivity, being the government, or having the ability to participate—as long as we are in opposition we would like the opportunity to participate.

Perhaps on that constructive note I might call it ten o'clock, Mr. Chairman.

Progress reported.

Adjournment Debate

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

NATIONAL SECURITY—U.S.S.R. CRUISE SHIP "ODESSA"—INQUIRY WHETHER SECURITY CHECKS CONDUCTED

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, on January 12, I rose in the House wanting to ask the minister in charge of tourism about the policy of the government regarding the activities of a Soviet Union tourist ship, the M.V. *Odessa,* plying the waters off the coast of British Columbia going to Alaska. The minister had to leave the chamber for a minute, so I redirected the question to the Solicitor General (Mr. Kaplan).

It boggles my mind that we should have a ship under the flag of the Soviet Union exploiting the tourist trade in Canada. Our economy is in trouble. We have thousands of people who are unemployed. The marine industry in our country is hurting. Let us forget politics for just a moment. I am talking about a ship under the flag of the Soviet Union, a country which has a planned economy, arbitrarily establishes wages and prices and which can very arbitrarily under those circumstances assign workers to that ship.

Under those circumstances there is a Soviet ship undercutting our economy. Thousands of people who would like to work in our marine industry cannot because a ship under the flag of the Soviet Union is plying our waters, entertaining our tourists and leaving our people jobless. There is an absurd situation whereby the stewards on the M.V. *Odessa* are serving caviar to the capitalist patrons on the ship, while their countrymen in the Soviet Union are serving rotten cabbage to the gulags. The patrons of the ship are certainly in no gulag. I am sure the brochure I have in my hand will demonstrate that the ship is not for gulags. It is fully colour coded, and it amply demonstrates the sumptuous fare for patrons on that ship. A nation known around the world for oppression at home is now exploiting the tourist trade in Canada. I cannot help but think of the insult this is to many thousands of Canadians whose places of birth are countries dominated by the militaristic regime of the Soviet Union.

In Canada we have an open harbour policy. This ship has freedom to dock in the harbour of Vancouver. It has free access to the facilities at Vancouver. As I understand it, no tourist ship from any other part of the world could go to any harbour in the Soviet Union and have the same access to facilities and the same freedom this ship has in our Canadian ports.

I have asked the Solicitor General what we have done to ensure the security of our Canadian coastline in the event that not all members of the crew of that ship are stewards, or people in the marine industry, but are perhaps KGB officers. The Solicitor General was quick to reply that he is obliged not to answer questions of that nature because the operations of the security service are not described in this place in the degree of detail I was requesting. I was not really asking for that kind of detail. I want to know what assurance Canadians can have that there is security in Canada, in spite of the fact that that ship is plying Canadian waters. I notice that the map enclosed with this colourful brochure shows this ship hugging the British Columbia coastline, which is unguarded. We only have about two coastguard cutters in Canada, and we have almost no navy. Can the Solicitor General give the assurance—and I am not concerned with detail at the moment—that in fact normal security precautions have been taken?

The Soviet Union would gladly staff that ship with KGB officers. Just three years ago 12 so-called diplomats were dismissed from the Soviet embassy in Ottawa because they were not in fact diplomats. Is it unreasonable to suppose that some of the men and women employed on this particular ship are not in fact regular staff of the ship and have other clandestine duties to perform while serving on that ship?

● (2205)

Canadians deserve the assurance of the government that it has taken all the necessary precautions and that the coastline of British Columbia is being guarded.

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, it is with pleasure that I answer the question raised by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen). I shall deal with the security issue raised in the hon. member's question and leave him to ask a question on the matter of tourism of the appropriate minister.

The hon. member asked a question of the Solicitor General (Mr. Kaplan) on January 12 of this year concerning the Soviet cruise ship M.V. *Odessa* and whether specific national security investigations had been carried out on that Soviet vessel. This question raised a fundamental issue. I believe it is important to remind hon. members of the necessity to reconcile the need for secrecy in the daily operations of an agency such as the RCMP security service with the well-established principle of ministerial accountability to the House. No member of this House would deny the need for a security service to safeguard the internal security of Canada. I also believe that no one could expect such a service to operate effectively with the same degree of public scrutiny and revelation of its operations as other government departments.

Since the nature of the various threats to our internal security are clandestine and covert, whether those threats be sabotage, espionage, terrorism or subversion, it is inconceivable that the security service should be forced to reveal its operations, methods and records in public and yet at the same time be expected to counter domestic security threats. Therefore, when a question is asked of our government, the answer to which would reveal information of value to those who would subvert our democratic system, the minister responsible is

forced to reconcile two competing imperatives—the need to ensure the continued viability of the security service and the responsibility to provide valuable information to this House and its members.

I believe that the commitment of this government to make more information possessed by its departments and agencies accessible is confirmed by the provisions of Bill C-43. However, even under the proposed access to information legislation, information held by the security service or details of its operations and methods are intended very largely to be exempt from public disclosure.

Even the revelation of whether an individual or group is of interest to the security service is in most circumstances of assistance to those who are involved in subversive activities. If in the process of such a revelation detailed insights are offered into the level of knowledge and operational methods of the security service, again the ability of that service to continue any particular operation or to use certain methods is undermined. Finally, if the subject of a question to the government concerns of foreign national, an organization of a foreign state or a ship such as the M.V. *Odessa* and if the security service interests were to be denied or confirmed, any such comment might well precipitate criticism or a complaint from the foreign government concerned.

For these reasons, the policy of successive ministers, including the Solicitor General and his predecessors responsible for the security service, is to deny specific details of security service files, operations and methods.

● (2210)

NATIONAL REVENUE—INQUIRY WHETHER TAXES WILL BE REDUCED

Mr. John Gamble (York North): Mr. Speaker, on November 17, 1980, I had occasion to ask the Minister of Finance (Mr. MacEachen) whether, in light of impending tax reductions in the United States, it was anticipated that this government would follow suit and reduce taxes in Canada. The minister responded to me by referring to the provisions of his budget, which continue an indexation system. In his answer to me the minister went on to say:

—the kind of decreases in taxation which occur as a result of indexation and which occur in the United States because of such announcements.

In other words, they are the same.

These tax decreases take place automatically in Canada.

There is a substantial difference between an indexing system applied to deductions and rates in Canada which has the effect of simply placing taxpayers in the same position they would have been in had there not been the galloping inflation from which we suffer in this country, and a planned method of substantially reducing taxation.

I spoke on November 17 of the Kemp-Roth proposals which had been introduced in the U.S. Congress and from all reports with which President Reagan of the United States intends to proceed. In answering my supplementary question, the minister made the following comments. He said:

—the Canadian tax system compares favourably with that of the United States or any other tax system from the point of view of attracting investment and from the point of view of the burden on the taxpayer.

He went on to suggest that, in any event, the proposals to which I made reference were not as yet enacted in the United States.

With respect to his assertion that our tax system is as favourable as that of the United States or anywhere else, I think it is very important to have regard not to the rates of tax alone but rather to the amount against which those rates apply; in other words, under our statute, the taxable income. The minister will know that in the United States husbands and wives are entitled to file joint returns and split their income. The minister will also know that in the United States it is permissible to deduct interest payable on such non-business assets as personal residences. The minister will also know, if he examines the facts, that businesses in the United States are entitled to carry forward their business losses indefinitely, whereas in Canada we are obliged to restrict those losses which are carried forward to a period of only five years.

He will also know that in treatment of inventory evaluations the U.S. system is immeasurably more attractive to business than it is in Canada. Put succinctly, then, a 50 per cent tax rate against 50 per cent of one's income is decidedly less burdensome than a 50 per cent tax rate against all of one's income. So the minister's assertions, if they are based upon rates alone, are not the answer to the question.

It is well known by the business community, and by any employees of any business which has had a move to Canada from the United States, that the tax burden in this country is immeasurably greater than what it is in the United States. Therefore, the assertions which are made are not borne out by the facts. If the minister maintains his determination to sustain high levels of taxation in Canada, I submit the result will be most damaging to our entire economy. There are businesses with operations both in Canada and the United States which have their parent operations in Canada. There are businesses of the same nature which have their parent operations in the United States. In any event, businesses with operations on both sides of the border will naturally choose to conduct their sales operations and generate their profits in the area of lowest taxation. That will be extremely damaging to our future business development in Canada. It will be damaging to the opportunities for employment which are offered in this country.

● (2215)

It is also important to note that when expansion of a business enterprise takes place, that expansion is more likely to occur in an area of low taxation. Once the bricks and mortar, the plant and machinery, are in place in a foreign jurisdiction it will take nothing short of TNT to move it back to Canada. Accordingly, the losses to which I referred are of a permanent nature, or almost permanent, and they are something to which the minister ought to direct his attention.

We need additional funds, after tax funds, in the hands of consumers in Canada. It is necessary that they be available to spur the economy and provide jobs for Canadians.

The Kemp-Roth proposals to which I made reference are based upon the supplyside economic policy whereby it is accepted that it is more prudent to have a lower tax rate applied against a greater tax base than a higher tax rate applied against a smaller base.

A single, small tax bite from a large segment of the population which is employed, or businesses which produce more profit, is infinitely better for the economy than a large bite from an increasingly smaller group of taxpayers. Regrettably, that latter way is the direction in which this government is headed. High taxation policies are self-destructive. I urge the government to mend its ways before it is too late.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, at the time of the November 1978 budget, the finance minister released a study which made a comprehensive comparison of the tax systems of Canada and the United States. The conclusion of that study was that Canadian tax rates compared very favourably with American rates. The level of business taxation was less than that in the United States. This differential was particularly apparent in the vital manufacturing sectors of the economy. The differential arose principally because of the generosity of the capital cost allowance system, in Canada, and because of the lower level of statutory tax rates applied to taxable income. The level of personal taxes in the Canadian system was lower for most taxpayers, particularly for those at lower and middle-income levels. This gap has widened since 1978. This is a consequence of a number of factors. First, the Canadian tax system is indexed. This has resulted in a deduction of tax by almost 15 per cent between 1978 and 1980. On the othe hand, the American tax system is not indexed. In the United States, there has also been a substantial increase in the level of social security taxes which are based on income, further increasing the gap. For example, U.S. social security tax will increase from $1,000 to $2,000 between 1977 and 1981 for a person earning $30,000.

A recent study published by the Congressional budget office in the United States highlights the importance of indexing in reducing personal income taxes. The study shows that over the period for which indexing has been in place in Canada, an indexed tax system such as ours, with no discretionary changes, would have reduced United States taxes by $17 billion in 1979, or almost 10 per cent, as compared to the actual taxes, incuding tax cuts, which were enacted. Thus the discretionary tax cuts which had occurred over that period in the United States fell far short of protecting American taxpayers from inflationary increases in taxes. This gap will continue to widen over the next few years so that the cuts currently being considered in the United States under the Kemp-Roth proposals may well fall short, in relative magnitude to those which occur automatically in Canada, as a consequence of the indexation of the personal income tax system. Thus there is no need in Canada—and I emphasize that—for specific tax cuts in order to match those contemplated in the United States.

COMMUNICATIONS—LICENCE RENEWALS AND TRANSFERS—PROVISION OF POLICY GUIDELINES

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, both of my questions in the House on January 21 dealt with government inaction on the development of a communications policy which will ensure private broadcasting support for the objectives of the Broadcasting Act, which, among other things, states that broadcasting should "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada". The Broadcasting Act also states that programming should be "of high standard, using predominantly Canadian creative and other resources".

● (2220)

The lack of movement in this direction is even more discouraging when one considers the fact that the government has had in its possession the original draft of what is called by some the Babe-Slayton report, entitled: "Competitive Procedures for Broadcasting—Renewal and Transfers", since April, 1980 and the final draft since September, 1980. This report was commissioned by the Department of Communications. It condemns the efforts of both the CRTC and the Department of Communications, the department responsible for policy decisions in broadcasting, for their total lack of success in achieving significant increases in the availability of quality Canadian programming, or in meeting the general standards which are set out in the objectives of the Broadcasting Act.

Some conclusions in the report condemn the inadequate performance because of the present licensing system. This report blames the licensing and transfer systems for much of the problems in Canadian broadcasting. Let me quote from page 1 of the summary of the Babe-Slayton report as follows:

> Canadian television broadcasting in the private sector is failing to achieve the goals set by Parliament in the Broadcasting Act, notwithstanding its extraordinarily high profitability.

As a matter of fact, profits of $88 million in 1978 are called "extranormal" at another point in the report. The report indicates that private stations rarely put Canadian programs in prime time. Sports and game shows are scheduled in prime time in the private broadcasting system. These programs tend to be low cost, of low complexity and employ few people. This is not necessarily to blame the economic objective of the private broadcasters. It is a fact that foreign shows, notably American, in terms of dollar per broadcast hour, cost five times more than Canadian programs. Therefore, it makes economic sense to the private broadcaster to import rather than to create. That is a problem we face in the broadcasting industry in this country.

As everyone knows, when a private station makes an application for a licence, certain promises are made relating to the Broadcasting Act vis-à-vis Canadian programming, Canadian talent and so on. But once a private station has been granted a licence, there does not seem to be any policing to see

that these stations keep their promises. That is really the problem to which the Babe-Slayton report addressed itself.

Let me remind all hon. members remaining in the House that this is a report commissioned not by some outside group or by the New Democratic Party, but by the Department of Communications itself. According to the report, the major tool in the hands of the CRTC or any other regulatory body in terms of making private broadcasters live up to their responsibilities, is competitive hearings at times of licence renewal or at times of licence transfer, that is, when one licence granted on the basis of a set of promises is transferred or sold to another applicant.

In the past we have not exercised that control or discipline within the industry. Consequently, we buy and sell to the highest bidder. This is almost the way taxi licences are handled. There is really no commitment at all on the part of the person who purchases a licence to maintain the promises of the original applicant.

The CRTC licence renewal procedures virtually guarantee licence renewal regardless of the kinds of promises made by the original applicant or the person who has sought the transfer. There is a tremendously comfortable stability in the broadcasting industry, regardless of whatever promises the original applicant made, because of the virtually automatic licence renewals. This is one of the causes for the rather inadequate performance in terms of Canadian content which characterizes the whole private broadcast industry.

● (2225)

The report goes on to attack transfers and so on. I do not have a great deal of time left. However, with respect to the reports the minister's department has been receiving, I suggest it is time that the minister established some policies regarding transfers and licence renewals. It is absolutely clear that the present system does not aid the objectives of our broadcasting industry. A number of promises which were made to the people need to be kept. It is time the minister established a new policy based on the Babe-Slayton report which will guarantee that broadcasters in the private sector live up to their promises.

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): Mr. Speaker, in view of the importance of the competitive procedures issue, the Department of Communications asked two independent consultants, Robert Babe and Philip Slayton to do a study examining the issue further, and this report, on competition, was released to the public in order to stimulate informed public discussion of the issue. Over 200 copies of the study have been distributed to the public, including all members of the Standing Committee on Communications and Culture and many other members of this House.

While in their report Robert Babe and Philip Slayton recommended adoption of competitive procedures for licence transfers, they did not recommend competitive procedures on renewals. Instead of the latter, they proposed two options which, in their view, would provide the benefits held to be forthcoming from competitive renewals without entailing the costs perceived to be associated therewith.

According to the first of these options, the CBC, CRTC or other public body would be empowered to tax all or most of the surplus earnings of television broadcasting and cable licensees and to apply such funds to the financing of independent productions commissioned by this public authority.

According to the second of the options proposed by Babe and Slayton, data gathering, research and other such support staff duties would be spun off from the commission and placed in a new agency entirely separate from the CRTC. This new office would play an adversarial role in licence renewal proceedings before the CRTC similar to the role played by the director of investigation and research under the Combines Investigation Act before the Restrictive Trade Practices Commission.

The consultants suggest that in addition to bringing to the attention of the CRTC apprehended failures of licensees to comply with promises of performance and regulations and cross-examining licensees and arguing appropriate remedies before the CRTC, the new office could also support research and interventions on the part of the general public. Babe and Slayton propose that this new agency could be financed by taxation of licensees. It could, they suggest, be empowered to attain any and all data deemed relevant to further its proposed duty of ensuring compliance with CRTC regulations and promises of performance.

As you can see, Mr. Speaker, this is a very complicated issue and not amenable to quick and easy solutions.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Wednesday, February 4, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

PARTICIPATION OF MEMBERS IN HEART MONTH HOCKEY GAME—MOTION UNDER S.O. 43

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, I rise on a matter of urgent and pressing importance under the provisions of Standing Order 43. Whereas members from all parties in this House participated in a benefit hockey game for the Heart Foundation last night, I move, seconded by the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand):

That the House of Commons of Canada congratulate the members in this House who participated in upholding the good name of this institution through their participation and express its wholehearted support for Heart Month in Canada.

Madam Speaker: I am sure the House will want to applaud this fantastic feat accomplished by our hockey players last evening. They played a wonderful game.

Some hon. Members: Hear, hear!

* * *

NEW DEMOCRATIC PARTY

SUPPORT FOR CONSTITUTIONAL PROPOSALS—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43. The hon. member for Burnaby (Mr. Robinson) has described the government's decision to withdraw the provisions of the constitutional package concerning suspension of the Senate's veto power as "the most cynical sell-out" in the government's attempt to win support for its constitutional package. I therefore move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That on the basis of the proposition that it takes one to know one, this House recognizes the cynical sell-out of the NDP in its support for the government's constitutional package, thereby selling out Canadian sovereignty in domestic affairs to British control over our destiny which the leader of the NDP describes as "a civilized package".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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UNEMPLOYMENT INSURANCE

PROCESSING OF CLAIMS OF FISHERMEN—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I would like to move a motion of urgent and pressing necessity under the provisions of Standing Order 43. Whereas fishermen on the coast of British Columbia are waiting two and a half to three months before notice of qualification for unemployment insurance is being granted and are experiencing a further delay before receiving income, whereas the Department of Employment and Immigration seriously underestimated the claims this year by in excess of 100 per cent, consequently understaffed their offices and are unable to handle these claims, and whereas people are now being evicted and are unable to earn sufficient income, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That the Minister of Employment and Immigration move immediately to relieve this disastrous situation by allowing sufficient staff to handle the claims that are before these overburdened offices to be processed quickly.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CONSTITUTION

LOBBYING BY PUBLISHER OF "THE GLOBE AND MAIL"—MOTION UNDER S.O. 43

Mr. David Smith (Don Valley East): Madam Speaker, I rise on a matter of urgent and pressing necessity. In view of the fact that A. Roy Megarry, publisher of *The Globe and Mail*, finally exposed his bias against the constitutional resolution and the Prime Minister (Mr. Trudeau) while lobbying on behalf of the provinces in London yesterday, in a speech probably ghost-written by Brian Peckford or Sterling Lyon, I move, seconded by the hon. member for Willowdale (Mr. Peterson):

S.O. 43

That this House urge all reporters and other employees of *The Globe and Mail* to follow the paper's motto in the face of intimidation, that is, the "subject who is truly loyal to the Chief Magistrate will neither advise nor submit to arbitrary measures imposed by his or her publisher".

Madam Speaker: Although I have some doubts about the validity of this motion, I will put it to the House. Is there unanimous consent for the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HEALTH CARE

SASKATCHEWAN—LEVEL OF EXPENDITURES—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the decreasing amount that the Saskatchewan NDP government is spending on medical and hospital care to the level where the province now ranks eighth in terms of per capita expenditure on health care, I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

That this House instruct the Minister of National Health and Welfare to launch an immediate investigation into the seriously eroding level of expenditures by the NDP government on health care in Saskatchewan, and that her investigation determine whether an appropriate portion of federal funding is being directed to health care in that province.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

AGRICULTURE

HERD MAINTENANCE PROGRAM—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

In view of the fact that confusion still exists in respect of the government's herd maintenance program, and in view of the fact that government members turned down a motion under Standing Order 43 last week requesting a change in the criteria which would take into consideration the yields of hay and forage crops, I move, seconded by the hon. member for Kindersley-Lloydminster (Mr. McKnight):

That the Minister of Agriculture consider a change in the criteria to provide for payment of a fixed sum per animal.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

OPPORTUNITIES FOR UNILINGUAL EMPLOYEES—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. In light of the Supreme Court decision this week to reinstate English-speaking Donald Kelso as an employee at air traffic control in Montreal, I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That this House instruct the government to bring forth the necessary legislation so that paragraph 7 of the resolution of June, 1973, will be made law as part of the Official Languages Act, and that paragraph 7 of the resolution be expanded to include Crown corporations, so that unilingual public servants will not feel stifled in their jobs or denied promotion because they are not bilingual.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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BANKRUPTCIES

CALL FOR REVISION OF LEGISLATION—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under Standing Order 43 on a motion of urgent and pressing necessity. Due to the fact that business bankruptcies are increasing and that hardship is being experienced by wage and/or commission earners who are directly affected by such bankruptcies and insolvency proceedings, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this House request the Minister of Consumer and Corporate Affairs to revise immediately the statutes respecting bankruptcy and insolvency in order to guarantee that the class of creditors with claims for wages, salaries, commissions and compensation for direct services are given top or first priority over the payments to all other claimants; and further that this House expedite such statute changes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

MEDICAL CARE ACT

CALL FOR AMENDMENT TO PROHIBIT EXTRA BILLING—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise pursuant to Standing Order 43. In view of the fact that the government of Alberta has declared war on medicare in so far as extra billing by physicians is concerned, a practice that does violence to the Medical Care Act which is not only being tolerated by the Alberta government but is now being legitimized by institutionalizing it in the form of a panel which will ostensibly assess any complaints by patients and levy a tax on offending doctors; and whereas Premier Lougheed is reported to have stated that Alberta would resist a federal ban on extra billing to the point of doing without federal transfer payments, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That the salary of the Minister of National Health and Welfare be reduced to the federal minimum wage until such time as she introduces legislation in this House that would amend the Medical Care Act to prohibit extra billing and show Premier Lougheed and other medicare-bashers that the Government of Canada will not be intimidated or sucked into using medicare as another jurisdictional football in the ongoing federal-provincial games.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

CALL FOR REJECTION OF PROPOSED CBC-2 NETWORK—MOTION UNDER S.O. 43

Mr. John Kushner (Calgary East): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the CBC proposes to expand its operation in the form of CBC-2 and Télé-2 and Canadian taxpayers are already subsidizing the CBC to the tune of $500 million per year, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House rejects the CBC proposal for CBC-2 and Télé-2 until it shows it can at least be self-supporting as a result of providing programs that Canadians want and not what the CBC thinks we should be watching.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

POSITION OF BRITISH PARLIAMENT IF RESOLUTION CHALLENGED IN SUPREME COURT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Justice. Can the Minister of Justice tell the House whether on or before November 10, 1980, the Secretary of State for External Affairs was told by Westminster that Westminster could not pass Canadian constitutional proposals if those proposals were being challenged in the Supreme Court of Canada?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I think the position of the British government was enunciated very clearly by the Prime Minister of England, Mrs. Thatcher, yesterday, that when it receives a resolution of the House of Commons and Senate of Canada it will act promptly.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, I suppose it is not surprising that the prime minister of another country would be misquoted in this House, since we cannot get straight answers as to government policy in Canada from the Canadian government.

The Minister of Justice neglected to answer my question, which was quite explicit. Did the Secretary of State for External Affairs receive on or before November 10, 1980, an indication that Westminster could not pass Canada's constitutional proposal if it was under challenge in the Supreme Court of Canada?

[*Translation*]

Mr. Chrétien: Madam Speaker, the position of the government on that issue is clear. The Parliament of Canada is called upon to vote on a resolution aimed at patriating the Canadian Constitution. As soon as Parliament has completed its work, the result of many deliberations over several months in Canada, we will forward the request of the House of Commons and the Senate and, in keeping with precedents, traditions and obligations, the government of England has agreed to deal expeditiously with the request of the government and the Parliament of Canada.

[*English*]

Mr. Clark: Madam Speaker, I can only assume that when a minister of the Crown refuses explicitly to answer a very simple and direct question, it is because he has something to hide.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Clark: Let me ask the Minister of Justice something else. He will recall that on several occasions the government leader here, the Prime Minister of Canada, has said that he had what amounts to a commitment by the British government that it would use all of its powers to force its party, its majority in its parliament, to support the passage of any Canadian proposal. That is called a three-line whip. He said that most recently on January 29 in this House when he said: "She will put on a three-line whip to pass it through the House of Commons".

I wonder if the Minister of Justice will tell the House of Commons explicitly at what date that undertaking was given to the Government of Canada and by whom it was given.

Mr. Chrétien: Madam Speaker, the Prime Minister said yesterday that the conversations between him and Mrs. Thatcher or her ministers are not to be debated here; if the British government has something to say, it can say it. Yesterday Mrs. Thatcher made very clear the position of the British government, which is that when it receives the resolution of this House and the Senate, it will act promptly, according to precedent and the law.

Mr. Clark: Madam Speaker, this Canadian House of Commons has been given a solemn assurance by our Prime Minister as to a question of fact. I am trying to determine the basis of that solemn declaration and, consequently, to determine whether or not it is a fact. The simple way to clear it up is for the Minister of Justice to tell us when that commitment was given and by whom. It is a simple question. He can answer it directly. Again, if he evades it, it must be because he has something to hide.

[*Translation*]

Mr. Chrétien: Madam Speaker, I did not attend the meeting between Mrs. Thatcher and the Prime Minister of Canada. The Prime Minister of Canada made a very clear statement on that subject here and if the hon. Leader of the Opposition wants an immediate answer the best way is to adopt the resolution in the next few days and we will soon see what the Parliament of England will do.

[*English*]

DISCUSSIONS WITH PREMIER OF SASKATCHEWAN

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I too would like to direct my question to the Minister of Justice. Last week the attorney general of Saskatchewan spent the whole week in Ottawa closeted with officials of the minister's department, and possibly the minister himself, discussing the constitutional package. Subsequently an official or officials of the minister's department and the attorney general went to Hawaii to discuss the matter further with the Premier of Saskatchewan. I should like to know if the minister is in a position to report on the nature of those discussions. Precisely what was put on the table? What was suggested by the federal government in order to obtain Saskatchewan's support for the constitutional package?

● (1420)

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, during the fall and since we came back after Christmas, I have had occasion to talk with many ministers of different governments about what we were doing, giving them explanations, discussing propositions and so on. We have done that with different governments and with the government of Saskatchewan. The hon. member knows our resolution and they know what it is, so it is up to them to make up their minds. They made some suggestions; some of those have been accepted and some rejected. The policy of the government is well known and it is being debated at this time in committee. We have almost finished the work in the committee. They know very well what kind of resolution the House of Commons and Senate will approve soon.

Mr. Hnatyshyn: Madam Speaker, if I may be permitted to say so, that was a "Waikiki response"! Or, en français, "une whacky réponse"! It is all right for the minister to flim-flam around but I asked a specific question. I should like to know whether a specific proposal was put to the Premier of the province of Saskatchewan to obtain his support for the constitutional package and whether an official from the department went to Hawaii to convey that to the attorney general of Saskatchewan. When does the minister expect a response? Is there any time limit? Has he received a response in the negative from the Premier of Saskatchewan, or what is the exact situation, without the equivocation we have heard to date?

Mr. Epp: Tell us about the Honolulu formula.

[*Translation*]

Mr. Chrétien: Madam Speaker, since the hon. member wants me to answer him in French I would say that indeed we had discussions with the Saskatchewan government just as we did with other governments. They wanted clarifications, whether any changes were contemplated and we discussed that. The government has made its decisions and the study of nearly all clauses has now been completed. At his press conference about two weeks ago Premier Blakeney stated he would make up his mind once the House of Commons is through with its work. We have already taken our decision and the committee was advised each time we undertook the study of a clause or when we tabled amendments before it. The colleague of the hon. member knows full well the nature of the amendments proposed by the Canadian government.

* * *

[*English*]

ASTRA TRUST

REQUEST FOR REFERENCE OF OPERATION TO COMMITTEE

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, in the absence of the Minister of Finance, my question is for the

Minister of State for Finance. Will he agree to refer the circumstances surrounding the chartering, operation and bankruptcy of Astra Trust and related companies to a parliamentary committee in light of the fact that a federal charter was turned down in 1972, that a provincial charter was turned down in 1973 because the principals were found to be unfit, and in light of the fact that on Monday a select committee of the Ontario legislature found that it was influence exercised on the part of certain politicians in the Liberal Party at the federal level which resulted in the charter being granted to Astra Trust in 1977?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, essentially, the question which must be answered is whether there was something irregular in the recommendation made by the Superintendent of Insurance to authorize the chartering of Astra Trust. The Superintendent of Insurance has assured me several times that the investigation carried out before the recommendation was made was quite thorough and that no external pressures, whether political or of another type, affected his recommendation to the then Minister of Finance that a charter be granted to Astra Trust. In view of these facts Madam Speaker, I do not believe that an investigation on the circumstances surrounding the chartering of this company is required.

[*English*]

Mr. Rae: Madam Speaker, that evidence of the Superintendent of Insurance which the minister has just put before the House has been directly contradicted by evidence given under oath before the select committee at Queen's Park. There are dozens of references to interventions by Senator Stanbury, the then President of the Liberal Party of Canada. There are references to representations made by members of the House of Commons who are today ministers of the Crown, and the minister knows this. In light of this evidence—

● (1425)

Some hon. Members: Question.

Mr. Rae: —how could he possibly justify not having a full public inquiry, when we know contradictory evidence has been given under oath at Queen's Park?

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bussières: Madam Speaker, I am afraid the hon. member fails to distinguish between two levels of decision-making. One is that of the office of the Superintendent of Insurance, which is responsible for looking fully into the application and recommending to the Minister of Finance whether or not a charter should be granted, and the other is that of the minister's office. I doubt that it is a crime or a matter of exercising undue influence for any hon. member in this House to get in touch with the office of the minister and say: Listen, where are you at with this file? Or, I should like to know whether or not an in-depth study is being made of this file. I do not feel that it could be seen as exercising undue influence or as elements that would disrupt the work of an official like the Superintendent of Insurance. If that is the type of intervention the hon. member calls undue influence, then I have a feeling a large number of hon. members in this House will find that the volume of their correspondence will go down drastically overnight.

[*English*]

Mr. Rae: Madam Speaker, my final supplementary question is directed to the minister for whom I have the highest respect; he knows this because we have worked together. I suggest to the minister and other hon. members who have worked with him—

Mr. Nielsen: But we are not in bed with them.

Mr. Rae: I do not hesitate in saying that; I am referring to matters in this House. I say to the minister, in all frankness, that he is being extremely naive in this matter. This matter involves an elaborate scheme to bilk the citizens of Ontario of—

Some hon. Members: Question.

Madam Speaker: Order, please. The hon. member should ask his question.

Mr. Rae: The minister has refused to allow the Superintendent of Insurance to appear before the select committee and, as I understand it, he has refused today to allow an inquiry to be held in Parliament. In light of these facts, how can we come to any other conclusion than that there is a cover-up involved in the activities of members of his party and members of the Conservative party of Ontario, which has consequences for hundreds of citizens in Ontario and their savings?

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bussières: Madam Speaker, I must say that I have as much respect for the hon. member as he has for me, but I am somewhat surprised by his strong language which, I am sure, he will regret. The Ontario legislature committee had to deal with a company incorporated under Ontario legislation, and the inquiry focused specifically on the incorporation of that company. Even though the committee blamed the provincially incorporated company called Re-Mor, one should not draw the same conclusions about Astra, which was federally incorporated. The case is clearly different. Re-Mor came into existence after the incorporation of Astra and, as for myself, I am satisfied with the assurances given to me by the departmental officials, namely, that the charter was undoubtedly granted on its own merits and I do not see the need for an inquiry.

[*English*]

ROYAL CANADIAN MOUNTED POLICE

OCTOBER, 1970 CRISIS—INQUIRY WHETHER FILES DISCLOSE BUNGLING

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my question is directed to the Solicitor General. Will the minister tell the House whether he is aware of any files or, indeed, whether there is any information in his department which discloses monumental bungling by the Royal Canadian Mounted Police during the October crisis, as suggested by the hon. member for Durham-Northumberland?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, my predecessor in the Clark government knows perfectly well that I cannot ask my deputy, as such, to show me files which were shown to my predecessor without his permission or without the permission of the present Hon. Leader of the Opposition. I am not aware of any such files which show monumental bungling on the part of the Prime Minister, the government or the RCMP. But I do know, Madam Speaker, that during the administration of the Clark government documents dealing with the FLQ crisis were sent to the McDonald commission. I think we should be entitled to assume here that if members opposite found the type of document to which they have referred, then those materials should have been sent by them at that time to the McDonald commission. They are not subject to the kind of restrictions which members opposite have suggested they are subject to.

* * *

● (1430)

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FORMER PRIME MINISTER OF AUSTRALIA

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of the Right Hon. E. Gough Whitlam, the former Prime Minister of Australia.

Some hon. Members: Hear, hear!

* * *

PETRO-CANADA

ACQUISITION OF PETROFINA—VALUE OF SHARES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. In answer to a question yesterday, the Minister of Finance made it quite clear that the primary objective of the national energy policy was to increase public sector ownership of the oil and gas industry, I might say to the detriment of security of supply in this country. Since again under the National Energy Program the burden of that policy must be borne by taxpayers and consumers in this country, my question is: what was the basis for the valuation of Petrofina in the recent take-over bid by Petro-Canada? It was a valuation which produced $120 a share, or a 75 per cent premium over the $70 price which the shares were trading at prior to the speculation that a bid was forthcoming. This led to a good degree of profiteering on the part of those who were in the marketplace. Was the basis for valuation on assets, cash flow, earnings, reserves, or was there some other basis?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I read *Hansard* yesterday and I failed to see the passage to which the hon. member has referred in the statement of the Minister of Finance. The position of this government is the one expressed by the Minister of Finance, that we should achieve energy security in this country during the present decade, with self-sufficiency by 1990; we should substantially increase Canadian ownership of the industry between now and 1990 and there should be a fair pricing system as far as consumers are concerned.

The purchase of Petrofina by Petro-Canada is part of the Canadianization process, which is in the same vein as the decision by Dome Petroleum last week to set up a 75 per cent Canadian-owned corporation in the private sector to expand Canadian ownership. Canadian ownership is a high priority of this government. It will be achieved overwhelmingly by the private sector, but the public sector will also be part of it.

Some hon. Members: Hear, hear!

Mr. Wilson: Madam Speaker, I fail to understand why the minister cannot direct his remarks to the question I asked. What was the basis for the valuation, the 75 per cent premium? Why should consumers and taxpayers pay a 75 per cent premium over the value at which the shares were trading before this speculation took place? The shares were trading in the low $70 range. The market trading was stopped at $87.50. We now have a bid at $120 a share, which is a very large increase in the profits. These profits will be accepted by shareholders and speculators at the expense of consumers and taxpayers. What steps has the minister taken to investigate how these profits were made, who made them and what will his department and Petro-Canada do to avoid this sloppy procedure in the future, if there are to be other take-overs?

Madam Speaker: Order, please.

Mr. Lalonde: Madam Speaker, it would be much easier to answer a straight question, if it were put that way, than one with a long preamble which completely distorts the statement of the Minister of Finance.

With respect to the question raised by the hon. member, I must remind him that what he is putting forward is the same type of complaint as that put forward by the Conservatives in 1978 when Petro-Canada purchased Pacific Petroleums.

An hon. Member: Answer the question.

Mr. Lalonde: I refer to *Hansard* of November 13, 1978, where the member for Calgary Centre, the member for York-Simcoe, the member for Northumberland-Durham—

Some hon. Members: Order!

Madam Speaker: Order!

* * *

CONSUMER AFFAIRS

INCREASE IN PRICE OF FUEL—EFFECT ON CONSUMERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. Given the fact that the price of gasoline at the pumps during the year 1980 rose approximately 32½ cents per gallon—I am not using the metric smokescreen of litres; the price went up approximately 32½ cents a gallon during the year 1980, which is just an estimate, it may be higher—and given the fact there is the prospect of at least another 12 cents a gallon increase at the pumps, and a similar increase for home heating fuel, as a result of this acquisition of Petrofina by Petro-Canada, can the Minister of Consumer and Corporate Affairs tell me where his concern for the consumer is now? Does the minister have anything to say to the consumer about these increases?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I am pleased to remind the hon. member that it is fortunate that Canadian consumers do not have to put up with a Conservative government, because oil prices would be much higher than they are now.

[*English*]

REQUEST FOR INTRODUCTION OF ENERGY TAX CREDIT

Mr. Geoff Scott (Hamilton-Wentworth): When Canadian consumers see what they must now pay for gasoline as they drive into the service stations and what they must pay for home heating fuel, I think they would much prefer a Conservative government.

Some hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): Madam Speaker, my supplementary question is for the Deputy Prime Minister or the Minister of State for Finance. Since Canadian consumers are being faced with this tax to aid in financing this acquisition, and since the Minister of Energy, Mines and Resources has hinted at further deals similar to the one with Petrofina, which apparently was just for openers—

Some hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): —is the minister now prepared to consider and, indeed, introduce an energy tax credit for lower and middle-income Canadians?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I remind hon. members that this measure, the energy tax credit proposed by the former Minister of Finance, was intended to offset the basic inequity contained in his budget and reflected in energy prices as well as in an 18-cent direct tax payable by consumers. Since the measures that we have proposed are fair and the prices generous towards all Canadians, we do not have to offset this by a tax credit such as the one suggested by the hon. member.

* * *

[*English*]

FISHERIES

FRASER RIVER, B.C.—PROPOSALS CONCERNING CLOSURE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I have a straightforward question for the Minister of Fisheries and Oceans. At a meeting I attended last Thursday in Vancouver, held by the Fraser River fishermen and others, it was made abundantly clear that the minister had not consulted them prior to initiating this drastic proposal concerning the closure of the Fraser River and other restrictions to commercial fishermen. Will the minister assure me and all members in this House from British Columbia that he will consult with the Fraser River gill-net fishermen this week before there is any decision on the part of the government to implement these drastic proposals concerning the Fraser?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, if the member would read the answer which I gave with respect to this matter yesterday, she would see these were, in fact, discussions which took place. There is a process in the British Columbia fishery called "the expectations for the coming year". We discuss with fishermen's groups what appears to be the promise of this or that fishery in this or that river. This is a normal process which has been going on for many years.

With respect to chinook stocks in the Fraser, which are badly depleted, we have been taking conservation measures. We have announced some of these measures. I made it clear yesterday that if there are to be strict measures implemented, then all groups in the fishery must share, and in this I include the sport fishery as well.

● (1440)

Miss Jewett: Madam Speaker, my question concerned the desirability of the minister himself, not his officials, meeting with the Fraser River fishermen. It is not good enough that he speak to a chamber of commerce because very few fishermen belong to that organization. Before the minister again, without any notice or warning, imposes further restrictions on what is

the livelihood of these fishermen, will he consult fully with them?

Mr. LeBlanc: Madam Speaker, I have never in my life spoken to a chamber of commerce, except in my riding where there were only 13 people present at that meeting!

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. LeBlanc: The hon. member for Madawaska-Victoria reminds me that I spoke at Grand Falls, a town in his riding. In that regard I apologize for misleading the House. The hon. member continues to talk about decisions having been made. I referred to discussions which took place as the fishing season approached. The predictions were made by scientists from a biological point of view. We have identified the areas in which there may be closures.

Miss Jewett: Talk to the fishermen.

Mr. LeBlanc: I cannot meet with every group of fishermen on every management decision which must be taken. I discussed this particular issue for an hour and a half yesterday morning with the assistant deputy minister from the Pacific coast. We went through the entire scheme, and I will do so again when firm recommendations come forward.

* * *

CONSUMER AFFAIRS

INQUIRY RESPECTING ALLEVIATION OF HIGH COST OF LIVING

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. It follows on a previous question with regard to the adverse effect of inflation on the consumer. Specifically with regard to the high cost of rent and the high cost of foodstuffs, would the minister share with the House exactly what approach he and his colleagues, including the Minister of Agriculture and others, will be taking in order to alleviate the high cost of living for citizens in Canada?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, we are obviously concerned with the constant increase in prices, especially food prices. However, a recent study by the U.S. Department of Agriculture showed that of all industrialized countries, Canada is the one where food prices are lowest. It is also important to keep in mind that Canadians are the ones who have to work fewer hours for the weekly food basket. So I think that despite his just concern over price increases, the hon. member must find some kind of comfort in this, because, after all, Canada does fare quite well compared to all other industrialized countries.

[*English*]

ENERGY

PROPOSAL RESPECTING ESTABLISHMENT OF HYDROGEN CENTRE

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I direct my question to the Minister of Energy, Mines and Resources. It relates to an announcement made last week by Premier William Davis of Ontario with regard to an industrial strategy which included a number of energy and other technical innovations. Within the package was the concept of a Canadian hydrogen centre. Has the minister had an opportunity to assess the proposal to the federal government included in that document which asks for federal government assistance and co-operation to make this hydrogen centre a lead agency to co-operate with the efforts in Quebec to rationalize the situation at Mirabel airport with regard to hydrogen and to help in western Canada with hydrogenation processes?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have examined this proposal which is consistent with several other proposals put forward on this matter in the past few months. I am supposed to meet my Ontario counterpart within the next few days for a general discussion on energy matters. I am sure this question will be on the agenda at that meeting.

[*English*]

Mr. Gurbin: Madam Speaker, my supplementary question is for the same minister. The minister will know of the special efforts being made in the field of energy conservation in Canada through government agencies and other agencies. Organizations such as Canartech, the Biomass Institute and a number of others are carrying on work on alternative energy forms. In view of the fact that the minister's main concerns are now centred around the negotiations or impasse in those negotiations with western Canada with regard to conventional oil supplies, and in view of the importance of alternative energy forms to conservation and to Canada's future, particularly with regard to energy self-sufficiency and warding off rationing, would the minister consider the concept of extending his department to include a minister of state for alternative energy and conservation?

Mr. Lalonde: Madam Speaker, the decision on such a proposal would be made by the Prime Minister, not me. Government organization comes under the responsibility of the Prime Minister.

[*Translation*]

ENERGY CONSERVATION

INFRARED CONTROL OF INSULATION MATERIALS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in view of the large number of thermal insulation contractors with minimal or even less expertise—some of them are even crooks—will the minister insist, before paying any grants for thermal insulation under his Canadian Home Insulation Program, that an infrared control be carried out both before and after the work is completed, in order to make sure that the installation is actually energy efficient and that the control costs be included in the total grant?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I take note of the interesting suggestion made by the hon. member, but I must point out to him that infrared tests may be rather costly and increase the cost of the program quite a bit. A system of spot checks and control is being enforced now. Every single unit is not checked, but the system seems to have worked fairly well up to now. I am sure, however, that there is room for improvement. I shall certainly look into the hon. member's proposal and report to him later on this matter.

THERMO-METRIC SCANNING PROGRAM

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I am told that the cost of thermo-metric control would be around $40.

[*English*]

My supplementary question is for the Minister of Supply and Services or, in his absence, his parliamentary secretary. Is the minister or his parliamentary secretary aware that officials within their department have offered their services and the recently acquired thermo-metric scanners free of charge to a Calgary development company to carry out a scanning program for that company, and that a group of public servants is being sent out, at public expense, to perform all the thermo-metric work for that company, despite the fact that there are in place in Calgary a number of infrared enterprises with the same type of equipment?

Mr. Norman Kelly (Parliamentary Secretary to Minister of Supply and Services): Madam Speaker, I am not aware of the specifics of the particular program, but I will make sure that the hon. member receives an answer as soon as possible.

* * *

HOUSING

REVIEW OF HOME INSULATION PROGRAM

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is for the Minister of Energy, Mines and Resources and it is with regard to the CHIP program. Fifteen months ago a preliminary analysis of the program by CMHC stated that the program was not performing up to its original goals. A study is just now getting under way. When will the minister seriously review this program, because it has great potential, in order that the study may be presented to the Canadian people so that they know they are receiving their money's worth?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the program which has now been in operation for several years had met with certain difficulties but these were solved by the responsible agencies. If my hon. colleague has specific proposals to make with regard to improving it, I should be very happy to examine and implement them if, as he suggests, it is possible to improve the program further at this time. I agree with him that this program is extremely important in achieving our objectives in the field of energy.

[*English*]

Mr. Schellenberger: Madam Speaker, as the minister has stated, this program does have great potential. However, there are concerns that the money is not being adequately spent and it is felt that there could be improvement. Has the program been switched to the minister's department in order that certain changes can be made? In addition, will the minister look at changes in the application of the program and new types of incentives which may be more attractive to low-income home owners?

● (1450)

Mr. Lalonde: Madam Speaker, responsibility for the program has been switched to my department. We are reviewing the program with the officials concerned, but at the present time there are no specific plans to make changes to that program, either in terms of the grants themselves or in terms of the basic administration of the program. However, if the hon. member has specific suggestions to make, I will be very happy to receive them.

* * *

BANKS AND BANKING

REQUEST PERFORMANCE BE EVALUATED AND MONITORED

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, in the absence of the Minister of Finance my question is for the Minister of State for Finance. My question is motivated by recent information which was brought forward by the Economic Council of Canada. In evaluating the performance of Canadian banks and their efficiency compared to banks in the U.S., the council found that Canadians had been overcharged by the Canadian banks to the tune of hundreds of millions of dollars annually over the last number of years. Is the minister prepared today to assure the members of this House that the performance of our chartered banking system will be thor-

oughly evaluated and monitored over the next ten years, so as to make sure the system becomes more competitive and that the overcharges of hundreds of millions of dollars will be eliminated or dramatically reduced?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, unfortunately I did not have time to look at the report to which the hon. member is referring. However I know that he did have opportunities along with his colleagues to participate in the debate on the banking legislation review and surely he will recall that one of the main objectives of that new statute was to make room for more competition by authorizing foreign banks to open branches in Canada and start banking operations. I believe that the growth and popularity of such institutions as caisses populaires and the arrival of foreign banks will spur competition in our banking system and that will appreciably improve its efficiency.

[*English*]

Mr. Riis: Madam Speaker, perhaps the report of the Economic Council of Canada, which indicated these excessive charges, ought to have been made public and brought to the attention of members of the House during debate on the revisions to the Bank Act. Recognizing that that did not take place, my supplementary question is this. Will the minister indicate whether the government plans to introduce legislation this year which will allow trust companies and credit unions to compete more effectively with the chartered banks, especially in the area of providing loans and services to small businesses?

[*Translation*]

Mr. Bussières: Madam Speaker, in so far as the caisses populaires are concerned, it will be recalled that the banking legislation was reviewed recently and passed by the House and I think that under Part III the caisses populaires and credit unions were authorized to join the Canadian Payments Association, thereby finding themselves on an equal footing with chartered banks to offer a wider range of services to all their customers and to all Canadians as well. That is what I meant when I said that the caisses populaires would spur competition within the banking system and make it more efficient.

* * *

[*English*]

POST OFFICE

SPECIAL MAILING PRIVILEGES FOR WEEKLY NEWSPAPERS

Mr. Maurice Foster (Algoma): Madam Speaker, my question is for the Postmaster General. In view of the importance of the weekly newspapers to Canadians and the concern being expressed by publishers and owners of these papers that their special mailing privileges which they have traditionally enjoyed may be lost when the Post Office becomes a Crown corporation, can the Postmaster General assure the House that these special privileges for these important means of communication will be continued after the Post Office becomes a Crown corporation?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, the answer is yes. The hon. member should know that a few years ago the Secretary of State and the Post Office Department signed an agreement under which we can indeed subsidize the postal rates granted Canadian magazines, newspapers and periodicals. Nothing indicates that the agreement will be cancelled. On the contrary the spirit of the agreement remains the same and I believe it will most certainly endure after the Post Office Department has become a Crown corporation.

* * *

[*English*]

CANADIAN NATIONAL RAILWAYS

CN EXPRESS—MAINTENANCE OF SERVICE IN ATLANTIC PROVINCES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Transport. Last week in the House, I think it was on Friday, despite an earlier decision by Canadian National to close its express terminals in Charlottetown and in Sydney, he announced that the government has now decided to keep those terminals open. Will the minister tell the House how many CN Express employees will be kept in the two centres? Could he also tell the House what level of service will be maintained in those two express terminals which were originally scheduled to be closed and will now be kept open?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have a letter going to members who represent the area. However, I had to look at it again because there were a few commas in the wrong place.

Some hon. Members: Oh, oh!

Mr. Pepin: The short answer is that it will be local services. The office and the warehouse will be maintained both in Sydney and in Charlottetown. The employment level will be at about half what it is now, that is, 19 people in Charlottetown and 25 in Sydney. That will be guaranteed for a period of two and a half years from now.

Mr. McMillan: Madam Speaker, my supplementary question is also for the Minister of Transport. Does the minister realize there has been a steady withdrawal of CN operations from the Atlantic region, and that the loss of this essential part of the transportation system in that region is causing severe economic hardship? Will the minister assure the House that the decision to keep open the CN Express terminals in Sydney and Charlottetown will not be at the expense of services and jobs in some other part of the operation of Canadian National in the Atlantic region?

Mr. Pepin: Madam Speaker, that is exactly what I said. That is a guarantee I have given. The numbers will be about half what they are at this time. Already an erosion had begun to take place because of the elimination of the Rapidex system. However, I have used the historical figures of 40 in one case and 50 in another to establish the present level of employment.

CN EXPRESS—REQUEST FOR ASSURANCE OF MAINTENANCE OF SERVICE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is for the Minister of Transport. When is he going to take some positive steps to reassure people in the Atlantic region that the erosion, to which my colleague referred, is not going to continue, in the sense that he knows that more and more goods are being shipped directly from Quebec to Newfoundland, thereby weakening the viability of the mainline through the maritimes? He knows there are rail line abandonment hearings scheduled to be heard by the CTC. When will the minister make some public statement that will assure people in the Atlantic region that the obligation for CN to maintain a national service is going to be maintained? Can the minister indicate the reason, the logic, in truncating these services? Why not keep the Stellarton office open, which is in a major industrial area?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I cannot prevent events from taking place. I cannot perform miracles.

Some hon. Members: Oh, oh!

Mr. McDermid: Nobody else over there can either.

Mr. Pepin: One thing I am trying to do is to take an approach to transportation in the Atlantic region which will be a constructive one. I have already had a number of discussions with ministers of transport in the Atlantic area. As a matter of fact, I had one yesterday with the minister from New Brunswick. In these discussions I have been trying to convince the ministers that we should take a global approach to transportation problems in the maritime provinces. That would mean a multimodal approach. It would mean the establishment of an envelope under which the federal government would commit itself to at least the level of subsidy that exists now. It would mean the establishment of trade-offs between one mode and the other. I am working very hard on that and with, I think, coming successes.

Mr. MacKay: Madam Speaker, could I just ask the minister this. Does he still hold to the policy that transportation is an essential tool of regional development, as was stated by the Speaker of the Senate when he held the minister's portfolio and as was stated by the hon. member for Vegreville when he was minister of transport? Will he assure the House that he still believes that transportation is essential and still has an essential place in regional development policies in this country?

Mr. Pepin: Madam Speaker, I do.

• (1500)

BUSINESS OF THE HOUSE

Mr. Pinard: I rise on a point of order, Madam Speaker. After consultations with my colleagues on both sides, I am glad to report that we had two very fruitful meetings yesterday and that we came to some agreement on three important matters. I will deal with two of them today, and with the third one tomorrow afternoon.

First, we had discussions about the bill now under consideration, Bill C-54. We agreed to the following House order which I will read and which, I assume, will receive the unanimous consent of this House. I move:

That during consideration this day in Committee of the Whole on Bill C-54, an act to amend the statute law relating to income tax, a minister shall propose an amendment to Clause 8 of the said bill relating to the Small Business Development Bond; and

That, notwithstanding any Standing Order, not later than 6 p.m. this day, every question necessary for the disposal of the Committee of the Whole stage, the report stage and the third reading and passage stage of the bill shall be put forthwith and successively without further debate or amendment, before the House adjourns.

Mr. Nielsen: That is acceptable, Madam Speaker.

Mr. Knowles: Yes, Madam Speaker, this motion is as the result of discussions to which we agreed. We welcome the proposed amendment regarding the Small Business Development Bond.

Madam Speaker: The House has heard the proposal by the President of the Privy Council. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: It is so ordered.

Mr. Pinard: Tomorrow at three o'clock, we will deal with Bill C-24. Tomorrow we will talk about the agreement we have reached regarding that bill. It will not take the full day. After dealing with all stages of Bill C-24, we will resume second reading stage debate on the borrowing authority bill.

* * *

SPECIAL JOINT COMMITTEE ON THE CONSTITUTION OF CANADA

EXTENSION OF DEADLINE FOR COMMITTEE REPORT

Hon. Yvon Pinard (President of the Privy Council): The second point I would like to deal with today, Madam Speaker, concerns the Special Joint Committee on the Constitution. We had fruitful discussions on this item as well. I am happy to report that the spirit of our discussions was to the effect that this was in fact the ultimate and last request for an extension of the deadline of that committee. The following motion will be agreed to without debate. I therefore move, seconded by the hon. member for Yukon (Mr. Nielsen):

Point of Order—Mr. Nielsen

That, notwithstanding any previous order, the Special Joint Committee on the Constitution of Canada shall complete its work and make its final report not later than February 13, 1981; and

That a message be sent to the Senate to acquaint Their Honours thereof.

It is clearly spelled out in the motion that it is to be no later than February 13. However, it is still possible, and I would even say likely, that the committee may report earlier than February 13. It would not go against the motion if that were to happen.

Madam Speaker: The House has heard the terms of the motion. Is it agreed?

Some hon. Members: Agreed.

Motion agreed to.

* * *

POINTS OF ORDER

MR. NIELSEN—THE CONSTITUTION—TABLING OF LETTER FROM BRITISH PRIME MINISTER

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on a point of order of which I gave you notice yesterday. I will be as brief as possible. It concerns the tabling of documents in this House. You will recall, Madam Speaker, that reference was made yesterday, and I will deal with it in more detail in a moment or so, to a letter upon which reliance was placed when making certain points of debate. Reference was made by the Secretary of State for External Affairs (Mr. MacGuigan) on the program "Question Period" last Sunday, February 1, to a letter from the government at Westminster giving assurance that this government's constitutional package would be processed without question at Westminster.

As you know, Madam Speaker, the nature of those assurances, if any, has become a matter of dispute in this House. On both Monday and Tuesday, the Secretary of State for External Affairs used the letter from Prime Minister Thatcher to support the contention of the minister and of the Prime Minister (Mr. Trudeau) that very sweeping promises had been made by the government at Westminster.

On Monday in this House the Prime Minister said, as reported at page 6769 of *Hansard*, and I quote:

It was a letter from the British Prime Minister. In it she said in essence what every British minister has said—and what the Prime Minister herself has said since the beginning—that the trouble was with the timing, not with the substance, and that they had no doubt that with a request from the Canadian Parliament they would have no choice but to put it through. She did say, as I told the House Friday, that the ministers had been told in September or October that with a charter in the package it would be more difficult. That was the position the British Prime Minister took.

Then there was an interjection by the Leader of the Opposition (Mr. Clark):

Will you table it?

Yesterday the Secretary of State for External Affairs said, and I quote from page 6817 of *Hansard*:

—that assurance was contained in a letter from Prime Minister Thatcher to our Prime Minister and it was to the effect that the government of the United Kingdom would accept the responsibilities which it had already assumed and follow the tradition of proposing to the British Parliament, with its recommendation, our joint resolution.

On both days a request was made that the specific letter be tabled. Yesterday nothing was done during the question period or during Routine Proceedings. Having now had an opportunity to review *Hansard* for both days, and having had an opportunity to review the provisions of Beauchesne, I am convinced, and I submit that it is the duty of the Chair to direct that the letter be tabled.

In support of that submission I draw your attention to Citation 327(5) of Beauchesne, which is to be found at page 116 of the latest edition. It sets forth as follows:

To be cited, a document must be quoted—

And this is the important portion of the subclause, in my submission:

—or specifically used to influence debate.

That is the other half of it. I submit that a ruling simply based on that portion of subclause (5), that the document must be quoted, would be sufficient in this case if in fact the document was used, in this case a letter, specifically to influence debate.

There can be no question in my mind, or in the mind of any reasonable member of this House, that the document was, to use the specific words of the subclause, "specifically used to influence debate". There is no question of that, even though it was not directly quoted.

I submit, if the Chair comes to the same conclusion I have that the letter was used on two successive days specifically to influence debate in this House, the Chair is bound to come to the conclusion that the document is such that it must be tabled under our rules, on request. As I pointed out, the request was made on two separate days, on several occasions. One further relevant citation, to be found in Beauchesne is 327(6), which reads:

If a Minister cites or quotes an official document in debate, he should be prepared to table it.

It might be argued, Madam Speaker, if one wants to be unduly confining, that the question period is not a debate in the sense used in these citations but, I submit, that conclusion cannot and should not be drawn. I suggest that a small "l" liberal interpretation of the rules should be applied, and has been applied in the past, I point out, because there is no question that what was going on yesterday in this chamber during question period, and the day before during question period, when this document was cited and used in support of the position of the Secretary of State for External Affairs and of the Prime Minister, was in fact debate.

● (1510)

I merely draw the Chair's attention to the Oxford Dictionary version of what "debate" is to support in a simple manner that contention.

Subsection (6), in my submission, requires the minister to be prepared to table a document if it is cited or quoted from.

There is one further point on which I am sure you will be advised by your officials, and that is that Subsection (6) also uses the phrase "official document". One must ask oneself, before coming to a rational conclusion on this submission, whether or not this letter was an official document. I simply want to refer you in this regard to a citation from the most recent edition of Beauchesne, 327(1), under the heading "Documents Cited". It states:

A Minister of the Crown is not at liberty to read or quote from a dispatch or other state paper not before the House, unless he be prepared to lay it upon the Table.

The following is the important phrase in this quotation:

This restraint is similar to the rule of evidence in courts of law, which prevents counsel from citing documents which have not been produced in evidence. The principle is so reasonable that it has not been contested; and when the objection has been made in time, it has been generally acquiesced in.

I am not going to go into the reluctance of the minister responsible for the status of women in respect of his shenanigans regarding the tabling of an affidavit that he used repeatedly to support arguments he made during that debate, but from that last submission I want to go to my final reference to you which is contained in the *Journals* of this House for Tuesday, February 22, 1972. This deals with whether or not we are considering here a public or a private document, because this has a bearing on the decision which I am calling upon the Chair to make.

At page 15 of *Journals* for that date the then Speaker said this:

I think the argument put forward by the hon. member for Calgary North is valid. The rule is clear enough. If a document is quoted in debate it has to be tabled. It was suggested by the President of the Privy Council that perhaps we are not dealing here with what is termed a state document.

I am sure that argument may well be made. The quotation continues:

This has always been the difficulty in the past—to determine what is a public document and what is a private document.

That is a decision the Chair will have to make in respect of the obligation to table this particular letter—is it a public document or is it a private letter? The Speaker went on to state:

My thought is that if a letter, even though it might have been written originally as a private letter, becomes part of the record of a department it becomes at that point a public document and a state paper.

There is no question about how the Speaker of that day dealt specifically with the nature of a letter which was required to be produced. The Speaker went on:

It seems to me that the documents to which the minister has referred are part of the official penitentiary files—

In this case this particular letter is part of the files of either the Secretary of State for External Affairs or of the Prime Minister.

The Speaker went on to say:

—part of the official penitentiary files, or documents within the possession of the officials of the department, and I would think that any document of this kind which is cited by the minister ought to be tabled in the House.

It does not make any difference whether it is in the minister's possession or that of his officials.

I ask you to conclude from subsection (6) of citation 327, which I have quoted for your assistance, that this document, having been cited, and it being an official document, in debate, should be tabled by the minister, and in my submission the Chair is obliged to enforce that parliamentary practice.

In respect of Subsection (5) of Citation 327 of Beauchesne, and I emphasize this in my final remarks and submission to you, it indicates that:

To be cited, a document must be quoted or specifically used to influence debate.

In my submission you work back from (6) to (5) of Citation 327, and there is no question that this letter was used to influence debate, that it was therefore cited and, therefore, need not be quoted from. I know that is the argument I will get from the government House leader, but it does not have to be quoted from.

I am not submitting that mere reference is sufficient to require its tabling, but I am saying to you, if you do not accept that lesser of the two arguments, once the document has been cited and once it has been used to influence debate, then it is deemed to have been cited and thereby falls within both these subsections and the Chair is obliged, in my submission, to require its tabling.

Madam Speaker: I have listened very carefully to the arguments and the citations from Beauchesne to support those arguments, but I do think I will have to look at the form in which the debate took place yesterday to determine the fact, as alleged by the hon. member, that it was specifically used to influence debate. At this moment in time I do not feel I can make a proper judgment and I would, therefore, like to take the matter under advisement.

Mr. Nielsen: Madam Speaker, may I suggest that it was not just yesterday's debate, but also the debate on Monday. You stated you would look at the debates for yesterday when reviewing the matter, but I suggest our proceedings of Monday last are very important for consideration as well.

Madam Speaker: I will take that into consideration as well.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I had hoped you would have invited submissions to support this case and, if it is your pleasure, I would propose to try to counter the arguments put forward by the hon. member for Yukon (Mr. Nielsen).

This is an interesting argument and I am sure you will deliberate on it, Madam Speaker, but I believe on three of four counts the hon. member for Yukon is wrong. I suppose I could deal with Paragraph (6) of Citation 327 which was quoted.

● (1520)

The hon. member for Yukon talked about the minister's citing or quoting an official document in debate. To my knowledge—and I have had a chance to look only in a cursory

way at the debates of the last couple of days—neither the Secretary of State for External Affairs (Mr. MacGuigan) nor the Prime Minister (Mr. Trudeau) cited or quoted from a letter between the Prime Minister and the Prime Minister of Great Britain. Reference was made thereto, and I believe there is adequate precedent in this House that the mere reference to a letter and the mere recalling of a conversation between two individuals do not constitute an absolute citation or quotation from a letter. It is also for that reason that when we come down to Beauchesne's Citation 327(7), the hon. member for Yukon was perhaps anticipating that I might use in our defence Citation 327(2), which reads as follows:

> It has been admitted that a document which has been cited ought to be laid upon the Table of the House, if it can be done without injury to the public interest. The same rule, however, cannot be held to apply to private letters or memoranda.

I submit that we are talking about private correspondence between the Prime Minister of Canada and the Prime Minister of Great Britain, and there is a long-standing tradition that one does not divulge the contents of private correspondence between heads of state because that would perhaps prejudice relations between the countries involved.

However, the hon. member for Yukon anticipated my arguing Citation 327(2) by referring to Citation 327(7). Citation 327(7) reads as follows:

> When a letter, even though it may have been written originally as a private letter, becomes part of a record of a department, it becomes a public document, and if quoted by a minister in debate, must be tabled on request.

Coming back to Citation 327(6), I clearly state unequivocally—and I choose to be proven wrong—that neither the Prime Minister nor the Secretary of State for External Affairs quoted from that letter, so therefore Citation 327(7) does not apply.

When one gets to Citation 327(5), I suppose here Your Honour has a very difficult job indeed because, as the hon. member for Yukon mentioned, Citation 327(5) states, and I quote:

> To be cited, a document must be quoted or specifically used to influence debate.

A number of questions arise. Is the question period debate in the full sense of the word? The hon. member may refer to the Oxford Dictionary. I would rather refer to parliamentary precedent, and I leave that in Your Honour's hands. It is my contention that the spirit and tradition of the question period are not that it be debate in the strict sense of the word but the elicitation of answers and information from the government. Indeed, various Speakers over the years have talked about the inadequacy of answers and about the information aspect of question period. I therefore submit that question period is not debate in the true sense of the word. I know that hon. members opposite perhaps have a different interpretation, but what is important here, and what the hon. member for Yukon has asked Your Honour to do, is to go further and actually decide whether or not those references made by the Prime Minister or the Secretary of State for External Affairs actually influenced debate.

If I may say so, it is very presumptuous on the part of the hon. member for Yukon to ask Your Honour as the Speaker of this House to take a very, very subjective decision as to whether any answer or any action in this chamber has actually influenced debate. On those grounds I think that that particular argument falls short.

I believe I have made three or four points. Citation 327(2) is absolutely clear when we are talking about private letters or memoranda, and since there was no quotation from that document, Citation 327(7) does not apply.

Similarly, as I have stated, citation 327(6) is quite clear in that neither the Prime Minister nor the Secretary of State for External Affairs quoted or cited from that letter. They made references to it. I am not even sure the Prime Minister made references to it. I think it was the Secretary of State for External Affairs. The Prime Minister was talking about conversations he had with Mrs. Thatcher.

Finally, to ask Your Honour to decide whether or not any answer or any action taken in this place, whether in debate or in the question period, may influence debate, is somewhat presumptuous and, I would say, beyond your purview as Speaker of the House.

Mr. Hnatyshyn: Whom do you recommend we ask to decide the question?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I shall be very brief. This question is very simple. The hon. member for the Yukon (Mr. Nielsen) has essentially based his argument on Citation 327(5) of Beauchesne and he has stated that the letter in question was used to influence the debate. There are two reasons why his argument is not valid. The first is that it concerns a personal letter. Even if someone had quoted from a personal letter, no private member or minister could be forced to table such a letter. As this concerns a personal letter, therefore Citation 327(5) does not apply. The second reason is that, to force a member of the House or a minister to table a document, a passage from this document has to have been quoted. In this case, absolutely no passage of this letter was quoted in the House by anyone. For these two reasons, namely, the fact that this concerns a letter of a personal nature and that no passage from it was quoted, it is obvious that we cannot force anyone to table the letter in question.

If the hon. member for the Yukon insists that it is true and indeed that a personal letter is involved, the fact of having tried to influence the debate by referring to this letter would amount to quoting from the letter. However, even if he were right, which we do not accept because I do not believe that this had any influence whatsoever on the debate, but even if we were to admit that he was right and that this could have influenced the debate, the fact remains that the document involved was a personal letter.

Citation 327(5) applies only to public documents and not to personal letters. No member of the House can be forced to table a personal letter even if an excerpt has been quoted. Citation 327(2) makes this very clear. Moreover, even if we were dealing with a public document, since there was no quotation, the argument that it might have influenced the debate is therefore denied, as the hon. members can see for themselves in *Hansard*. We have in no way influenced any debate whatsoever, and I would go so far as to ask of which debate the hon. member is talking. All this occurred during the oral question period and I do not know to what debate the hon. member refers. In any event, even if we were to admit that the Oral Question Period and I do not know to what debate the hon. way influenced. As you can see for yourself, Madam Speaker, the document involved is a personal letter of which no excerpt was quoted, and Citation 327 of Beauchesne which seems to me very relevant in this regard therefore settles this whole matter.

[*English*]

Mr. Nielsen: Madam Speaker—

Madam Speaker: The hon. member for Yukon knows that I have already heard him. Does he have anything to add to the point of order he has raised?

Mr. Nielsen: No, Madam Speaker, I do not intend to add to it. I merely invite the Chair, when considering the matter, to take what we would call in court judicial notice of the title on the front page of *Hansard*. *Hansard* is entitled "*House of Commons Debates*".

Madam Speaker: I will take this question under advisement and rule on it later.

MR. TOWERS—PROCEDURE RESPECTING S.O. 43 MOTION

Madam Speaker: Yesterday the hon. member for Red Deer (Mr. Towers) rose on a point of order with regard to his motion under Standing Order 43. I said that I would look at the motion a little more closely, because it is very difficult when one is just listening to a motion in the House always to judge whether it is in order. Especially if the judgment is challenged I think it is prudent to read the motion a second time and to try to see whether my decision was a bit too hasty.

I did look at it, and I see no reason to change my view on that. I also looked at the motion presented by the hon. member for Sarnia-Lambton (Mr. Cullen), which I did accept and put to the House. There was a difference between those two motions which justified my decision to put the motion by the hon. member for Sarnia-Lambton, but I did not feel I could accept the motion of the hon. member for Red Deer.

● (1530)

The hon. member for Sarnia-Lambton did expose reasons of pressing necessity, while the hon. member for Red Deer did not. The motion from the hon. member for Sarnia-Lambton did refer to something that had happened within the last few days. Moreover, the motion of the hon. member for Red Deer put me in a difficult position. If I had accepted his motion, then the next day I would have had to accept a motion to encourage every other group in society which renders a service to the community, such as doctors, nurses, firefighters, and so on. It is a very commendable idea, but I am afraid it does not qualify for a motion under Standing Order 43. I regret that I have to refuse the motion.

Mr. Gordon Towers (Red Deer): Thank you for your consideration, Madam Speaker. One of the reasons why my motion was not presented in the form that you would like was that you had made an earlier ruling in the House that we were not to refer to what was taking place in the committee meetings with regard to the Constitution.

You will remember that the police commissions made a representation to the constitutional committee, and my motion was related to that. I did not refer to the representations they made to the committee because of your ruling. However, I thought it was of urgent and pressing necessity because of what we have heard today, that the resolution is to be returned to the House by February 13. The representations made by police commissions across Canada are tied in with my motion under Standing Order 43.

Madam Speaker: That is the difficulty in which hon. members put the Chair when they bring things into this House that are being discussed in a committee. The Chair has no idea what is going on there, and is not present during the deliberations. If the hon. member followed the rule that he should not cite proceedings of the committee in the House, I commend him for that, but he also has to follow all the other rulings and, when bringing in a motion under Standing Order 43, he has to do it according to the rules that apply to that Standing Order. Since he did not, I cannot accept his motion.

ROUTINE PROCEEDINGS

[*English*]

ESTIMATES

TABLING OF PROPOSAL RESPECTING REFORM IN PRESENTATION

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, it gives me pleasure under the provisions of Standing Order 41(2) to table documents relating to the government's proposal for the reform of the estimates, in both official languages.

Order Paper Questions

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 995, 1,005, 1,033, 1,034, 1,035, 1,036, 1,197, 1,198, 1,208, 1,209, 1,250, 1,251, 1,252, 1,267, 1,268, 1,269, 1,270, 1,315, 1,517, 1,589, 1,590, 1,592, 1,593, 1,594, 1,789, 1,790, 1,791, 1,792 and 1,799.

I should point out to you, Madam Speaker, that all the questions answered were in the name of the hon. member for Leeds-Grenville (Mr. Cossitt).

[*Text*]

CROWN ASSETS DISPOSAL CORPORATION

Question No. 995—**Mr. Cossitt:**

1. Were cars rented by Mr. Yvon Gariépy and/or Madam Claudette Nadeau or by any branch of the Department of Supply and Services for their use and, if so, for what purpose and did the vehicle, at any time, travel to Chateau Montebello?

2. Were invoices for payment signed by Mr. Gariépy, subsequently sent to Madam Claudette Nadeau for countersigning approval, paid for from Crown Assets Disposal Corporation funds and have such bills been destroyed?

3. Were any sums of money involved charged to other aspects of the Crown Assets Disposal Corporation budget?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services, Crown Assets Disposal Corporation and the Royal Canadian Mint report as follows:

1. (i) No car was rented by the Department of Supply and Services for Mr. Y. Gariépy or Mrs. C. Nadeau. No car was rented by Mr. Y. Gariépy or by Mrs. C. Nadeau at any time, to travel to Chateau Montebello.

   (ii) No.

2. No.

3. No.

Question No. 1,005—**Mr. Cossitt:**

1. Was an attitude survey or anything of a similar nature taken in the past three years on employees of the Crown Assets Disposal Corporation and, if so (a) how many questions were on the survey (b) were employees instructed to answer the survey and return it to Mr. Robert Myre, Industrial Psychologist, c/o Stethem-Gareau Ltd?

2. Does the government consider such surveys as an invasion of privacy of public servants and, if so, what steps will be taken to correct the situation?

3. Did the survey show a low morale in the Crown Assets Disposal Corporation and was it made public and, if not (a) for what reason (b) will it be made public?

4. What was the total cost of the survey?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: 1, 3 and 4. See reply to question No. 433 answered January 23, 1979, *Hansard* page 2448, 4th Session, Thirtieth Parliament.

2. The individuals were informed of the purpose for which the information was being collected.

The information collected in the said survey was provided by the individual employees on a voluntary basis and was forwarded directly to the consultant.

No individuals were requested to identify their returned questionnaire.

In conclusion, for the above mentioned reasons, it is not believed that the survey was an invasion of privacy.

MASTER OF ROYAL CANADIAN MINT

Question No. 1,033—**Mr. Cossitt:**

1. As of June 3, 1980, is Mr. Yvon Gariépy, Master of the Royal Canadian Mint, outside of Canada on government business and, if so (a) which countries will he be visiting and between what dates (b) for what purpose (c) what is the budgeted cost of his trip (d) what are the names of any hotels or other accommodations to be used that will be paid for by the taxpayer?

2. Is Mr. Gariépy scheduled to return to his office and/or Canada on June 12, 1980?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows: 1. Yes.

(a) Netherlands, Greece, Federal Republic of Germany, France. The divulgation of the names of the other countries visited could be materially injurious to the financial interests of the corporation. Between May 18 and June 11, 1980.

(b) In the Netherlands:

conference of Mint Directors of several countries.

In Greece:

meetings with our European distributors of Canadian numismatic coins.

In the Federal Republic of Germany:

meetings with representatives of two national banks selling our bullion gold coin—The Maple Leaf—in various parts of the world.

In France:

meeting with the Mint Director in Paris.

(c) $6,800.

(d) The name of the hotels or other accommodations that will be paid by the corporation are:

Holiday Inn, Utrecht, Netherlands

Novotel Alpha, Amsterdam, Netherlands

Hilton, Athens, Greece

Schlosshotel Kronberg, Frankfurt, Federal Republic of Germany

Meurice, Paris, France.

2. Yes.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,034—**Mr. Cossitt:**

1. As of June 3, 1980, is Madam Claudette Nadeau, president and general manager of Crown Assets Disposal Corporation outside of Canada on government business and, if so (a) which countries will she be visiting and between

what dates (b) for what purpose (c) what is the budgeted cost of her trip (d) what are the names of any hotels or other accommodations to be used that will be paid for by the taxpayer?

2. Is Madam Nadeau scheduled to return to her office and/or Canada on June 12, 1980?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: 1. Yes.

(a) Netherlands, Greece, Germany and France. Between May 18 and June 11, 1980.

(b) As a representative of the Crown Assets Disposal Corporation:

to discuss sales of major equipment, including ships and aircraft;

to negotiate contract with German government surplus disposal agency;

to discuss disposal services provided to German armed forces training in Canada;

to exchange information on disposal activities in those countries.

(c) $4,500.

(d) The names of the hotels or other accommodations that will be paid by the corporation are:

Holiday Inn, Utrecht, Netherlands

Novotel Alpha, Amsterdam, Netherlands

Hilton, Athens, Greece

Schlosshotel Kronberg, Frankfurt, Germany

Bristol Hotel, Bonn, Germany

Meurice, Paris, France.

2. Yes.

Question No. 1,035—**Mr. Cossitt:**

1. Did Madam Claudette Nadeau, president of Crown Assets Disposal Corporation, visit Stratford, Ontario, in 1978 and did she fly from Ottawa to Toronto and proceed to Stratford in a rented car paid for by the taxpayer and, if so, what was the purpose of her visit?

2. (a) Was an account submitted for payment for the rented car from Toronto to Stratford and return by Mrs. Nadeau and, if so (i) was it approved (ii) who approved it (iii) was the account paid from public funds and, if so, by which department or Crown corporation (b) are the records missing from the files and, if so (i) for what reason and what are all the details (ii) will an investigation be carried out?

Hon. J.-J. Blais (Minister of Supply and Services):

I am informed by Crown Assets Disposal Corporation as follows: 1. Mrs. Nadeau visited Stratford not in 1978, but in 1979. She flew from Ottawa to Toronto and proceeded to Stratford in a rented car paid for by the corporation, en route to a meeting at the University of Western Ontario, London.

2. (a) Yes.

(i) Yes.

(ii) Mrs. C. Nadeau, president and general manager.

(iii) Paid by Crown Assets Disposal Corporation.

(b) No.

(i) Not applicable.

(ii) Not applicable.

MASTER OF ROYAL CANADIAN MINT

Question No. 1,036—**Mr. Cossitt:**

1. Did Mr. Yvon Gariépy, Master of the Royal Canadian Mint, visit Stratford, Ontario, in 1978 and did he fly from Ottawa to Toronto and proceed to Stratford in a rented car paid for by the taxpayer and, if so, what was the purpose of his visit?

2. (a) Was an account submitted for payment for the rented car from Toronto to Stratford and return by Mr. Gariépy and, if so (i) was it approved (ii) who approved it (iii) was the account paid from public funds and, if so, by which department or Crown corporation (b) are the records missing from the files and, if so (i) for what reason and what are all the details (ii) will an investigation be carried out?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

1. (i) Not in 1978, but he went to Stratford in 1979.

(ii) He did fly from Ottawa to Toronto and proceeded to Stratford as an additional authorized operator in a car rented by a second Crown Corporation.

(iii) The purpose of this trip was to meet with a marketing consultant.

2. (a) No.

(b) Not applicable.

Question No. 1,197—**Mr. Cossitt:**

Since question No. 1,033 was placed on the Order Paper by the hon. member for Leeds-Grenville asking in part if Mr. Yvon Gariépy, Master of the Royal Canadian Mint, was scheduled to return to Canada on June 12, 1980, has Mr. Gariépy made any change or alteration of any kind in regard to his return flight, including change of airline, etc?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows: No.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,198—**Mr. Cossitt:**

Since question No. 1,034 was placed on the Order Paper by the hon. member for Leeds-Grenville asking in part if Madam Claudette Nadeau, president and general manager of Crown Assets Disposal Corporation, was scheduled to return to Canada on June 12, 1980, has Madam Nadeau made any change or alteration of any kind in regard to her return flight, including change of airline, etc?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: No.

Question No. 1,208—**Mr. Cossitt:**

1. In the past two years, how many luncheons, parties or functions of any kind whatsoever was the Crown Assets Disposal Corporation involved in, including the date and the cost in each case?

2. Were luncheons held on Fridays over a period of time at an adjacent establishment where the liquor and wine bills were paid for by the government and, if so, in each case (a) for whom was the luncheon held (b) what was the

amount of beverages purchased (c) what is the name and job designation of any person authorizing such functions?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. From the audited records kept by the corporation it is not possible to identify an exact number of functions. However, for the purpose of this question, the corporation has surveyed the last two fiscal years and reports the following rounded amounts for sales promotion, customer relations and hospitality:

	Head Office	Regional Offices
1978-1979	$14,000	$7,000
1979-1980	$16,000	$9,000

2. The corporation was able to identify the following functions which were held on Fridays:

Three instances, January 14, March 7 and May 2, 1980.

(a) (i) Jan. 14 — for the departure of the Chief, Administration and Personnel
(ii) Mar. 7 — for the departure of an Executive Secretary.
(iii) May 2 — for the departure of a Secretary and Purchasing Clerk.

(b) (i) $105.00
(ii) $ 24.00
(iii) $ 40.00

(c) (i) Mrs. C. Nadeau, President and General Manager
(ii) R. Asselin, Vice-President, Finance and Administration.
(iii) R. Asselin, Vice-President, Finance and Administration.

Question No. 1,209—**Mr. Cossitt:**

1. Were representatives of the Auditor General's office recently on the premises of the Crown Assets Disposal Corporation and, if so (a) as of June 9, 1980, were they still on the premises (b) on what date did they commence their auditing?

2. Will the government request the Auditor General to reopen the 1978 accounts for re-examination with particular reference to certain travel and accommodation expenses and, in particular, a car rental bill from Toronto to Stratford and return?

3. Is a copy of the rental bill attached to the cancelled cheque for payment and, if so, does it show the name of the driver as Mr. Yvon Gariépy, Master of the Royal Canadian Mint and the lessee, Madam Claudette Nadeau of the Crown Assets Disposal Corporation and, if not, who was the driver and who was the lessee?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. Yes.
(a) Yes.
(b) May 21, 1980.

2. No, the Auditor General has the authority to look into any matter which his office feels needs investigation.

3. Yes.

Yes, showing Mr. Yvon Gariépy as additional authorized operator and Mrs. Claudette Nadeau as principal operator and lessee. See also question 994 tabled this day.

MASTER OF ROYAL CANADIAN MINT

Question No. 1,250—**Mr. Cossitt:**

1. Did Mr. Yvon Gariépy, Master of the Royal Canadian Mint, attend a conference in The Netherlands of mint directors from other countries and, if so (a) with whom did he meet and what were their positions (b) on what dates (c) in which locations and at what times were such meetings held (d) what is a detailed account of what was learned or accomplished at such meetings?

2. At what hotels did Mr. Gariépy stay and what was the cost to the taxpayer?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

1. Yes.
(a) Mint directors of various countries of the world and their officers, officials for the government of The Netherlands, several representatives from the private industry interested in the coinage business.
(b) From May 18 to 24, 1980.
(c) Utrecht and Amsterdam conference activities were held all day long from Monday 19 to Friday 23.
(d) General information concerning coinage and the operating of a mint in addition to contacts with several representatives of countries that we have done business with.

2. Holiday Inn, Utrecht
Novotel Alpha, Amsterdam
The cost to the corporation was $1,700.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,251—**Mr. Cossitt:**

1. Did Madam Claudette Nadeau, president and general manager of Crown Assets Disposal Corporation, visit the Netherlands on a fact-finding mission to determine how other governments handle disposal of Crown assets and, if so (a) with whom did she meet and what were their positions (b) on what dates (c) in which locations and at what times were such meetings (d) what is a detailed account of what was learned or accomplished at such meetings?

2. At what hotels did Madam Nadeau stay and what was the cost to the taxpayer?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. Yes.
(a) (i) Mr. J. J. denBoer, Service des domaines, Ministry of Finance.
(ii) Mr. W. Blokzyl, Deputy Director of State Property, Ministry of Finance, The Hague, Netherlands.

(iii) Director of personnel of materiel disposal.

(iv) Director of operations of surplus or seized goods.

(v) Potential customers of the corporation.

(b) May 21 to May 24, 1980.

(c) Above (a) (i) and (ii) in The Hague at the officials' respective offices, during normal business hours.

Above (a) (iii) and (iv) in and around Amsterdam visiting various retail store outlets for seized goods during normal business hours, plus evening of May 23.

Above (a) (v) in Amsterdam at individuals' offices, during normal business hours.

(d) Future markets for sale of various Canadian surplus materiels; various means of disposal, methods of operations, including retail store outlets for seized goods; supply functions; statutory authorities.

2. (i) Holiday Inn, Utrecht, Novolta Alpha, Amsterdam.

(ii) The cost to the corporation is $340.

Question No. 1,252—**Mr. Cossitt:**

1. Did Mr. Yvon Gariépy, Master of the Royal Canadian Mint state on or about June 12, 1980, that he and Madam Claudette Nadeau, president and general manager of Crown Assets Disposal Corporation, sometimes travelled together "when she is doing business, sometimes when I am doing business. It is normal for us to pay our own ways when not on business" and, if so, what were the amounts of any moneys refunded to the Receiver General of Canada for expenses incurred by either party, prior to the recently concluded trip, for previous trips that were in part or in whole classified as pleasure trips?

2. On what dates and for how many days after each trip was money refunded?

3. If money was not refunded at any time, how were the two Crown corporations able to determine that no portions of the trips that were for pleasure were not paid for from public funds?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

1. Yes. No money was refunded to the Mint because no personal expense for pleasure trips has been charged.

2. Not applicable.

3. The President of the corporation charges only the portion of the trips that is applicable for the time he travels on business.

I am informed by Crown Assets Disposal Corporation as follows: 1. (i) Not applicable; (ii) If such a statement has been made, no money was refunded because expenses for pleasure trips have never been charged to the corporation.

2. Not applicable.

3. With respect to the president of Crown Assets Disposal Corporation, only such expenses relating to the corporation's business have been charged.

MASTER OF ROYAL CANADIAN MINT

Question No. 1,267—**Mr. Cossitt:**

1. Did Mr. Yvon Gariépy, Master of the Royal Canadian Mint, visit Greece to meet with European distributors of Canadian coins and, if so (a) with whom did he meet and what were their positions (b) on what dates (c) in which locations and at what times were such meetings held (d) what is a detailed account of what was learned or accomplished at such meetings?

2. At what hotels did Mr. Gariépy stay and what was the cost to the taxpayer?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

1. Yes.

(a) The European distributors of the mint's numismatic coins (16 organizations); the representatives of the mint's marketing agent in Europe; the officials of the Athens mint.

(b) May 24 to 27, 1980, and May 30, 1980.

(c) In Athens, every day, at various times, on May 25, 26, 27 and 30.

(d) The purpose of our annual meetings is to review, with our official distributors, all aspects of the management of the program for the previous year, to plan the next year and to discuss the promotion program in Europe.

The visit of the mint is made to be better informed on how other countries are proceeding and to explore the possibility of doing business with them.

2. Hilton, Athens.

The cost to the corporation was $920.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,268—**Mr. Cossitt:**

1. Did Madam Claudette Nadeau, president and general manager of Crown Assets Disposal Corporation, visit Greece on a fact-finding mission to determine how other governments handle disposal of Crown assets and, if so (a) with whom did she meet and what were their positions (b) on what dates (c) in which locations and what times were such meetings (d) what is a detailed account of what was learned or accomplished at such meetings?

2. At what hotels did Madam Nadeau stay and what was the cost to the taxpayer?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. Yes.

(a) (i) Mr. Kanelopoulos, President, Government Supplies Organization;

(ii) Mr. Kalamidos, Director General, Government Supplies, Trade Ministry;

(iii) Mr. Wismer, Commercial Attaché, Canadian Government;

(iv) Potential customers of the corporation.

(b) May 24 to 27, 1980.

(c) In Athens, at the officials' respective offices, during normal business hours.

(d) Future markets for sale of Canadian surplus ships; various means of government disposal; methods of operations; supply functions; statutory authorities.

2. (i) Hilton, Athens.

(ii) The cost to the corporation is $230.

Order Paper Questions

MASTER OF ROYAL CANADIAN MINT

Question No. 1,269—**Mr. Cossitt:**

1. Did Mr. Yvon Gariépy, Master of the Royal Canadian Mint, meet with banks in Germany which distribute the Canadian gold maple leaf coin and, if so (a) with whom did he meet and what were their positions (b) on what dates (c) in which locations and at what times were such meetings held (d) what is a detailed account of what was learned or accomplished at such meetings?

2. At what hotels did Mr. Gariépy stay and what was the cost to the taxpayer?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

1. Yes.

(a) High officials of two important international banks dealing in the trading of precious metals. The names are not being mentioned because their disclosure could be materially injurious to the financial interests of the corporation.

(b) June 4 and 5, 1980.

(c) Frankfurt, late afternoon and evening of June 4 and the morning and afternoon of June 5.

(d) The purpose of the meetings was to discuss business related to the sales by these two banks of the Canadian gold maple leaf in Europe and other parts of the world.

2. Schlosshotel Kronberg. The cost to the corporation is $530.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,270—**Mr. Cossitt:**

1. Did Madam Claudette Nadeau, President and General Manager of Crown Assets Disposal Corporation, visit Germany to renegotiate a contract with a company handling surplus equipment at the Canadian Armed Forces base in Lahr and, if so (a) with whom did she meet, what were their positions and what was the name of the company (b) on what dates (c) in which locations and at what times were such meetings held (d) what is a detailed account of what was learned or accomplished at such meetings?

2. At what hotels did Madam Nadeau stay and what was the cost to the taxpayer?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. Yes.

(a) (i) Mr. V. Prsychowski, President, VEBEG Verwertungsgesellschaft m.b.h.;

(ii) Mr. K. Cron, President, VEBEG Verwertungsgesellschaft m.b.h.;

(iii) Dr. W. Diestelmeier
Ministry of Defence;

(iv) Mr. Ernst Knebel
Ministerialdirigent Im, Bonn;

(v) Mr. Reginald Berger
Germany Ministry of Defence, Bonn.

(b) June 4, 5, 6, 1980.

(c) June 4—Frankfurt, at the officials' respective offices. June 5 and 6—Bonn, at the officials' respective offices. During normal business hours.

(d) Final contract executed with VEBEG, German disposal techniques, financial implications of disposal activities, expanded base for disposal of Canadian Government Surplus abroad.

2. (i) Schlosshotel, Frankfurt Bristol Hotel, Bonn;

(ii) The cost to the corporation is $471.

Question No. 1,315—**Mr. Cossitt:**

Did the Minister of Supply and Services order an investigation of Madame Claudette Nadeau, President and General Manager of Crown Assets Disposal Corporation and, if so, is it anticipated that there will be a change in Madam Nadeau's status and, if so, would such a change have any significance in connection with any present investigation?

Hon. J.-J. Blais (Minister of Supply and Services):

(i) No.

(ii) Not applicable.

(iii) Not applicable.

Question No. 1,517—**Mr. Cossitt:**

1. Is the government aware of a rental agreement contract between Madam Claudette Nadeau, President of Crown Assets Disposal Corporation and Hertz Canada Ltd. numbered 907011582 and, if so (a) was the vehicle rented at the Toronto International Airport on or about June 3, 1979 (b) was the rental contract signed by Madame Nadeau (c) did the contract have an attachment authorizing an additional driver and, if so, was it signed by Mr. Yvonne Gariépy, Master of the Royal Canadian Mint?

2. Did the vehicle travel on government business for the Royal Canadian Mint or Crown Assets Disposal Corporation and, if so (a) to which locations (b) did the vehicle travel 429 kilometres (c) did the vehicle travel at any time to Stratford, Ontario and did Mr. Gariépy and Madam Nadeau attend the Stratford Festival on the instructions of the government and, if so, what were the reasons for such instructions?

3. Was the vehicle rented charged to Crown Assets Disposal Corporation and, if so (a) under what authority (b) was the total public money spent for use of the vehicle for approximately two days $94.79?

4. Did Madam Nadeau or Mr. Gariépy reimburse the Receiver General of Canada at a subsequent date, and, if so, on what date and in what amount?

5. What are the amounts and full details of all other accounts paid by the government in connection with the trip in the days immediately preceding or immediately following the car rental including means and cost of transportation from Ottawa to Toronto and return?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. Yes, the corporation is aware.

(a) Yes.

(b) Yes.

(c) Yes, as an additional authorized operator.

2. Crown Assets Disposal Corporation.

(a) Western University, London via Stratford.

(b) Yes.

(c) (i) Yes.

(ii) No.

(iii) Not applicable.

3. Yes.

(a) The president of the corporation.

(b) The total amount was of $94.79 paid for by the corporation.

4. (i) No.

(ii) Not relevant.

5. En route to Ottawa, the president of the corporation had an interview with CBC in Toronto and also met with one customer of the corporation.

Voyageur Travel (Airfare)		$ 105.85
Victoria Inn (Lodging)		111.00
Taxi Fares (a) To Ottawa Airport		14.00
(b) To and from TV studio in Toronto		30.00
(c) Transit		2.80
		$ 263.65
Hertz Canada Ltd. (Toronto/Stratford/London/Toronto)	94.79	
		$ 358.44

Question No. 1,589—**Mr. Cossitt:**

Is membership in "Le Cercle Universitaire d'Ottawa", 453 Laurier Avenue East, paid by Crown Assets Disposal Corporation or any other government source for Madam Claudette Nadeau, President and General Manager of Crown Assets Disposal Corporation and, if so (a) is the membership for $250 a year (b) what are all the reasons that this is paid from government funds (c) on what date did such payments begin, how many have been made and on what dates?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: yes, by the corporation.

(a) Yes.

(b) The membership is considered to be a legitimate business expense in the interest of the corporation's activities.

(c) November 30, 1977. Four.

November 30, 1977 (*prorata*).

February 15, 1978.

December 15, 1978.

January 9, 1980.

LE CERCLE UNIVERSITAIRE D'OTTAWA MEMBERSHIP

Question No. 1,590—**Mr. Cossitt:**

Is membership in "Le Cercle Universitaire d'Ottawa", 453 Laurier Avenue East, paid by the Royal Canadian Mint or any other government source for Mr. Yvon Gariépy, Master of the Royal Canadian Mint and, if so (a) is the membership $250 a year (b) what are all the reasons that this is paid from government funds (c) on what date did such payments begin, how many have been made and on what dates?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

The membership to the Cercle is paid by the Royal Canadian Mint.

(a) Yes, the amount is $250 a year.

(b) The membership is considered to be a legitimate business expense in the interest of the corporation's activities.

(c) The membership has been paid on a yearly basis since 1976.

1976: $150 for 9 months, June 1, 1976

1977: $200, December 16, 1976, and $50, May 12, 1977

1978: $250, January 4, 1978

1979: $250, December 12, 1978

1980: $250, January 3, 1980.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,592—**Mr. Cossitt:**

At any time since questions were placed on the Order Paper by the hon. Member for Leeds-Grenville concerning Madam Claudette Nadeau of Crown Assets Disposal Corporation, have auditors or other persons searched files in the corporation looking for evidence of certain expenditures and payments made on behalf of Madam Nadeau, or Yvon Gariépy, Master of the Royal Canadian Mint and, if so (a) has it been found that any files are missing and, if so, what is a list of all such items (b) on whose instructions was a search made?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: the field audit examination of the corporation's records by the Auditor General was completed on July 15, 1980. Since then no auditors or external persons have searched corporation files. However, it is common internal practice to review financial documentation including expenditures for budget analysis purposes and for replies to parliamentary inquiries.

(a) (i) No file has been reported missing.

(ii) Not applicable.

(b) If any such search is to occur, it is the vice-president, finance and administration who authorizes it as per normal procedure.

Question No. 1,593—**Mr. Cossitt:**

1. Is Mr. J. M. Bertrand employed by Crown Assets Disposal Corporation and, if so (a) in what capacity and what are his duties (b) was he at any time chief of finance (c) was he on sick leave at any time within the past two years and, if so, for how long and was or was not the time involved approximately one month?

2. On what date did Mr. Bertrand return to work and, on that date, did he find on his return that his position as chief of finance was occupied by another person and, if so (a) was he advised of this before his return and, if not, for what reason (b) who occupies the position at present or the equivalent thereof (c) was the present appointment made by or on the recommendation of Madam Claudette Nadeau (d) what are all the details why such a step was taken?

3. Are senior appointments in the corporation made by Madam Nadeau and, if so, under what authority?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. Yes.

(a) Accountant in a probationary capacity.

Duties: Plans, organizes, supervises and controls the personnel, activities and other resources of the accounting division.

Plans, schedules and produces regular and ad hoc reports.

Establishes and maintains quality control over computer input and output.

Provides functional direction to subordinate staff in matters relating to corporation financial management practices.

(b) No, he occupied the position of chief of finance in a probationary capacity.

(c) This information is considered to be personal.

2. October 6, 1980. Mr. Bertrand was never confirmed in the position of chief of finance (see 1. (b)).

(a) He was officially informed on August 28, 1980, that his position would be that of accountant on probation.

(b) Michel Bourcier occupies the position of chief of finance in a probationary capacity.

(c) No.

(d) Not applicable.

3. The appointment of officers is made by the board of directors of the corporation in accordance with the procedure established by the Surplus Crown Assets Act, Paragraph 7(1), and by the bylaw No. 3 of the corporation, Paragraph 7.01, approved by order in council PC 1979-1054, March 28, 1979.

MASTER OF ROYAL CANADIAN MINT

Question No. 1,594—**Mr. Cossitt:**

1. In the past three years, was any money paid from public funds to "Le Cercle Universitaire d'Ottawa" by the Royal Canadian Mint and, if so (a) what was the amount per year (b) what was the total for the three years combined (c) for what purpose (d) how many persons were entertained and (i) on what dates in each case (ii) what were their names and the purpose of such entertainment?

2. Was Mr. Yvon Gariépy, Master of the Royal Canadian Mint, present at any of the gatherings or involved in arranging directly or indirectly such entertainment and, if so, on how many occasions?

Hon. J.-J. Blais (Minister of Supply and Services):

1. Money was paid by the Royal Canadian Mint but not from public funds.

(a) 1977 $3,051.88

1978 $3,594.29

1979 $8,176.24

(b) $14,822.41.

(c) in payment of meetings with clients, businessmen or other persons who have business dealings with the corporation.

(d) about 600 persons were entertained during the last three years

(i) 1977

Date	No. of persons
February 24	2
March 3	4
April 5	10
April 6	3
April 12	5
April 21	8
May 3	8
May 6	2
May 19	3
May 20	4
May 25	7
June 2	3
June 11	10
June 20	7
July 15	3
August 11	3
August 29	2
August 30	4
August 30	5
September 16	4
September 20	7
September 21	8
September 22	8
October 6	5
October 13	2
October 18	4
October 25	2
October 28	2
November 2	7
November 4	2
November 10	2
November 11	2
November 22	4
January 10, 1978	5
January 17	8
January 24	6
January 25	11
February 4	2
February 8	7
February 16	4
April 2	2
April 4	9
April 27	5
May 3	3
May 12	4
May 17	2
June 21	12
July 5	2
July 19	6
July 24	7
August 8	7
August 9	8
September 8	2
September 19	10
September 25	8
November 14	2

November 21	4
December 1	14
December 2	12
December 20	3
January 17, 1979	4
January 18	2
January 25	2
January 30	8
February 2	2
February 7	7
February 17	8
February 22	2
February 23	2
March 3	6
March 6	4
March 8	5
March 12	2
March 16	2
April 7	4
April 11	6
April 18	9
April 30	3
May 1	2
May 9	7
May 22	3
May 25	2
May 28	6
May 30	2
June 1	4
June 13	2
June 21	16
June 27	7
July 6	8
July 20	5
July 24	9
July 25	2
Jyly 31	11
August 16	2
August 28	3
September 4	24
September 5	16
September 7	3
September 13	4
October 15	7
November 7	4
November 8	6
November 13	3
November 15	6
November 16	4
November 21	6
November 22	3
November 28	4
November 29	2
November 30	4

(ii) The purpose of such entertainment was to meet clients, businessmen or other persons who have business dealings with the mint.

The names are not being mentioned because their disclosure could reasonably be expected to be materially injurious to the financial interests of the corporation.

2. Mr. Gariépy was present at about 108 gatherings.

Question No. 1,789—**Mr. Cossitt:**

Has the government decided to dismiss Mr. Yvon Gariépy, Master of the Royal Canadian Mint and (a) if so, on what date and for what reasons (b) if not, is such dismissal under consideration and, if so, on what date will it take place and for what reasons?

Hon. J.-J. Blais (Minister of Supply and Services): (a) No. (b) Not applicable.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,790—**Mr. Cossitt:**

Has the government decided to dismiss Madam Claudette Nadeau, president of Crown Assets Disposal Corporation and (a) if so, on what date and for what reasons (b) if not, is such dismissal under consideration and, if so, on what date will it take place and for what reasons?

Hon. J.-J. Blais (Minister of Supply and Services): (a) No. (b) Not applicable.

Question No. 1,791—**Mr. Cossitt:**

What is the name of the telephone receptionist at Crown Assets Disposal Corporation head office and is this person or anyone else refusing to put through telephone calls to members of the corporation, particularly Mr. Jean-Marie Bertrand and, if so, what are all the reasons that Mr. Bertrand is not being allowed to receive his telephone calls?

Hon. J.-J. Blais (Minister of Supply and Services): D. Forget. No. Not applicable.

Question No. 1,792—**Mr. Cossitt:**

What is the average time taken by Madam Claudette Nadeau, president of Crown Assets Disposal Corporation, to return telephone messages left for her, specifically from members of the news media or Members of Parliament?

Hon. J.-J. Blais (Minister of Supply and Services): All telephone messages are returned as soon as possible.

Question No. 1,799—**Mr. Cossitt:**

1. Is Mr. Michel Bourcier chief of finance for Crown Assets Disposal Corporation and, if so (a) on what date was he appointed (b) what is his exact annual salary (c) what are the details of his work experience, if any, in previous government services?

2. (a) Was Mr. Bourcier appointed to the position held by Mr. Jean-Marie Bertrand and was this done without Mr. Bertrand being informed and, if so, for what reason (b) was Mr. Bertrand demoted in salary and, if so, to what figure (c) is Mr. Bertrand occupying a desk without a telephone (d) what are all the reasons for the present treatment of Mr. Bertrand by the corporation?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows:

1. Mr. Michel Bourcier is occupying the position of chief of finance in a probationary capacity.

(a) September 2, 1980.

(b) Salary range is $26,960 to $40,440.

(c) None, Mr. Bourcier has never been employed in federal government services.

2. (a) Yes. Mr. Bertrand was informed of the change in his duties, as described in question No. 1,593. 2 (a) answered this day.

(b) No. Not applicable.

(c) Yes, the desk for the accountant position does not yet have a telephone; however, since we are an open office concept, telephones are accessible to every employee at all time.

(d) See question 1,593 answered this day.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 994, 1,015 and 1,595 could be made orders for returns, those returns would be tabled immediately.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 994, 1,015 and 1,595 be deemed to have been made orders for returns?

Some hon. Members: Agreed.

[*Text*]

CROWN ASSETS DISPOSAL CORPORATION

Question No. 994—**Mr. Cossitt:**

1. Since the appointment of Madam Claudette Nadeau as President of Crown Assets Disposal Corporation, what is a complete record of all trips taken by her at public expense including, in each case, the (a) date and duration (b) reasons (c) cost (d) name and job designation of any person travelling with her (e) destination?

2. What was the total cost for all of the trips?

Return tabled.

MASTER OF ROYAL CANADIAN MINT

Question No. 1,015—**Mr. Cossitt:**

1. Since the appointment of Mr. Yvon Gariépy as Master of the Royal Canadian Mint, what is a complete record of all trips taken by him at public expense including, in each case, the (a) date and duration (b) reasons (c) cost (d) name and job designation of any person travelling with him (e) destination?

2. What was the total cost for all of the trips?

Return tabled.

CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,595—**Mr. Cossitt:**

1. In the past three years, was any money paid from public funds to "Le Cercle Universitaire d'Ottawa" by Crown Assets Disposal Corporation and, if so (a) what was the amount per year (b) what was the total for the three years combined (c) for what purpose (d) how many persons were entertained and (i) on what dates in each case (ii) what were their names and the purpose of such entertainment?

2. Was Madam Claudette Nadeau, President and General Manager of Crown Assets Disposal Corporation, present at any of the gatherings or involved in arranging directly or indirectly such entertainment and, if so, on how many occasions?

Return tabled.

[*Translation*]

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, Notice of Motion for the Production of Paper No. 25 is acceptable to the government, subject to the usual reservations about confidential and internal working papers.

Madam Speaker: With the reservations and conditions mentioned by the hon. parliamentary secretary, is it the pleasure of the House that Notice of Motion No. 25 be deemed to have been adopted?

Some hon. Members: Agreed.

[*Text*]

NATIONAL DEFENCE—RESCUE CO-ORDINATION CENTRE AT VICTORIA, B.C.—LOSS OF FREIGHTER "LEE WANG ZIN"

Motion No. 25—**Mr. Skelly:**

That an order of the House do issue for a copy of the report and the recommendations of the Department of National Defence into the operations of the Rescue Co-ordination Centre at Victoria, British Columbia, and the deployment of search and rescue resources connected with the loss of the freighter *Lee Wang Zin* on December 25, 1979.

Motion agreed to.

[*Translation*]

Mr. Collenette: Madam Speaker, Notice of Motion for the Production of Paper No. 27 is acceptable to the government.

Madam Speaker: Is it the pleasure of the House that notice of motion No. 27 be deemed to have been adopted?

Some hon. Members: Agreed.

[*Text*]

COMMUNICATIONS BETWEEN PARLIAMENTARY SECRETARY TO MINISTER OF THE ENVIRONMENT AND DEPARTMENTAL OFFICIALS

Motion No. 27—**Mr. Domm:**

That an order of the House do issue for a copy of all correspondence, notes, transcripts and all other communications exchanged between the Parliamentary Secretary to the Minister of the Environment and senior departmental officials cited by the parliamentary secretary in the House on May 13, 1980, at page 1012 of *Hansard*.

Motion agreed to.

[*Translation*]

Mr. Collenette: Madam Speaker, I ask that the remaining notices of motions for production of papers be allowed to stand.

Madam Speaker: Shall the remaining notices of motions be allowed to stand?

Some hon. Members: Agreed.

Madam Speaker: Pursuant to Standing Order 54, I now leave the chair for the House to go into Committee of the Whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed from Tuesday, February 3, consideration in Committee of the Whole of Bill C-54, an act to amend the statute law relating to income tax—Mr. MacEachen—Mr. Blaker in the chair.

The Assistant Deputy Chairman: The House again in Committee of the Whole on Bill C-54 to amend the statute law relating to income tax. When the committee rose on Tuesday, February 3, 1981, clause 58 of the bill was under consideration and the hon. member for Broadview-Greenwood had the floor. I might mention that Clause 8 was allowed to stand. Shall Clause 58 carry?

Mr. Knowles: On a point of order, Mr. Chairman, may I ask when it is proposed to return to Clause 8 for the amendment that has been promised.

[*Translation*]

Mr. Bussières: Mr. Chairman, I would have no objection if we were to proceed now with Clause 8 which deals with the Small Business Development Bond. It is up to the House to decide. We may, however, go on and come back later to clause 8. It is all the same to me. We can either wait until the end or proceed with it at once.

[*English*]

Mr. Nielsen: Mr. Chairman may I suggest that we do it now because it is the only tag end before Clause 58. We could then proceed in a more orderly way.

On Clause 8—

● (1540)

[*Translation*]

Mr. Bussières: Mr. Chairman, as indicated after the oral question period, following an agreement between the parties, the government has agreed to propose the extention of the Small Business Development Bond until December 31 of this year. Throughout the debate, numerous representations have been made by hon. members on both sides of the House for the government to extend the scope of this proposal. On several occasions the Minister of Finance and I have discussed this matter with the Minister of State for Small Businesses who was also concerned with the short period of the fiscal year in which the bond could still be negotiated. By granting this extention the government has naturally taken into account these various representations. It has taken into account the particular situation in which we find ourselves and which as also been underlined by hon. members, namely the fact that in a period of high interests rates investments for the development of small businesses are a much more difficult proposition. Considering our fairly high rate of unemployment, at the present time we should extend the bond deadline and enable those job intensive small businesses to meet the challenge of reducing the present high level of unemployment. I would not like to prolong the debate, and I am going to ask my colleague the Minister of State for Small Businesses to move amendments to Clause 8, which were agreed upon by all parties.

Mr. Lapointe (Charlevoix) moved:

That Clause 8 of Bill C-54 be amended

(a) by striking out lines 44 and 45 on page 18 and substituting the following therefor:

"December 11, 1979 and before 1982,";

(b) by striking out line 14 on page 19 and substituting the following therefor:

"1979 and before 1982";

(c) by striking out line 21 on page 19 and substituting the following therefor:

"1979 and before 1982 in"; and

(d) by striking out line 24 on page 19 and substituting the following therefor:

"1982, in whole or in part,".

[*English*]

Mr. Andre: Mr. Chairman, I will be very brief in my remarks. I just want to confirm that this amendment arose out of the representations of myself and numerous other hon. members in the House, in particular the hon. member for Mississauga South.

I underline the arguments of the Minister of State for Small Businesses. At this particular time of very high interest rates, this measure is appropiate. It extends to small businesses the ability to borrow money at interest rates considerably less than would normally be the case for certain investments. Indeed it is a very welcome measure.

Today small business, as it has been for a number of years, is the number one generator of new jobs in the country. Too often we concentrate on the Chryslers and Massey-Fergusons of the world because of their size, and forget that in fact it is the many hundreds and thousands of small businesses which generate jobs, not the glamour operations.

If we are concerned about the unemployed and creating opportunities for them, clearly we must be interested in the welfare of small business in the country and, therefore, interested in promoting this particular feature.

Our first preference would have been for unlimited application of this particular measure. I do not know what the revenue implications are, but I doubt they are very profound. When the government examines the ramifications of this particular provision, I ask it to consider looking at the possibility of entirely eliminating the termination date at some future date. Certainly this provision is very helpful. Perhaps it is not as profound in terms of revenue implications as some other measures, but it is quite profound in terms of the jobs it can create.

In terms of future opportunities for enhancing the small business sector of the economy, the government might look at opening up its application. For example, this provision deals with incorporated small businesses, but I am sure we as members have all received very valid representations on opening it up to unincorporated businesses such as ranches and farms.

Finally I should like to deal with the provision regarding how this money might be spent. At present there are limitations on the types of expenditures for which these funds might be used. I ask the government to examine the possibility of opening up that provision somewhat. I have some confidence in the private sector, especially when it is competing. One thing we know about small business is that there is intense competition. So, the necessity of government to act as a policeman by providing direction is less important when we talk about small business, than perhaps in the large business sector where there is less competition and there is the possibility of size being used to abuse or to take unfair advantage of the marketplace. Then the government has a role to play. But competition is fierce in small business, and the marketplace works where there is fierce competition. Adams Smith's invisible hand is present, therefore there is less necessity for big brother in the form of the government acting as a policeman.

With my suggestions as to possible future improvements, I congratulate the government for the amendment to extend this provision for at least this year; certainly I am in favour of it, as is my party.

Mr. Riis: Mr. Chairman, I am pleased to see that the government has agreed to extending the date respecting the Small Business Development Bond. I recognize the role, as did the previous speaker, of small business. Not only does small business provide a great deal of new employment in Canada, but perhaps more important there is a great deal of activity in this sector. If one considers the directions the Canadian economy must take in coming years, one realizes that the creativity, innovation and willingness to try new ideas must be encouraged and nurtured at every opportunity.

I recognize the amendment to extend the provision for the rest of this year is a small step in that direction. Albeit a very small step, it is a positive one. I would be somewhat hesitant to make it open-ended into the future, because I would like to think it is not the appropriate way in which to support small business. Under the circumstances, until the final review is completed by the Minister of State for Small Businesses, it is very much an interim measure, a temporary step. Hopefully we can expect considerable improvements in the ways and means of encouraging, nurturing and supporting the small business sector of Canada in its innovative efforts.

Am I correct in understanding that we are debating only the amendment and that we will have an opportunity to ask other questions regarding the Small Business Development Bond later?

The Assistant Deputy Chairman: Yes.

Mr. Taylor: Mr. Chairman, I should like to add to one or two of the points raised by the hon. member for Calgary Centre. I find it difficult to understand why the regulations would confine this to incorporated companies. Many of our small businesses are doing exactly the same thing. They are hiring people and serving the public. It seems to me there is a very strong argument with respect to legitimate businesses, incorporated or otherwise, receiving the same benefit. This is something which will benefit the entire country. Every one of these businesses which stays in business is good for the country. If they expand then they hire more people, which in a way alleviates some of the unemployment problem and serves business in helping its expansion.

● (1550)

I would also like to say that I attended the Western Stockgrowers' Association convention in Banff for one day last week. A number of cattlemen asked me about the Small Business Development Bond program. Some people have the notion that all ranchers and farmers are rich. This is not so. Many of our ranchers and farmers, particularly the younger ones, are having a hard job making ends meet. They, too, deserve every encouragement, since they are in business adding to the buoyancy of the economy. If they do well, the economy benefits.

I would again like to emphasize the point made by the hon. member for Calgary Centre that for farming and ranching businesses, many of which are not incorporated, there should be a definite provision made so that these businesses could

include operating expenses, and specifically the purchase of cattle inventory. This is what makes a ranch. If a ranch is not able to secure cattle inventory, if the rancher must pay a high interest rate, it prevents the growth of the ranch. This causes unemployment and other ramifications. So, I would suggest to the minister that when the regulations are being drawn up this point should be remembered, that we endeavour to include the operating expenses of businesses such as small ranches and farms, specifically the purchase of cattle inventory and other such inventories.

Mr. Riis: Mr. Chairman, I would like to take this opportunity to raise a couple of other questions while we are discussing this matter, particularly to emphasize the point made by the hon. member for Bow River. It is not often I agree with the hon. member for Bow River on many topics, but on this one I certainly concur 100 per cent. If there is one sector within the Canadian economy to which we must pay a great deal more attention it is the small farmer and the small cattleman.

I am privileged to come from a part of British Columbia which boasts of having some of the largest cattle ranches in Canada. I have some sensitivity to the needs, not so much of the large cattle operations, but of the small cattleman. Certainly in the last couple of weeks a number of cattlemen from my area—and I am talking about the people whose families have been in the area since the 1870s—have shown an interest in taking advantage of this type of program. I would like to lend my support to that of the previous speakers, asking the government to consider making the small farmer and cattleman eligible to take advantage of the Small Business Development Bond program.

I have two or three questions I would like to raise at this time. When one reads through this clause carefully it becomes evident that there are two beneficiaries of the Small Business Development Bond, the qualifying small business borrowers and, of course, the corporate lender. It would appear, from calculations I have made, that if the loan rate is at half prime plus 2½ per cent or more, this will result in greater benefit accruing to the chartered banks or the lending institutions than to the borrower himself. Would the minister confirm whether or not that is the case? If it is, then should we not be looking at placing a ceiling on the interest rates which can be charged so that we are not making it easier again for Canada's chartered banks to be making a profit? I do not think this is the idea of this particular piece of legislation.

[*Translation*]

Mr. Bussières: Mr. Chairman, I should like to take up very briefly the points raised by the hon. member for Calgary Centre, by the member for Bow River as well as by the hon. member for Kamloops-Shuswap whose comments were somewhat inconsistent with his first intervention, namely, to extend to all small businesses without exception, the privileges contained in the Small Business Development Bond and to extend them also to all kinds of investments. In the first place, I am surprised by the statements of the hon. member for Calgary Centre and the member for Bow River who often condemn this government for its careless spending and extremely burdensome budgetary deficit. This government knows that its budget deficit bears heavily on the Canadian taxpayers. It is committed to reducing the deficit, and this is exactly why it proceeds so sparingly with an expenditure like the one involved in the small business expansion bond program. Such a tax credit will apply—because it can actually be very popular—could result in a tax loss that is tantamount to a considerably high expenditure, and the government must consider this.

I think this is why the hon. member for Kamloops-Shuswap stated in the first part of his comments that this was not the best way of helping small businesses. In this respect, I would like to suggest that the Minister of State for Small Businesses is now conducting a study on the various financing needs of our small businessmen, whether for expansion, for working capital, for coping with their needs during periods of economic recession, etc. The study is under way, and when it is completed the government will come forth with measures that will respond much better to the needs of the small businesses than this type of bond. We may also come up with programs that will better cope with the financing problems experienced by small businesses. Because their scope will be known, they will be much less costly to the Canadian taxpayers than this type of bond.

I have also been asked whether banks will not derive larger benefits than the small businesses themselves from the way the tax credit will be figured out. I have not worked this out myself but, if I am allowed a few seconds, if an honourable member has a very brief comment to make, I would consult with the officials who have studied with the particular method of administering that program and then I could provide an answer more quickly.

[*English*]

Mr. Mayer: Mr. Chairman, I would like to make a few brief interjections to reinforce what has already been said by the hon. member for Bow River and by the hon. member for Kamloops-Shuswap about the Small Business Development Bond. I would like to emphasize how important it can be to the small, unincorporated businessman and the small farmer.

I think it is well known that in agriculture the amount of investment per job is greater than in any other segment of the Canadian economy. I do not have the exact figures with me but it seems to me, if my memory serves me correctly, that we are talking about $150,000 to $175,000 of investment capital per job in agriculture. This is because of the nature of agriculture. In most cases it is an annual production cycle so that we go through one production cycle per year, whether it be in the cattle business or in grain farming. The farming segment needs capital on a yearly basis, and in some cases on a longer term basis.

I point out that when interest rates fluctuate widely a great deal of uncertainty in the farming community can occur within a year's time. What happens in many cases is that, rather than

go through the prospect of facing fluctuating interest rates, producers, particularly those in the cattle business, cut back. This move does nothing to help inflation because it is felt on the supply side. One of the proposals which make sense is the extending of the Small Business Development Bond to unincorporated businesses, such as farmers and ranchers. Regardless of whether farmers and ranchers are incorporated, they need large amounts of capital to operate. The amount necessary has increased dramatically over the past few years, and there is every indication that it will continue to increase.

● (1600)

As we become more productive in agriculture, more capital will be needed. It would make sense with regard to the supply side if people were encouraged to be more productive. However, in this instance more money at a lower cost will be necessary. I urge the government to extend the Small Business Development Bond to small unincorporated farms, ranches, and other small businesses. The mere fact that farms and ranches require vast amounts of capital to operate is a good indication, if the government is serious about fighting inflation on the supply side, of the need for extending the Small Business Development Bond to unincorporated farms, ranches, and other small businesses.

[*Translation*]

Mr. Bussières: Mr. Chairman, I should like to remind the hon. member, if we are to situate the problem in a very broad context, that he stressed the need to encourage the production of goods in order to reduce inflationary pressures. It must also be kept in mind in the discussion of the inflation phenomenon that the argument is often made that huge government deficits feed inflation. This means that implementing the suggestion of the hon. member, that is spending more, would lead to an even greater deficit and therefore more inflation. I feel that no phenomenon should be studied singly, no problem solved in isolation. Instead, we must view the over-all economic situation in which we live. I indicated that this government being committed to reducing its deficit, its spending had restricted the application of this costly measure to the most urgent problem in present economic circumstances, that is, to the creation of jobs. That is why this bond applies only with regard to investments in the development of businesses.

As for the matter of interest rates which the hon. member for Kamloops-Shuswap brought up a few moments ago, the provisions of this bill do not provide for a formula on the basis of which to set interest rates. The businessman who wants to avail himself of this section of the law will have to see the representatives of those institutions that are authorized to participate in such a program and negotiate his rate or shop around for the best rate available, as some will be higher than others, and settle for the one he feels is the most attractive.

In fact, the tax advantages offered by this provision are primarily intended for small businesses because they are the ones we want to help. Of course, lending institutions will also derive tax benefits, which is one way of encouraging moneylenders to take an active part in handling those bonds. But the prime advantage is not meant to go to lending institutions. The benefits provided for here are meant to encourage small businesses to borrow and invest in their expansion.

[*English*]

Mr. Murta: Mr. Chairman, very briefly I would like to reinforce the point made by the hon. member for Portage-Marquette with regard to the government giving consideration to extending the Small Business Development Bond to cover unincorporated businesses, including farms. We have rapidly reached the point in time in Canadian agriculture where the Farm Credit Corporation is becoming a secondary vehicle in the lending of money to agriculture. It is probably due to the tremendous amounts of money required in the agricultural industry. The government must be in a position to move in and, at least, guarantee loans made in the traditional way, particularly loans to younger farmers who wish to borrow from banks, credit unions, or caisses populaires.

I know of no other industry like agriculture which is made up of both small and large components all of which need tremendous amounts of capital. The United States is in the process of recognizing this problem. In some states a program in the form of agricultural development revenue bonds has been introduced. I have copies of the proposed bond. For example, the Alabama Agricultural Development Authority is considering this particular bond as a means of raising money in the marketplace to supplement the capital which will be needed in agriculture, without the government becoming heavily involved.

Obviously, the entire concept would not apply in Canada, because of the different tax structure and a number of other differences. Such a concept though may apply in the long term viability of Canadian agriculture. If the minister is interested, I would be happy to send him or his officials copies of the material which I received from Alabama. This material points out that there are methods, other than our traditional method of the Farm Credit Corporation, of providing the necessary amounts of money.

The Farm Credit Corporation literally ran out of money well before the end of its yearly mandate. If agriculture is to survive as a viable, prosperous entity in the 1980s, something must be done. While the minister is correct when he says that there will be an additional increase or draw-down from the federal treasury for small businesses, including those in agriculture, and considering that these people are looking at interest rates at from 19 per cent to 20 per cent, will the minister not consider extending the small business development bond to unincorporated small businesses and particularly unincorporated farms?

I know of many incorporated farms which are applying for the bond. Provided the tax system of taking half the interest rate offered and adding two percentage points to it favours these businesses, there is no question that the small business development bond will help. In the interim, until the House, or possibly representatives of all parties, working with the minis-

ter's department, can come up with new ideas for funding these small businesses, and particularly farmers, the idea I have mentioned should be considered. Many small businesses are forced to borrow money at the current exorbitant interest rates and, unless they receive a substantial increase in the price of their commodities, they will not be around this time next year. It is that serious. We are getting to that point in agriculture where credit is probably the greatest management tool agriculture has.

● (1610)

[*Translation*]

Mr. Bussières: Mr. Chairman, I have listened with a great deal of interest to the comments made by the hon. member for Lisgar and I can assure him that I would be very glad to get the papers he referred to concerning agricultural development revenue bonds, and he can be assured that we would study them. I am sure my colleague the Minister of Agriculture, will also be interested in them. I also agree with him as to the importance of agriculture. I suggest energy is not the only problem in the world today, but food and the production of protein are another serious problem facing mankind. I agree with him that we should take heed of our country's tremendous capacity for protein production. It would be most unfortunate if we failed to make that production available by not providing our farmers with the money they need. So I would appreciate it very much if he could supply us with these documents, and he may be assured that we will give them very close attention.

[*English*]

Mr. Riis: Mr. Chairman, I have a short statement before I pose my question. It is just for clarification. I was not suggesting for a moment that the Small Business Development Bond does not help small business. That is obvious. However, by my calculations when the interest rate goes above 2.5 per cent above half prime, the greater advantage then accrues to the lending institution. Since this bond was primarily designed to support small business, when you look at the interest rates which most banks are charging on the Small Business Development Bond, it is in excess of 2.5 per cent above half prime, which means the banks are the major beneficiaries. I assumed that was not the intent of this legislation. It is simply a statement.

My question is this: as others have indicated, the unincorporated business and a number of other exclusions from this particular clause eliminate most small businesses in Canada from participating in this legislation. Would the minister or his officials be able to agree with my calculations, which would indicate that perhaps nearly 95 per cent of small businesses in Canada are excluded from benefiting from this legislation because of the qualifying clauses? If not 95 per cent, what percentage would the minister say is fair?

[*Translation*]

Mr. Bussières: Mr. Chairman, I will deal first with the latter part of the question. As soon as a business is incorporated and meets the criteria, it becomes eligible. It is claimed that the criteria requirements will eliminate 95 per cent—that is the figure quoted—of the small businesses which might apply for these bonds. That is not consistent with our own estimates or those I obtained when I inquired very briefly from some of the lending institutions which have indicated that they had received a great many applications over the past few weeks and that all the applicants appeared to be eligible.

I suggest, therefore, that to be able to arrive at such figures, one would have to have access to all the applications which have been filed and be able to determine those which have been turned down because of the qualifying clauses in the legislation. I do not think that this would be technically possible at this time, because it would require having all these applications. The estimates we have now seem to indicate that the hon. member's concern is unfounded.

Concerning the interest rates and the profits lending institutions are likely to reap from the businesses which will apply for these bonds, if we take an 18 per cent basic rate and divide it by 2, we get a rate of 9 per cent. The additional 2 per cent rate which the bank would require would raise the interest rate to 11 per cent and that would be shared as follows: 7 per cent to the small business, and 2 per cent to the bank. It goes without saying, then, that there is a net benefit to the small business.

And as I explained earlier, it was quite obvious from the original draft of the Small Business Development Bond that it has never been considered as an incentive designed to encourage financial institutions into lending money, but as a means to allow businesses in need of money to expand without having to labour under an unduly heavy financial burden in these difficult times when interest rates are very high.

[*English*]

Mr. Mayer: Mr. Chairman, I have just a couple of brief points. In response to the minister's question a minute ago, I would like to point out what we are doing with high interest rates. We are trying to attack inflation from the demand side. When we get to interest rates at the level they are, I would argue very strongly in terms of agriculture that we affect inflation very adversely on the supply side. The Small Business Development Bond, if it were expanded to include the cattle industry, and I will be specific here, could help us on the supply side by encouraging production. It may cost in the short run, but in the long run, because of the nature of the cattle business, it will help us in a two to three-year period to increase supply and thereby address some of the problems of food price increases.

Let me give you some examples. I have been farming for about 25 years. When I first started selling cattle, they sold for roughly 19 to 20 cents a pound. The interest costs right now to raise an animal to slaughter weight are approximately equal to what cattle were sold for 20 or 25 years ago. In some areas of

the prairies now it costs as much to buy winter feed for a cow—and I made this point in the House here during our all-night debate before Christmas—as it costs to pay interest for its keep for the total year. That will give hon. members an idea of how interest costs can affect what we are doing as far as inflation is concerned on the supply side.

Would the minister seriously consider extending the provisions of the small business development bond to include the purchase of livestock? There is a certain precedent for this. Breeding stock have been eligible for loans under the Farm Improvement Loans Act in the past. If the minister could do this, it would be somewhat in concert with what has been done in the past regarding farm improvement loans. I would urge the minister also to give serious consideration to extending this kind of provision toward the purchase of feeder cattle. Again, as I have tried to explain previously, when there are wide fluctuations in interest rates and a farmer is locked into a production period which does not let him take into account the fluctuations in the short term, it scares the farmer away from committing himself to keeping his lots full because he has to feed them over a period of three, four or six months, during which time interest rates can fluctuate widely.

Perhaps the minister would seriously consider classing breeding stock as a capital good for the purposes of this act, so as to come under the provisions of the small business development bond and, as well, extend the provisions to include feeder cattle. I admit that by doing this it will cost the treasury money in the short run, but I think it would pay off as far as increasing things on the supply side is concerned.

The businesses which benefit the most are the ones not taxable as far as the small business development bond is concerned. In some ways that is something like a tax contract, which I think we all agree is a good method of increasing production. Therefore I hope the minister will give some consideration to extending the small business development bond to small and unincorporated businesses. As I said, those which will benefit the most are the ones not in a taxable position. That could help to make them viable, and therefore eligible to pay taxes. This would be of benefit to the treasury down the road. It will not help the government at all as far as collecting taxes is concerned if these kinds of interest rates chase these people out of business. I would appreciate the minister's comments.

● (1620)

[*Translation*]

Mr. Bussières: Mr. Chairman, as I said a while ago, it would be pleasant to extend the application of that Small Business Development Bond even to cattle breeders. As I said, I am quite aware that if a large quantity of consumer goods are made available to consumers, the inflationary pressures will be reduced. I understand that quite well.

However, I would rather discuss the matter in relation to our agricultural programs rather than taxation. I indicated that the government was reluctant to extend that small business bond because of the substantial cost of that measure, and I think that in the present economic conditions, every investment dollar counts. That is why we had regretfully to restrict its application to the very limited field contained in the present provisions of the bill.

[*English*]

Mr. Riis: Mr. Chairman, I have one last statement for the minister. Just so there will be no illusion created that is unreasonable, the word has gone out across the country that the Small Business Development Bond is indeed an answer for small business financing, or one of a number of answers. The point I want to make is that because of the number of qualifications, limitations or exclusions in the legislation, most small businesses in Canada do not have access to this legislation. I want to expand on that.

For example, we heard a great deal this afternoon about unincorporated small businesses. Depending on whose statistics and what numbers we use, if I averaged out accurately between the numbers usually available, we are talking about 930,000 active small businesses in Canada, of which 625,000 are unincorporated. That means they do not qualify for the small business development bond.

In addition, the Small Business Development Bond cannot be used for working capital. We all recognize that is where the demand is, working capital for the very small entrepreneur. The bond cannot be used to lease or rent equipment, or to buy second-hand equipment. By the time you tally up all these qualifications and limitations, you find there are actually few small businessmen who can benefit from this. I want to make that point so we do not feel this is the saviour of small business financing. We should have no illusions along that line.

I want to mention for the benefit of my colleagues to my right that when the hon. member for St. John's West brought in the concept of the Small Business Development Bond some months ago, which did not get very far, for an obvious reason, far fewer restrictions were actually included. This means that a great many more small businesses would have benefited. While the minister said today it is still open ended and it is therefore difficult at this point to say what it will cost, I suppose when the costs of the program were looked into and found to be in the hundreds of millions of dollars, these qualifications were considered necessary.

I want to leave one thought with the minister, and that is the difference between government spending, which we all agree must be curtailed as much as possible, and government investment. I suggest the money being spent by the government on this program for small business is probably one of the best investments we could be making. When you consider the way our money is distributed through various segments, programs and projects, many of dubious value when it comes to creating meaningful employment, I feel that the small business development bond is one of the more positive approaches. Recognizing its limitations and so on, we look forward to more legislation which will include improvements for the small business community in the next few months.

Mr. McKenzie: Mr. Chairman, I wish to make a few comments about the Small Business Development Bond which was introduced by the Clark government. It was a step in the right direction, and we are glad this government is pursuing it.

This bond is not the total answer. We still have the problem of high interest rates, which are a very serious concern to small businesses and home owners. What bothers me is that I do not think the government is all that concerned about how high interest rates affect small business.

I wish to go back to the very first order of business in the last Parliament. The Liberal industry, trade and commerce critic, the hon. member for Windsor West, presented a motion calling for the establishment of an all-party committee to deal with interest rates. We in the Conservative Party agreed to that motion because we were concerned and wanted to do something about high interest rates. Our leader authorized the acceptance of that motion, and a committee was established to deal with the high interest rate problem.

The committee met for a couple of months. I have gone over the minutes of the 20 to 25 meetings. They contained a lot of worth-while information. The committee intended to call more witnesses. It was to have presented an interim report at the end of December, 1979, which would have assisted the government of the day to see what could be done about high interest rates and assisting small businesses and home owners. Of course we were defeated, and nothing further was done regarding the work of that committee.

I find it rather strange that this government has not re-established that committee to deal with this serious problem. A number of times we presented similar motions, asking why the government would not reappoint that committee. If the government was so concerned in 1979 about interest rates and wanted an all-party committee to deal with the problem, why will it not reappoint that committee which could make proposals to assist small business?

I find it strange that government ministers now say "no" to our motions when we said "yes" to theirs. The work of that committee has now gone down the drain. Their proposal for a Small Business Development Bond is only a partial answer. I ask the minister why the committee was not re-established to deal with this problem and to hear the rest of the witnesses. It could come up with a firm solution rather than a partial solution to the interest rate problem.

There is talk about interest rates going as high as 25 per cent. What will that do to small business in this country? This Small Business Development Bond program will not save them. I ask the minister to advise why the government will not reappoint that committee which it wanted so badly when it was in opposition.

[*Translation*]

Mr. Bussières: Mr. Chairman, the hon. member did indicate that when his party was in power it had to face very high interest rates and that one of the solutions considered was for an all party committee to examine possible ways to solve the issue of rising interest rates. He did state that a two-month study was made but apparently to no avail since in the wake of this study we did not witness a drastic drop in the interest rates. My opinion is that if you study the issue of rising interest rates in our country you have to conclude that it is not an isolated phenomenon taking place only in Canada but one which pervades not only the North American economy but economies of all industrialized notions. We are now facing difficult times. Inflation puts a constant pressure on the economy which reacts in various ways and the interest rates are only one of the reactions to these inflationary pressures. The position of this government has always been that if we truly want to return to lower and more sensible interest rates we must let all economic mechanisms interact in order to beat these inflationary pressures and as soon as there appears to be a trend toward a lower inflation rate, the interest rates will automatically readjust themselves downwards.

As I said earlier, it is not a phenomenon that can be singled out and treated in an isolated manner, it is a phenomenon that must be situated in the context of other macroeconomic phenomena, in the context of the economic trends prevailing in North America and other industrialized countries. Therefore I do not think that any single simple remedy will solve such a complex issue.

● (1630)

[*English*]

Mr. McKenzie: I have just one brief comment, Mr. Chairman. The minister said it was our proposal to establish a committee. It was not our proposal. We accepted their motion and there was mutual agreement in the House. The minister also said that no concrete results came from the meetings of the committee. Of course there were no concrete results because the committee did not have a chance to file its interim report. There were about a dozen more witnesses to be heard from, and another three or four months of work. Had that work all been completed I am sure there would have been some concrete results.

I would ask the minister and his officials to have a look at those minutes to see what they can find out. He might just reconsider his position in respect of reappointing that committee, because it really was doing a lot of good work.

Amendment agreed to.

Clause 8, as amended, agreed to.

The Assistant Deputy Chairman: Prior to matters relating to Clause 8 the committee had been considering Clause 58. Shall Clause 58 carry?

Some hon. Members: Agreed.

Clause 58 agreed to.

Clauses 59 to 63 inclusive agreed to.

On Clause 64—

Mr. Riis: Mr. Chairman, I have one short question I should like to raise regarding clause 64. The act currently provides tables for income up to $24,000. Could the minister indicate to the House what the new prescribed amount will be?

[*Translation*]

Mr. Bussières: For 1980 the new amount is set at $30,000.

[*English*]

Mr. Riis: Mr. Chairman, I think on this particular clause one has to make the point that these excessive rates of withholding could certainly affect people on low income. An eventual tax refund does very little for those people to help pay their day to day requirements, providing food, clothing, energy costs and so on. We must never lose sight of the fact that, while tax refunds are fine, it is very difficult these days for many people to get by on a day to day, week to week basis, and this will do very little to assist them.

Clause agreed to.

Clauses 65 to 69 inclusive agreed to.

The Assistant Deputy Chairman: Is the hon. member rising on Clause 70?

Mr. Riis: I rise on Clause 68.

The Assistant Deputy Chairman: As a courtesy I would require the consent of the House to revert to Clause 68. Is that agreed?

Some hon. Members: Agreed.

On Clause 68—

Mr. Riis: I would thank my colleagues for agreeing to forgive me when I was a little slow off the mark. I have a couple of questions I should like to raise with the minister.

The revenue from corporate taxes now comprises only 10.3 per cent of federal revenue compared to 23 per cent in 1950. Does the government feel corporations paid their fair share of taxes in 1980?

[*Translation*]

Mr. Bussières: Mr. Chairman, I will not question the figure put forth by the hon. member. It must be accurate though I cannot confirm that. The gist of his question is whether the government feels that big companies, commercial corporations, financial firms and others are paying their fair share of the taxes collected in Canada. It is both relatively easy and still rather difficult to answer that question. I can say without any hesitation that corporations account for a fair share of the government's revenues. I am positive about that.

One might be led to think otherwise by comparing percentages because that would give us a far from accurate idea of the situation. In fact one must take into account, above all other things, the generated income and the role played by businesses in our society. We have discussed that at some length during this debate and we have just been discussing that again for nearly an hour and a half, Mr. Chairman, when we were dealing with the Small Business Development Bond. Corporations account for a fair share of the government revenues and they also account to a large extent for the health of our economy. We all know that whenever there are problems within the economy or whenever the unemployment rate is high, for instance, we immediately look for measures—as we have just done for small businesses—which are likely to encourage businesses to invest money in order to improve the situation, create jobs and help Canadians to live better.

[*English*]

Mr. Riis: Mr. Chairman, we on this side of the House become cautious about our admiration for the government when we find that revenue from corporate taxation, which was 23 per cent in 1950, was 10.3 per cent in 1980. I realize this is a 5 per cent step in the right direction, and that raises my next question, and perhaps I should ask two. Why is this being proposed only to the end of 1981, if I understand it correctly? A study within the finance department in 1970 indicated that the average rate of corporation taxation was only 18 per cent. Has the minister's department estimated the impact of the surcharge on this amount?

[*Translation*]

Mr. Bussières: Mr. Chairman, as to the additional amount to be generated, the answer is relatively simple, since we are dealing with a 5 per cent surcharge, which means that the additional revenue will represent 5 per cent of the revenue from corporate taxation. On pages 80 and 81 of the budget papers published with the last budget, one finds that for 1980-81, corporate taxes account for 22 per cent of federal revenue. This may put into perspective the figures quoted by the hon. member. Indeed, the figures I have come from official documents.

• (1640)

[*English*]

Clause 68 agreed to.

On Clause 70—

[*Translation*]

Mr. Lapointe (Charlevoix): Mr. Chairman, I would like to move that Subclause 70(6) of Bill C-54 be amended (a) by striking out lines 33 and 34 on page 140 and substituting the following therefor:

each of which is the corporation's share of the income (determined in accordance with subdivision j) of the partnership for a fiscal period of the partnership ending in or coinciding with the year from an;

(b) by striking out line 12 on page 141 and substituting the following therefor:

respect of the group if the reference therein to the "corporation's income" were read as a reference to "the corporation's share of the income (determined in accordance with subdivision j)" and the reference therein to "the corporation's loss" were read as a reference to "the corporation's share of the loss (determined in accordance with subdivision j)"; and

(c) by striking out lines 42 and 43 on page 141 and substituting the following therefor:

amounts each of which is the share of the income or loss (determined in accordance with subdivision j) of a person who.

[*English*]

Mr. Riis: Mr. Chairman, I must admit that I do not really understand the nature of the amendment. Perhaps as a result of the amendment my question has been answered. The amendment to clause 70 provides that a small business deduction will still be allowed where the shares of a small business are held by a venture capital corporation. Will this particular move not encourage the takeover of small independent businesses by venture capital corporations simply needing tax deductions?

[*Translation*]

Mr. Bussières: Mr. Chairman, in the case of corporations such as SODEQs whose purpose is to provide capital for businesses, I believe that existing provincial statutes governing these corporations specify that the purpose of these institutions is not to take over corporations.

To a certain extent, the provision we are studying in clause 70 will favour or, if you will, allow diversification in the investments of the corporation, but it will not encourage takeovers as such.

The amendment ensures that the $150,000 ceiling is shared by all members in all cases where the business is operated through a corporation. In addition, such sharing of the ceiling among the various members will be prorated according to the participation in corporate income but not necessarily as a consequence since if I refer to SODEQs, for instance, those corporations are not set up to take control of small businesses but rather to provide capital to help them grow.

[*English*]

Amendment agreed to.

Clause 70, as amended, agreed to.

Clause 71 agreed to.

On Clause 72—

Mr. Taylor: Mr. Chairman, I wonder if I could make one quick suggestion. When ministers are moving amendments, if they could give us in a few words the effect of the amendments, I think it would save us a lot of time.

I would like to raise a point in connection with Clause 72. During the debate on clause 1 I dealt with deemed income. I would like to move an amendment—I am not going to, but I would like to—stating that deemed income, wherever it is applicable to income taxes, shall be deleted from the act. I know that would take a lot of time, and if the government did not support it it would go down to defeat, so I will not follow that course. However, I think I pointed out the other night the dangers involved with deemed income. I ask the minister not to use this in the agricultural or business fields unless there is a very, very definite reason for doing so.

I think deemed income is a totalitarian concept, and for some bureaucrat, who perhaps has no experience with a particular type of business at all, to deem how much income there is and not to allow expenses to be deemed, is really something which really frustrates our people.

The Minister of National Revenue told me in a letter that his department would use this very sparingly. I would like to see it not used at all. I think it should be watched very carefully this year so that the next time this act comes before the House we might be able to get rid of this entirely and wipe it out of the act.

[*Translation*]

Mr. Bussières: Mr. Chairman, I have a very brief comment. Certainly, we would be in a serious situation were we to delete every instance of the term "deemed" in the Income Tax Act. I am grateful that the hon. member did not introduce his amendment and so spared us very serious complications. However, I listened and the officials here listened very closely to the speech made the other night by the hon. member for Bow River (Mr. Taylor). He put forward special cases. He did so with his usual eloquence that reflects his concern with the day to day problems we face in our capacity as Members of Parliament. This is more or less the nightmare of all people when confronted with income tax.

I suggest everyone went through these difficulties when receiving a rather high assessment notice without knowing how or why. Because I would think everybody, come fiscal year end, tries to pay income tax as honestly as possible. When one receives such an assessment notice, one wonders what happened, one does not feel very easy in the intricacies, the nooks and crannies not of the National Revenue building but the Income Tax Act itself. I understand the hon. member. He referred to farmers for instance. Our farms have become large businesses. Unfortunately, farmers are not trained as accountants or income tax experts, and this can create problems when something appears to be a mystery in the Income Tax Act. His concerns are well known, they were listened to very closely and he may rest assured that the people responsible for drafting, formulating our tax legislation, will take very special care to consider his representations.

[*English*]

Mr. Andre: Mr. Chairman, I will speak very briefly. I think the hon. member for Bow River has raised a very fundamentally important question which perhaps should be discussed. I cannot recollect a discussion in my years here having to do with the Income Tax Act and the way in which it is enforced.

● (1650)

In many of its aspects the enforcement provisions of the Income Tax Act are more suited to a totalitarian state than to a democracy. Some of them are quite literally Gestapo-like, such as the one that permits the seizure of records. It really is a case of "guilty until proven innocent." It has always struck me as being rather hypocritical on the part of some of our

guardians of public morality that they become so incredibly verbose and articulate when speaking of freedoms, justice, the criminal laws of this country, the way the courts function, the way information is available, censorship and so on, and yet they tolerate these enforcement provisions in the Income Tax Act.

We have all had experience with, or know of cases in our constituencies, where people have been victims of the enforcement provisions in the Income Tax Act. Some of the actions of enthusiastic tax collectors, backed by these provisions, are downright horrendous. The hon. member for Bow River told us of the poor farmer who was harassed for years by officials. Many of us who come from Alberta are regular readers of the writings of C. V. Meyers who was forced into exile in Spokane, Washington, because of the actions of the tax collector. A few years ago a businessman in Thunder Bay was so harassed by the tax collectors that he left the country. It would be appropriate for us to look into these matters and the danger of allowing them to happen. They are an invitation to sneakiness, if you will.

The enforcement provisions in the bill, taken to their illogical extension by overzealous bureaucrats from time to time, create a real contempt in the taxpayer. It is a dangerous situation when the tax collector and the taxpayer become adversaries in the real sense of the word, with one trying to outmanoeuvre the other and we are perilously close to that situation in this country.

Just recently a chartered accountant told me that he is being asked by clients to do things which, if he had suggested them five or ten years ago, would have led to the client firing him because such things were regarded as unscrupulous. There has been that kind of change in our morality. Granted some of it rises from the level of taxation but some of it is also as a result of the enforcement provisions in the Income Tax Act.

The hon. member for Bow River spoke of a specific provision that allows an official, to deem you to be in a certain position, and leaves it up to you to prove that you are, instead, a victim. That is contrary to our fundamental philosophy of justice.

I should like to close with an anecdote about an oil company executive who was being reassessed. The officials from the Department of National Revenue, armed with the authority of the act, seized his records. Among them were the draws he had written up for the oilmen's golf tournament which was to take place in a few days. He asked to have them back but there was no provision in the act that allowed them to be returned without a court order. We can never write a law that would guard against such silliness, but it is just as silly to have a law that allows such bureaucratic behaviour with immunity.

The matter raised by the hon. member for Bow River should be considered when the draftsmen examine this bill.

Mr. Mayer: Mr. Chairman, I should like to emphasize the points made by the hon. member for Calgary Centre and the hon. member for Bow River about deemed income. I appreciate receiving a note on this subject from the parliamentary secretary this afternoon.

It is one thing for the department to have authority to assess tax on deemed income retroactively and for the taxpayer to have to defend himself, but if he cannot have some offsetting advantage in the way of deemed expense, then the adversarial system breaks down. It cannot operate if all the power is on one side.

I agree with the hon. member for Bow River when he says we know that we will not be able to have Clause 69 changed or thrown out, but that any reassessments that will be carried out concerning corporations dealing within arm's length be suspended for a year or, if the department reassesses on a retroactive basis, it should be done on an equal basis, so that if there is deemed income for an individual, that individual's corporation mut be allowed to have a deemed expense so that there can be an offsetting expense to claim as a deduction against tax. Otherwise it is conceivable that people who are even in low income brackets might reach the point of being taxed at over 100 per cent. I do not think that is the intent of the act.

If such interpretations can be put on the act I hope the tax department will clarify the matter once and for all.

The hon. member for Calgary Centre spoke of the adversarial system. I know cases of three or four officials of the tax department moving into a small community to do a reassessment. Word quickly spreads that such and such a person is being reassessed. This brings a lot of moral pressure upon him to pay the tax even though he may be quite sure that he is not liable. But in a small community a stigma attaches when three or four people from the Department of National Revenue show up to reassess him. It seems to be taken for granted that he is doing something wrong. The government has awesome powers with its bureaucracy and it does not have to justify the money it spends to collect tax. On the other hand, the individual taxpayer has to defend himself against that power of government, and that is where the adversarial system breaks down. It literally becomes the tyranny of the government on one side with nothing on the other side as a counterbalance. I urge the minister to take these concerns into consideration.

[*Translation*]

Mr. Bussières: Mr. Chairman, I would like to comment very briefly on what has been said. First of all, I believe that we must remember that our income tax system is based on a voluntary statement of our income, in other words, we receive a form to fill out on which we must state our income. I believe that this is the main principle. It is always easy to point out specific cases involving some intricacies. I can recall in my own experience as a Member of Parliament the case of people coming to see me to complain about harassment on the part of Department of National Revenue officials, cases where I tilted at windmills, where I fought to protect one of my constituents, and in so doing realized that this constituent had seriously neglected to declare part of his income and that the official of the National Revenue Department was quite right in cracking

down on him, because if someone does not pay his taxes, you and I will have to pay them. If there is a shortage of revenues because someone has deliberately cheated on his income tax, as a result all of us will have to pay higher taxes.

Obviously, it is always possible to find specific cases where an official of the Department of National Revenue has overreacted. No one is perfect, either in the Department of National Revenue, the Department of Finance or any other department. There can be cases of abuse. I can see by the look on his face that Mr. Short is getting cross with me. Obviously, the Taxation Division is just about perfect, but perfection is quite rare! However, what we must all remember is that our taxation system is based on the willingness of individual taxpayers to make a voluntary statement of all their income.

Complications arise when someone forgets or neglects to show part of his income. It is also quite obvious that the more complexity to a business or the more sources of income, the more chances there are for a taxpayer to forget something and for the officials of Revenue Canada to discover these mistakes and send out notices. I do not question the fact that there can be regrettable cases, but I believe that, as a general rule, if everyone would observe the spirit of the Income Tax Act and make a complete statement without forgetting or neglecting anything, like we used to do when we went to confession, such problems would not occur.

● (1700)

[*English*]

Mr. Mayer: Mr. Chairman, I should like very briefly to ask the minister a specific question which may not be within his jurisdiction. The other night I dealt with the possibility of the department proceeding with some reassessment of income tax on the basis of deeming income to an individual. I do not want to get into the details because the minister understands the situation. If there is to be some reassessment based on deemed income, can the minister assure us that individuals will be allowed to go back and amend their tax returns, so that there will be some deemed expense on the other side, or an offsetting expense, to cover it?

I know of individuals who incorporated on the basis of reasons other than avoiding taxation. They did it for the purposes of estate planning, dividing up assets among family members or whatever; they did not incorporate to avoid taxes. But when they are subjected to a reassessment only on the basis of deemed income, rather than their corporations being allowed a deemed expense, it seems to be a very serious breach of what the hon. member for Calgary Centre referred to, and I would like some assurance that there will be equality on each side in so far as income and expenses are concerned. It would go a long way toward alleviating our concerns about Section 69 of the Income Tax Act.

[*Translation*]

Mr. Bussières: Mr. Chairman, this comes under the authority of my colleague, the Minister of National Revenue, but I am told that when it is not a case of tax evasion, the current practice is to allow amendments to the tax return that was submitted earlier. I would suggest that the hon. member get in touch with my colleague, the Minister of National Revenue, to indicate his concerns. But my information is that the current practice is to allow that procedure which the hon. member mentioned except, of course, in obvious cases of fraud or evasion.

[*English*]

Mr. Riis: Mr. Chairman, after listening with interest to the remarks of previous speakers, I am moved to make a comment regarding the taxation system and the fact that one member will stand and indicate how the tax people are harassing good citizens and another member will indicate that our good citizens are misleading the tax department, and so on. One must ask where we are moving in a country which has, as its basis, a voluntary declaration taxation system, as the minister indicated, which assumes that people are honest and straightforward. It is the basic philosophy behind the collection of taxes.

In the next couple of months it will become virtually a national preoccupation of many Canadians to beat the tax man and to take advantage of every conceivable loophole. To fill out a simple tax form now requires the assistance of an accountant. Every year we add to the sections of the Income Tax Act, which makes it somewhat more complicated. Perhaps some loopholes are closed, but often in closing those loopholes others are opened up. People involved in the financial world today, particularly when it comes to accounting and taxation, are becoming very puzzled. The result is that a small but ever-increasing army of bureaucrats monitor the abuses of people in the system; it challenges these people even more.

What is at the root of this almost misdirection or this preoccupation with avoiding taxes? It must be said that the feeling of many Canadians is that the tax system is unjust. Many Canadians do not pay their fair share, while others bear the burden. We would be hardpressed if we spoke from our hearts in this chamber this afternoon and said that that is not the case.

When I tour the plants in my riding, particularly at this time of year, I find people are complaining about the taxes they will pay to the federal government. They are anxious to "beat the system". Perhaps one of the reasons for this is how their taxes are being spent and the feeling that the best use is not always being made of their taxes. This leads to more willingness to abuse the system.

I should like to leave that point by indicating that this willingness is caused by what appears to be a very unjust system which favours some groups in society at the expense of others, and by the recognition that one's tax money is not always going in what could be classed as a beneficiary direction. The end result is that it begins to stagger the mind. How many revisions can there be to the Income Tax Act? How thick can that document get before the entire system breaks down?

[*Translation*]

Mr. Bussières: Mr. Chairman, I found the hon. member's comments most interesting. I think he raises a very serious problem of ethics in society. Obviously, people have to be satisfied that the tax system seeks to be as equitable as possible, and I think this is a government concern. If we look, for instance, at the budget speech delivered by the Minister of Finance on October 28, 1980, it states, on page 15, and I quote:

[*English*]

We will only maintain a good tax system, however, if we keep on looking for ways to make it better. I am particularly concerned to ensure that the tax system is fair and is seen to be fair.

[*Translation*]

And it goes on. I think the hon. member raises an important point. People must be able to see the inherent fairness of the tax system. It is important and a concern which was indicated in the budget. The hon. member also raised the question of the use of the taxes paid by the taxpayers. That is also another very important aspect to consider. If, as a citizen, I get the impression that my government is wasting my tax dollars, I will start wondering and automatically I will think that I am paying too much tax and I will therefore conclude that there is no way out because they take the taxpayers' money and spend it foolishly.

I think it becomes increasingly important to inform people concerning the various government programs. However, a government which tells the public what the Department of Regional Economic Expansion is doing in a given area, how many dollars the Department of National Health and Welfare is contributing to the health fund of a province, is always running the risk of being accused of resorting to propaganda, even partisan propaganda. I do not think it is right to say that.

I think governments should do more to inform the taxpayers about the use that is made of public funds, precisely to meet the objective mentioned, namely, let people know how their money is spent, so that they may go on trusting the taxation system, the way their money is spent and have a more moral conduct and stricter ethics when it comes to filing their income tax returns. I agree completely with what the hon. member has said.

● (1710)

[*English*]

Clause agreed to.

On Clause 73—

[*Translation*]

Mr. Lapointe (Charlevoix) moved:

That Subclause 73(1) of Bill C-54 be amended

(a) by striking out lines 3 to 7 on page 147 and substituting the following therefor:

"the end of paragraph (c) thereof and by adding immediately after paragraph (d) thereof, the following paragraphs:"

(b) by striking out line 13 and substituting the following therefor:

"tion 13(7.1), and

(d.2) an amount equal to 50 per cent of the aggregate of all amounts each of which is the capital cost to him of certified property acquired by him in any of the 5 immediately preceding taxation years, determined without reference to subsection 13(7.1)"

Mr. Knowles: Explain!

Mr. Bussières: Mr. Chairman, with your permission, I do not want to prevent the hon. member who has just risen from speaking, but it has been indicated earlier. The number of copies of the amendment is limited. Perhaps I could briefly explain the amendment.

The amendment, like the clause, deals with the 50 per cent investment tax credit, and this technical amendment is an improvement which allows the investment tax credits to be aggregated during the five following years and deducted completely or in part from the taxes which become payable. This is a technical amendment which makes the full amount of the investment tax credit on certified property available to the taxpayer.

[*English*]

Mr. Murphy: Mr. Chairman, the New Democratic Party has some real concerns when the government introduces this type of motion. It is our concern that when you switch from direct grants to tax breaks you are really not hitting the target at which you might be aiming. For one thing there is no proof that the organizations or corporations receiving these tax breaks really need them in order to develop in a particular region of the country. One of the problems we face in this vein is that the allowance became effective October 28, the night of the budget speech. If it were really an incentive to bring in corporations to some of the depressed areas of Canada then I believe it is something which should come into effect six, eight or 12 months down the road.

In fact what happened is that the companies which had already decided to build in a certain area were actually building on the night of the budget. All of a sudden they get a tax loophole which will enable them to gain a fair amount of money through tax savings, which they had not planned on.

Second, there is an area of concern related to the fact that there is no proof these corporations actually need the money. Any organization which fits the criteria, as specified, will receive the advantages of this tax rip-off. I am concerned that this program was not really being undertaken for industrial development, although I think some of the people behind it have good motives. In fact, though, it will end up as a tax rip-off.

I am also concerned that by using the corporate tax allowance rather than the method of direct grants, as is done under RDIA, then it gets away from public scrutiny. At the present time, if a grant is given there is a public announcement by the minister or departmental official who gets in front of the

media showing off the cheque. But under this program the taxpayers of Canada will not know what is happening.

If the real goal is to develop more jobs in the depressed areas and to create more economic development, then I would like to ask the minister why the government did not increase the funding of the RDIA instead of creating this tax rip-off.

[*Translation*]

Mr. Bussières: Mr. Chairman, I am somewhat surprised by the strong language used by the hon. member. I do not think this legislation deserves the words he used. Obviously, the merits of various provisions, particularly those dealing with tax credits, can be discussed at length. The hon. member even went as far as to relate the concept of tax credit to that of tax evasion. I would not go that far. There are several schools of thought. Many people find that subsidies paid directly to this kind of businesses are more advisable because it is easier to determine the aim and scope of such subsidies, while others believe it is better to use tax credits because, according to them, they are less costly to administer, there are fewer forms to be completed, and so on. So, I believe there are several schools of thought. It may be questionable, but I think there are pros and cons. This provision designed to grant a tax credit to those businesses which plan to invest in specific areas is an important measure, in my view. It will enable some businesses to get started in those areas. First of all, it is very generous. I agree with the hon. member that, being very generous, it will enable some businesses to get started in areas where they would never have gone without the assistance of the Department of Regional Economic Expansion, or even other federal or provincial programs available.

I know several of these regions, for instance the Lower St. Lawrence and the Gaspé peninsula to which this provision will apply. Without such a generous assistance and even with it, I am not sure too many businesses will go and invest in these areas and that unemployment rates in the Gaspé peninsula will go down from 25 per cent to 10 per cent overnight, as the hon. member for Rimouski has indicated. I suggest that even with such a generous provision, we will not promote huge investments in these remote regions and improve job opportunities as well as the economic situation. I think that in a philosophical discussion on the nature of this measure, considering other programs in some respects, I might agree with the hon. member. However, we must always consider the specific situation and circumstances under which this provision was made. When applied, this generous provision is totally justified and, as I said earlier, I am not sure it will generate enough jobs to improve the social fabric in affected areas.

[*English*]

Mr. Murphy: Mr. Chairman, if it is agreeable to you what I would like to do now is go through a number of different points. I hope the minister will have a chance to reply to them. He accused me of violence in my original presentation. I really do not think that is the situation. I am expressing a concern of our party, which is also a concern of a number of Canadians with regard to this particular measure. I will give some reasons for my concern.

● (1720)

The present Regional Development Incentives Act is biased toward large corporations. This measure will only accelerate that bias. The deputy minister of regional economic expansion provided me with some figures last year which indicate the type of problem to which I have referred. For the fiscal year 1979-80, $21.5 million under the RDIA went to what he called small corporations or organizations, which produced 4,680 jobs. I asked the deputy minister what large corporations received. He indicated that large corporations received $72.3 million and created 4,690 jobs. In other words, for another $51 million of Canadian taxpayers' money, ten more jobs were created.

I am aware of the argument that large corporations may create more jobs in the long term. However, I agree with the hon. member for Kamloops-Shuswap when he says that small businesses can create just as many jobs down the road. The only figures which we can rely upon are those which indicate what was produced. I am worried about the present RDIA and that the criteria used under the RDIA were used in the formulation of this tax measure as well.

We are concerned about whether the government knows what it is doing. Does the minister have an estimate of the number of jobs which will be created by this program and of the cost of the program to the taxpayers? In light of the information which I just gave to the minister on how the money under the present RDIA is being distributed, does the minister know how much money will go to large corporations and how much will go to small corporations? If the government is prepared to go forward with this program, we hope that it has these estimates.

I am also concerned about the fact that this particular clause was formulated with the assistance of the Minister of Regional Economic Expansion. Does this mean that in future this will be the road taken by DREE, or can the government guarantee that there will be no cut in the funding by that particular department? I am concerned for companies such as SYSCO which need money but which do not qualify for money under this proposed program. When these companies need government assistance and that assistance cannot be provided through other programs, what will happen?

We foresee other problems with regard to this program. Although the map provided designates large parts of the country as being eligible under the program, if one looks at the criteria for a project to qualify, one will find that large portions of the areas designated do not benefit from the

program. For example, projects in fishing and logging are excluded in certain areas. If these basic resource industries are excluded in a region where they are the major economic input, how will that region benefit from the program?

I wrote a letter to the Minister of Regional Economic Expansion with regard to this program. He said in his reply that the DREE officials in Winnipeg had informed him that only Fire firms in the Churchill constituency had received development incentives since 1969. This fact, he said, supported my point that the criteria are too strict for many northern residents. The area of the province which is designated under this program is the northern region. In order to qualify for this program one must meet the criteria of the RDIA, which has given only five corporations in my riding any money at all, and the amounts given were very small. Perhaps the minister could answer those questions.

[*Translation*]

Mr. Bussières: Mr. Chairman, first I would like to reassure the hon. member by saying that it is not at all a new way for the government to promote regional economic development. I think that the basic objectives of the Department of Regional Economic Expansion remain unchanged and still represent government philosophy.

I find the odd contradiction in the remarks of the hon. member. To begin with, he is afraid that the measure will turn out to be a financial bottomless pit and he says that major companies will stand to benefit, as in the case of other government programs. According to him, a glance at the map is enough to be convinced that a large part of the country will be eligible under this measure. But then he adds that, for instance, it does not apply to forest or mineral resources, etc. I would like to indicate to him that certain investment sectors are ruled out precisely because in such regions those investment sectors fall within the investment field of large companies. As an example, mineral or forest resources seldom require very enticing incentives for investors. What we do want, however, is that at Causapscal, Saint-Charles-de-Caplan or Grande-Entrée in the Magdalen Islands, we can have small businesses benefit from a generous tax credit to create local employment. For instance, we do not necessarily want to offer very generous tax credits to a large forest company which might be anxious to set up shop in the Matapédia valley. That is not the purpose of the measure and that explains the restriction. I hope this will allay the fears of the hon. member who does not want this to turn into a tax loophole or a financial bottomless pit.

[*English*]

Mr. Murphy: Would the minister answer my specific question with regard to estimates on the number of jobs which will be created, where these jobs will be created, and the cost of the program?

[*Translation*]

Mr. Bussières: Mr. Chairman, it is difficult to say how many jobs will be created with this investment tax credit, because we do not know how many applications will be received, of what type they will be, from what kind of businesses, and what they do. So it is hard to say until the program has been put to the test and implemented for a while, just where, in what regions it will create so many jobs, cost so much, judging by the number of applications, and so on. Unfortunately we cannot provide figures until the program has been tested for a while.

[*English*]

Mr. Murphy: Mr. Chairman, I would like to speak on specific problems which concern my constituency. Earlier I mentioned that the only part of Manitoba included in this particular program was the northern area. The designated boundaries are almost the same boundaries which exist for the federal Churchill constituency. The one exception is the city of Thompson. This exclusion creates a problem with regard to industrial development under the criteria mentioned earlier. If there are to be any jobs created from this program in the north, they will probably be created in the larger communities. Thompson is the largest community in the north.

● (1730)

We have high unemployment in northern Manitoba among both the white and the native communities. We have a lot of one-industry towns in the north, but because the criteria the government settled on exclude the community of Thompson, the community where the development will most likely take place, the program in itself will probably not benefit the north.

My question for the minister is this: what process will be used to change the areas of the country that are designated? It is not set out in the act. What process can be used to change those areas?

[*Translation*]

Mr. Bussières: Mr. Chairman, throughout the debate, various members—for instance our own member for Rimouski-Témiscouata and the hon. member himself—have questioned this dividing into regions and especially the fact that certain cities have been excluded. The hon. member spoke of his own town of Thompson. The hon. member for Rimouski-Témiscouata a few days ago mentioned Rimouski and another member intervened on behalf of another town. I would like to indicate that regulation provides that the governor in council on the recommendation of the Minister of Regional Economic Expansion may, on reasonable grounds, recommend certain changes within this general category as to areas that could qualify. But I would also like to indicate that the stronger, more prosperous and populous a city is, the more chances it has of attracting and generating investment.

[*English*]

Mr. Murphy: Mr. Chairman, the government quite often uses figures for different types of programs. It talks about solid communities and all the rest of it. The point is, however, Thompson is excluded. The minister, on request from myself and on request from the city council of Thompson, has denied any change in his plans. He has denied Thompson the right to benefit from this program. But I would point out to the minister that Thompson's population has decreased by 5,000 in the last three years. It is not a solid economic community at this time. Inco still operates there, but at a much reduced rate. The government asks what the unemployment figures are for the city of Thompson. What is the average income in Thompson? Yes, salaries are high; unemployment is low. But the government has not looked at what has happened in that community over the last couple of years.

That brings me to my last comment, that what is happening with RDIA, what is happening with this tax incentive program, what is happening with a lot of other programs which are provided by the federal government, is basically ad hockery. We have a program here and a program there. We have a program which will suit some native people and we have another program to suit other groups. We have all sorts of programs. But my constituency office receives requests from many different groups who would like to benefit from regional economic expansion and from industry, trade and commerce. They would like to benefit also from this smorgasbord of government programs.

When I checked with the DREE office, the answer given was: "No, you do not qualify." If you check with the Minister of Employment and Immigration, he says "No, you do not qualify." That is the problem with this government. The Minister of Employment and Immigration, after this tax incentive was announced, ran to the press in northern Manitoba and said, "You are all going to benefit". Yet the minister of DREE points out that only five grants have been given to northern Manitoba in the last 11 years. And the minister who thinks he is somehow responsible for all of Manitoba thinks it is a great boom for the north. He really does not know.

The problem, of course, is that the government does not know what it is doing half of the time. The minister has just told us that he does not know how this program will be received. He does not know whether it will bring a lot of jobs. All we hear is, "We do not know this. We do not know that." I can understand that. I don't think anyone or any party is perfect, whether it be our party, the minister's party, or any other party. But I am concerned about the real lack of planning by the government.

The government does have a smorgasbord approach to development. The Minister of Regional Economic Expansion prefers to call each of these smorgasbord programs another arrow in his arsenal. What it means is a hit and miss situation. You might have an arrow for this or that. I can tell you that some of the native people in my constituency have an arrow for you.

Amendment agreed to.

Clause 73, as amended, agreed to.

Clause 74 agreed to.

On Clause 75—

Mr. McKinnon: Mr. Chairman, I am not absolutely certain this intervention should be on Clause 75. In a bill of 225 pages it is hard for someone who is not a tax lawyer to find his way around it.

My question deals with deducting tax at source for commissioned salesmen, with particular reference to those who may have accepted the blandishments of the government and gone into MURB or oil drilling deferral schemes. If you take a commissioned salesman, for example, we all know his difficulty of the ups and downs of monthly income. If he has his tax deducted at source, he may have one large deduction and then have several dry months. He may find himself in difficulty because he has sent his money into the government. However, the situation gets even worse if he has invested in a MURB or in an oil drilling deferral scheme. In that case he has to pay taxes on a monthly basis. Say he pays $60,000 in taxes a year, so he pays $5,000 each month. But his MURB and his deferral plan will bring back a fair proportion of that to him. This is at the behest of the government. The government has asked people to invest in these plans. When the money comes back a year later, it comes without any interest. The government will have it for over a year before it is back in the taxpayer's power for him to get interest on it.

Has the government considered this is really borrowing money from that taxpayer without paying any interest? Would the government consider providing an exemption certificate, or something like that, so that if the individual has invested in a MURB or in an oil drilling deferral plan he can show that evidence and see some of his returns for investing—which the government asked him to do—before some 15 to 18 months have gone by?

[*Translation*]

Mr. Bussières: Mr. Speaker, I think the problem raised by the hon. member could apply in the case of commissioned salesmen but also in other cases. If we followed up the hon. member's suggestion, it might be prejudicial to other taxpayers when they complete their tax return. They will pay the amount directly since it is deducted at the source. As for an investment in a MURB, for instance, which is a tax-saving device available to Canadian investors, such an investment would not exempt a taxpayer from paying income tax, even though by investing in a MURB, for instance, he might derive a tax benefit later on that would compensate the income tax he will not pay now. However, I believe that the implementation of such a measure would result in a certain element of distortion in relation to other taxpayers.

Income Tax Act

● (1740)

[*English*]

Clause agreed to.

Clauses 76 to 83 inclusive agreed to.

[*Translation*]

On Clause 84—

Mr. Lapointe (Charlevoix) moved:

That Clause 84 of Bill C-54 be amended by striking out lines 38 and 39 on page 163 and substituting the following therefor:

"(2) Paragraph 149(9)(a) of the said act is repealed and the following substituted therefor:

"(a) there may be deducted an amount not exceeding its income for the year computed without including or deducting any amount under this subsection; and"

(3) Subsection 149(10) of the said act is repealed.

(4) Subsection (1) is applicable to the 1972 and subsequent taxation years.

(5) Subsections (2) and (3) are applicable to taxation years commencing after October 28, 1980."

Mr. Knowles: Could the minister explain that amendment?

Mr. Bussières: Mr. Chairman, these two amendments are fiscal deductions for charitable organizations or any other tax exempt organizations. Those organizations must spend a certain percentage of their funds in one year, that is 90 per cent, and those changes will grant them a one-year deferment of income in calculating the percentage to be spent. Such is the purpose of those amendments.

Amendment agreed to.

Mr. Lapointe (Charlevoix) moved:

That Bill C-54 be amended by adding thereto, immediately after Clause 84 thereof, the following clause:

"84.1(1) Paragraph 149.1(18)(a) of the said act is repealed and the following substituted therefor:

"(a) there may be deducted an amount not exceeding its income for the year computed without including or deducting any amount under this subsection; and"

(2) Subsection 149.1(19) of the said act is repealed.

(3) Subsections (1) and (2) are applicable to taxation years commencing after October 28, 1980."

Amendment agreed to.

Clause 84, as amended, agreed to.

[*English*]

Clauses 85 to 113 inclusive agreed to.

[*Translation*]

On Clause 114—

Mr. Lapointe (Charlevoix) moved:

That subclause 114(1) of Bill C-54 be amended

(a) by striking out lines 27 to 30 on page 217 and substituting the following therefor:

"each property of the trust that his interest, at that time, in any income of the trust, computed as if no amounts were paid or payable to its beneficiaries, is of all such interests;";

(b) by striking out lines 10 to 13 on page 218 and substituting the following therefor:

"each property of the trust that his interest, at that time, in any income of the trust, computed as if no amounts were paid or payable to its beneficiaries, is of all such interests;";

(c) by striking out lines 25 to 37 on page 218 and substituting the following therefor:

"(a) "qualified trust" means a trust

(i) that is not a registered investment,

(ii) under which the proportion that a beneficiary's share of the income of the trust from any property of the trust bears to his share of the income of the trust is the same as the proportion so determined in respect of every other beneficiary of the trust in respect of the property, and for the purposes of this subparagraph, the income of the trust from a property of the trust and the income of the trust shall be computed as if no amounts were paid or payable by the trust to its beneficiaries,

(iii) that has as its sole trustee a corporation licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as trustee, and

(iv) that complies with prescribed conditions; and"; and

(d) by striking out lines 1 to 3 on page 219 and substituting the following therefor:

"(ii) under which the proportion that a beneficiary's share of the income of the trust from any property of the trust bears to his share of the income of the trust is the same as the proportion so determined in respect of every other beneficiary of the trust in respect of that property, and for the purposes of this subparagraph, the income of the trust from a property of the trust and the income of the trust shall be computed as if no amounts were paid or payable by the trust to its beneficiaries, and"

Mr. Knowles: Do you understand?

Mr. Lapointe (Charlevoix): Certainly!

Mr. Bussières: Mr. Chairman, Clause 114 of the bill includes one of the amendments dealing with qualified investment in deferred income plans as, for instance, the registered retirement savings plan or the registered home ownership savings plan. This clause constitutes a reduction meant to mitigate the penalties imposed on deferred income plans with respect to some investments which do not qualify. Representations have been made by various groups to the effect that this provision in its present form is for the most part ineffective since it applies only to unit trusts and does not adequately indentify a certain number of plans to which it should apply. The amendment we propose reduces taxation on some trusts which comply with the criteria listed in the amendment which was read so brilliantly by the Minister of State for Small Businesses (Mr. Lapointe).

[*English*]

Amendment agreed to.

Clause 114, as amended, agreed to.

Clause 115 agreed to.

Clauses 116 to 120 inclusive agreed to.

On Clause 121—

Mr. Knowles: Mr. Chairman, if the hour were not so late I might have had quite a bit to say about Clause 121 because this is the clause of the bill on which the Minister of National Health and Welfare spoke at length when we were on second reading of the bill some time ago. My colleague from Broadview-Greenwood touched on the matter when we were dealing with Clause 40 of the bill, so I shall just flag the matter for further discussion when the Minister of National Health and Welfare brings in the legislation which she has indicated.

● (1750)

As I understand it, the purpose of Clause 121, which is to amend the Canada Pension Plan, is to provide that when one spouse pays a salary to another, let us say in the case of a husband paying a salary to his wife which is recognized under the Income Tax Act, that salary can count for Canada Pension Plan purposes. As my colleague, the hon. member for Broadview-Greenwood, said yesterday, we do not object to this.

We welcome extensions or improvements in coverage under the Canada Pension Plan or under related legislation, but we insist that the government must not take the position that this is enough in terms of covering spouses who work in the home. Even if the government provides for this kind of payment to be allowed, and even if the government permits spouses who work in the home to make voluntary contributions to the Canada Pension Plan, that covers only a very small minority of the women in this country who at the present time are not covered by the Canada Pension Plan. As I have said, we can debate this matter more fully when we get to that other legislation.

I have to say to the present minister that when he says in this case and in other cases that this is just a step and the government cannot go all the distance at once, I hope that will not be the end of it. I heard him make a speech the other night to that effect which reminded me very much of Paul Martin, who used to put it in a different way. He used to say, "We cannot do everything overnight". The trouble with these things that cannot be done overnight is the fact that sometimes it takes ten, 20, 30 or 40 years. I have seen some legislation take that long to come.

In this very connection I point out that the introduction of the spouse's allowance was supposed to be just a step to help some of those between the ages of 60 and 65. We are still waiting for the other steps. That is my fear with this proposal regarding the Canada Pension Plan before us in this clause, that it is a step which may be taken but that we may have to wait a long time for the fulfilment of the idea that all women who work in the home should have recognition for the purposes of pension coverage.

As I say, Mr. Chairman, time is running short so I shall not extend this now, but I shall have more to say about it later.

However, while I am on my feet there is a word of tribute I should like to pay to a particular person, and I want to take a moment to make that tribute. We have just dealt with the Old Age Security Act. Let me say that back in 1950 when we had a special committee on old age security, which led to the Old Age Security Act, a tremendous contribution to the work of that committee was made by a distinguished public servant who was then the director of research in the Department of National Health and Welfare. His name was Dr. J. W. Willard.

When we got to the Canada Pension Plan in the middle 1960s that same Dr. Willard was the deputy minister of welfare in that department. Again his contribution was invaluable. Dr. Willard had been ill for some considerable time. He died a few days ago and, in fact, I believe the funeral service was held this afternoon. We do not have the occasion to note contributions made by all public servants who serve this country, but I believe a word does need to be said about Dr. Willard, and in praising the work he has done we recognize the good work done by so many of those who work for us in the public service of this country.

Some hon. Members: Hear, hear!

Mr. Taylor: Mr. Chairman, there are just two things I would like to say. I commend the government for adopting this measure from the previous budget of John Crosbie. This means a lot to women and men. There is one correction I should like to make. There are many other things I should like to say as well but time is short. The bill refers to "the employment of a person by his spouse." Sometimes the lady is the boss and the man is the spouse. I would suggest it should read "his or her spouse."

Mr. Knowles: The Interpretation Act covers that.

[*Translation*]

Mr. Ouellet: Mr. Chairman, I thought the hon. member wanted to join the hon. member for Winnipeg North Centre in the comments he just made in this House. I would like also, on behalf of the government and on my own behalf, to offer my deepest sympathies to Dr. Willard's family. I enjoyed the privilege of working under him when I was Parliamentary Secretary to the Minister of National Health and Welfare and Dr. Willard was deputy minister of that department.

I should remind hon. members of his qualities, of his great simplicity and especially of his unending devotion to public service. I am convinced that Canada had in Dr. Willard a quite remarkable, albeit humble, servant of the people working away from the public's eye. He was of the utmost efficiency and usefulness to the numerous Canadians who were fortunate enough to benefit from his advice. He always worked in the best interest of Canadians anxious as he was to see implemented in this country the welfare and social programs introduced by the various governments through the years.

[*English*]

Clause agreed to.

Clause 122 agreed to.

On Clause 123—

Mr. Taylor: I am not going to make a speech about this, but there again we have "deemed income" which I do not like at all.

Clause agreed to.

Title agreed to.

The Assistant Deputy Chairman: Shall the bill carry?

Mr. Knowles: On division.

Bill reported as amended.

Hon. Pierre Bussières (Minister of State (Finance)) moved that Bill C-54, to amend the statute law relating to income tax, as reported (with amendments) from Committee of the Whole, be concurred in.

Motion agreed to.

The Acting Speaker (Mr. Blaker): When shall the bill be read a third time?

Mr. Knowles: On a point of order, Mr. Speaker, may I ask, or assume, that since there have been several amendments made to this bill in Committee of the Whole it will be reprinted showing those amendments?

The Acting Speaker (Mr. Blaker): We will consider the suggestion by the hon. member for Winnipeg North Centre (Mr. Knowles) as seeking an order of the House. Is it agreed?

Some hon. Members: Agreed.

[*Translation*]

Mr. Bussières (for Mr. MacEachen) moved that the bill be read the third time and do pass.

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

Some hon. Members: On division.

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

[*English*]

The Acting Speaker (Mr. Blaker): It being six o'clock, this House stands adjourned until tomorrow at 2 p.m.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 5, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FARM CREDIT CORPORATION

SUGGESTED INCREASE IN FUNDING—MOTION UNDER S.O. 43

Hon. Don Mazankowski (Vegreville): Madam Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity.

In light of the grossly insufficient amount of funding available to meet current Farm Credit Corporation loan demands which is threatening the viability of thousands of farmers, particularly the young and those starting new operations, and given the failure of the government to respond in a positive way, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the minister take the necessary immediate steps to increase the level of funding of the Farm Credit Corporation by at least $150 million and to ensure that the lending rate not exceed the current level of 12.75 per cent.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

DROUGHT ASSISTANCE

REQUEST NORTHERN ALBERTA REPRESENTATIVE BE APPOINTED ON REVIEW BOARD—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. I would ask members to give serious consideration to passing this resolution unanimously.

Whereas the eight-member review board which oversees drought assistance programs such as the herd maintenance assistance and fodder procurement programs in drought-affected areas of Canada is currently comprised of two members from Manitoba, three from Saskatchewan, three from Ontario and one from southern Alberta, and whereas the province of Alberta, particularly the northern regions where the effects of drought are equally devastating and are so sorely under-represented on this board, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the Minister of Agriculture immediately appoint a representative from northern Alberta to sit on the review board in order to correct this glaring inequity.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CHINESE NEW YEAR

RECOGNITION OF CONTRIBUTIONS OF CANADIANS OF CHINESE DESCENT—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise under the provisions of Standing Order 43 on an urgent matter which I am sure will have unanimous support.

Today is the Chinese New Year, and it is the year of the rooster. I am told we must beware of this because the rooster is a loner, a deep thinker, he dreams a lot but takes no action, is sometimes disliked but never a bore. In honour of this day I move, seconded by the hon. member for Vancouver-Kingsway (Mr. Waddell):

That this House recognizes the many contributions of Canadians of Chinese descent and wishes them and all Canadians good health, prosperity and happiness in the year of the rooster. "Gung Hai Fat Choy".

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. This motion contains good wishes which I am sure we all want to extend to the Chinese community, but I cannot accept it under the provisions of Standing Order 43.

* * *

REGIONAL DEVELOPMENT

LACK OF EMPLOYMENT OPPORTUNITIES IN NOVA SCOTIA—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity concerning the province of Nova Scotia.

Madam Speaker: Order, please. Will the hon. member for South Shore (Mr. Crouse) proceed, please.

S.O. 43

Mr. Crouse: Yes, Madam Speaker, as soon as we have a little order behind me.

Whereas the Deputy Prime Minister (Mr. MacEachen) did not appear at a recent meeting of Atlantic provinces health ministers on an urgent matter respecting medicare, failed to make any announcement on the long overdue business plan for Sydney Steel, and has failed to date to support his colleague, the minister for DREE, on the urgent matter of approving construction of a new fish plant at Lockeport where over 305 people are unable to find work, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House calls upon the government and the Deputy Prime Minister to explain the obvious lack of priorities for our province and its economic future, while today before cabinet the question of a massive bail-out for Massey-Ferguson holds the spotlight, since this aid will benefit workers in other countries while our people in Sydney and Lockeport walk the streets for lack of employment opportunities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

COMMUNICATIONS

FUNDS REQUIRED FOR MARKETING OF TELIDON—MOTION UNDER S.O. 43

Mr. Bruce Halliday (Oxford): Madam Speaker, I too rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

Canada is about to lose its world leadership role in the development of Telidon, our unique version of videotex technology, unless a few million dollars are provided by the federal government. I therefore move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That this House directs the government to heed the warning of senior officials of the Department of Communications and supply the necessary funding of $24 million over the next two years so that the final research and marketing of Telidon can be completed, having as it does a potential for 100,000 new jobs by 1990.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

NUCLEAR ARMAMENTS

OPPOSITION TO DEPLOYMENT OF NEUTRON BOMB—MOTION UNDER S.O. 43

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

On Tuesday of this week the United States Secretary of Defence announced that he was seriously considering the deployment of the neutron bomb. In light of the fact that this weapon's deployment would only serve to heighten East-West tension, and in light of the fact that the neutron bomb, a weapon that destroys people but leaves buildings and property unharmed, would increase the risk of all-out nuclear war, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House instructs the government to join with the government of The Netherlands, which yesterday voted to reject the deployment of the neutron bomb in western Europe, and, further, that this House instructs the government to communicate this country's grave concerns regarding this matter to the government of the United States.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

INDIAN AFFAIRS

SUGGESTED RCMP INVESTIGATION OF AUDITING PROCEDURES IN SASKATCHEWAN REGION—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas one Patrick Aimee McCaffrey of North Battleford, Saskatchewan, a former employee of the Department of Indian Affairs and Northern Development, has submitted a list to the RCMP of 65 names of persons allegedly involved in suspicious dealings with the department and, further, has alleged that two complete house packages and a full semi-trailer of building material destined for the Red Pheasant reserve have gone missing, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Minister of Indian Affairs and Northern Development immediately request the RCMP to conduct an investigation of the accounting and auditing procedures of the Saskatchewan region of the Department of Indian Affairs and Northern Development in order to determine whether there is any further evidence of theft or conversion and report their findings to this House.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE CABINET

SPEAKING ENGAGEMENTS OF MINISTERS—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, but somehow I doubt that my motion will receive unanimous support.

Some hon. Members: Oh, oh!

Mr. Scott (Hamilton-Wentworth): In view of the fact that at least two cabinet ministers have been booed off public platforms as a result of a Prime Ministerial directive which gives marching orders that, under no circumstances, will cabinet ministers make speeches anywhere in this country to any group unless they lead off discussing the Constitution and energy, I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour):

That the chief puppeteer instruct the marionettes on the Treasury benches to stick to their portfolio responsibilities when they go out to speak to Canadians.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

REQUEST HOUSE CONDEMN MINISTER'S ALLEGED ELECTORAL PROMISES—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to discuss an important matter of urgent and pressing necessity.

In view of the fact that again yesterday there were demonstrations in the Matapédia valley about the setting up of a paper mill, and since the Minister of Regional Economic Expansion (Mr. De Bané) would rather deal with development in Africa than in his own area where he was parachuted, of course, I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That the House condemn the thoughtless and irresponsible election and referendum promises made by the Minister of Regional Economic Expansion.

Madam Speaker: In order to be put, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

TELECOMMUNICATIONS

PROPOSED U.S. LINKS TO CANADIAN CITIES—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I too rise under the provisions of Standing Order 43. A private American corporation, Satellite Business Systems, has applied to the U.S. Federal Communications Commission for permission to link its transmission services to five major Canadian cities. The minister's own department has shown that trans-border data transmission will lead to re-centralization of control by multinationals over their subsidiaries and a consequent loss of jobs in Canada. The Clyne commission agrees.

I therefore move, seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett):

That since the proposed service will require Canadian permission, the government refuses to grant authorization for further foreign intrusion which threatens Canada's independence and telecommunications future.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRIME MINISTER

SPEECH MADE IN BRANDON, MANITOBA—MOTION UNDER S.O. 43

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I rise under the provisions of Standing Order 43. Last night in Brandon the Prime Minister (Mr. Trudeau), in a desperate attempt to aggrandize his own shallow self-interest, insinuated that if Westminster, the Progressive Conservative Party of Canada, seven Canadian premiers, the energy producing provinces, the editorial writers of Canada and the majority of Canadian citizens disagree with his policies, then the "Prime Minister must be doing something right".

In light of the fact that the Prime Minister has accomplished nothing except to postpone forever energy self-sufficiency for our country and to split our regions irrevocably with his constitutional proposals, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That this House condemns the statements made by the Prime Minister, which have only served to encourage alienation and force Canadians to seek an alternative to a centralist regionally dominated government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

DETAILS OF CONVERSATIONS WITH BRITISH MINISTERS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Secretary of State for External Affairs. When the minister met British ministers last November 10 did he say that if Canada was forced to choose, "his government would drop patriation rather than the charter?"

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, on Tuesday afternoon the Prime Minister suggested the course of conduct which he would follow henceforth with respect to questioning of this kind. He asked us to observe the same rule, namely, that we would not henceforth discuss the details of our conversations or meetings with members of the British government. However, I would say that I stand by everything I have said in the House.

Some hon. Members: Oh, oh!

Mr. MacGuigan: The whole course of conduct of the British government throughout these meetings shows that they are prepared to follow the undertaking which they have made, namely, to present, with their support, our resolution to the British Parliament.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, throughout this week and at other periods during this Parliament, we have suggested to the government that it would be better for them and better for Canada if they would tell the whole truth to the people of Canada about our Constitution instead of hiding facts from the people of this country.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, the Secretary of State for External Affairs has backed away from saying publicly what he may well have said privately, which is that the priority of his government is to have another country change our rights and keep our Constitution. He declines to say that publicly, although there is very good evidence that he has said it privately.

May I ask the Secretary of State for External Affairs whether, in that meeting on November 10, with British officials in Westminster, he said that the Government of Canada would seek to entrench a charter of rights, even if we were not seeking the patriation of our constitution?

Mr. MacGuigan: Madam Speaker, I stand by my previous answer. The Right Hon. Leader of the Opposition appears to have obtained, in some manner or other, all of the documentation in this matter. If he wants it made public, he may make it public.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, the minister has now given his view that the documents on which I am basing my questions are documents which are official and do reflect the facts. That is the clear implication of what he has just said.

Let me ask the Secretary of State for External Affairs this: is it the policy of the Government of Canada, given a choice, that it would prefer having the entrenchment of the charter of rights to having our Constitution home? Is that the policy of the Government of Canada?

Mr. MacGuigan: Madam Speaker, I am not sure that question in those terms ought to be addressed to me. But I can say that I know of no discussions in cabinet on that point.

Mr. Lawrence: What do you discuss in cabinet?

Mr. Clark: Madam Speaker, my supplementary question is also for the Secretary of State for External Affairs. Why will the Government of Canada not tell the Parliament of Canada what representations were made on behalf of Canada?

Mr. MacGuigan: Madam Speaker, the government, through its government spokesman, has told Parliament and the country the substance of the whole course of dealings between our two governments. All that matters to this debate is on the public record. The opposition is trying to concentrate on details which are entirely out of context with the entire course of dealings.

There is simply no question, nor could there be a question, about the obligation of the British government in this matter, nor about the position which the Canadian Government is taking.

Some hon. Members: Hear, hear!

INQUIRY WHETHER CONDITIONS WERE STIPULATED BY BRITISH GOVERNMENT

Hon. Jake Epp (Provencher): Madam Speaker, I would like to direct my question to the Secretary of State for External Affairs. I want to relay to the minister that if it is details we are talking about, we are seeing whether those details are the truth as the minister is giving them.

Can the minister tell the House whether on November 10, 1980, he was told by Westminster that Westminster could not have Canadian constitutional proposals if those proposals were being challenged in the Supreme Court of Canada?

• (1420)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the position which the British government has taken is to respect the principle and their obligations; it is to raise questions about the manner of implementation, particularly with respect to timing. Matters which were raised in all of the discussions, which the opposition would like to see as negative elements, were always in the long

run, and usually in the short run, put in a very positive context by the British government.

Some hon. Members: Hear, hear!

Mr. Epp: Madam Speaker, I would like to ask another question of the same minister, which is in reference to information from his own department. Mr. St. John-Stevas said:

This question of highest importance since British Parliament could not not proceed if matter before Canadian courts.

That is not what the minister has been saying. In view of that British statement is this the reason why the government will not refer to the Supreme Court of our own country the legality of what they are asking another country to do to our Constitution?

Some hon. Members: Hear, hear!

Mr. MacGuigan: Madam Speaker, the judgment of the Court of Appeal in Manitoba given this week indicates that the Government of Canada has no cause to fear any reference to the courts in this matter.

Some hon. Members: Hear, hear!

Mr. Clark: Read the judgment.

Mr. MacGuigan: Madam Speaker, the reason why we have not decided to make any such reference is, as the Prime Minister has said repeatedly, because this is a political matter. It is not primarily a legal matter.

ACTIONS OF BRITISH HIGH COMMISSIONER IN CANADA—REQUEST FOR INVESTIGATION AND RESPONSE

Mr. Edward Broadbent (Oshawa): Madam Speaker, I preface my question with the observation that there is no doubt in our minds that the British government and the official opposition in Great Britain have taken the correct constitutional position on this matter, namely, that they should not change a comma or a semi-colon of a resolution which comes from the Parliament of Canada.

Some hon. Members: Hear, hear!

An hon. Member: You are even beginning to sound like a Liberal!

Mr. Broadbent: The Colonel Blimps to my right may take a different colonial position, but that is the position of my party.

Some hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, my question—

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. Can we get back to the questions?

Mr. Broadbent: Madam Speaker, it is obvious that Margaret Thatcher's "presence" in their caucus yesterday caused them a little trouble.

Some hon. Members: Oh!

Mr. Broadbent: Quite seriously, I would like to ask the minister, given the responsible position taken by the government of Great Britain and their official opposition, is he aware that the British High Commissioner to Canada has directly attempted to influence Canadian Members of Parliament, and other Canadians, on this important Canadian internal matter?

Some hon. Members: Oh!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I have had some reports of that nature.

An hon. Member: What did you do about it?

Mr. MacGuigan: If they were true, I might say that such conduct would, of course, be doing a great disservice to the government of the United Kingdom. It would be conduct completely unacceptable to this government. As the Leader of the New Democratic Party knows, among other incidents reported have been those involving some Members of Parliament including, I think I might say, the hon. member for Vancouver-Kingsway. I am in the process of investigating these reports and considering what action should be taken, if any.

Mr. Broadbent: Madam Speaker, I am pleased to hear that the minister is investigating this inappropriate activity.

● (1425)

Would the minister tell hon. members at what point the House of Commons may expect a full report on these serious allegations?

Mr. MacGuigan: Madam Speaker, because of the seriousness of the matter I would not, and I am sure that the government would not wish to act precipitously. It will probably take us some days to investigate and to decide on the best course of action.

Mr. Broadbent: Madam Speaker, to be perfectly clear, if the minister finds that the British High Commissioner has in fact attempted to influence members of the House of Commons as well as, I understand, other Canadians, on an essentially internal affair, will he file a protest in the strongest possible terms with the British High Commissioner pointing out that the activity which he has undertaken is in flat contradiction to the commitments which his own government made in Great Britain?

Mr. MacGuigan: Madam Speaker, such conduct, if true, would not indeed represent the policy of the government of the United Kingdom. Certainly the course of action suggested by the hon. member would be one of the alternatives considered.

Oral Questions

INQUIRY WHETHER TIME FACTOR MENTIONED BY BRITISH REPRESENTATIVES

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, it is clear that the NDP has now declared itself a colony of the Liberal Party.

Some hon. Members: Hear, hear!

Mr. Beatty: My question is also for the Secretary of State for External Affairs, who on Sunday made the following statement on Canadian television:

There's never been a problem with the British government on the issue of principle. They accept this principle entirely. The only question they have ever raised with us is the question of timing.

How does the Secretary of State for External Affairs square that statement with the Canadian minutes of the meeting with the British held on November 10, which indicate that the British opened the meeting by:

—saying that passage at Westminster dependent on how soon measure reaches London and what it contains.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as I said earlier, I do not propose to comment on the details of whatever records hon. members opposite think they have. But I will say that the record as a whole clearly sustains the positions which we on this side have enunciated.

Mr. Beatty: Madam Speaker, there is certainly a three-line whip here, and the Prime Minister has imposed it on the Secretary of State for External Affairs. Does the minister not feel that having made this statement to the Canadian people on nation-wide television on Sunday—in which he said, in effect, that there has never been disagreement on the issue of principle—he has a responsibility to justify it, in view of the documents of the Canadian government which indicate that his statement is flatly untrue?

Mr. MacGuigan: Madam Speaker, the hon. gentleman is quite in error. As I indicated in the House on Tuesday, we have received some half dozen confirmations from members of the British government, including Prime Minister Thatcher, of their acceptance of the principle involved. There has never been any question of the principle in the discussions with any representative in the British government. The discussions have been about the subsidiary matters, the timing and how they are to handle their backbenchers.

COURT ACTION BY PROVINCES

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I direct my question to the Secretary of State for External Affairs. On November 10 the minister told Mr. Stevas that the legal proceedings initiated by the provinces were essentially a delaying tactic. Is the minister accusing the provinces in his representation to the British government of an abuse of legal process? How could the minister do such a thing, considering that he was once a dean of law and understands the right of provinces and of any individual in this country to appeal to the courts for decisions and relief?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as the hon. member is also a lawyer, he might wish to read the decision of the Manitoba Court of Appeal, which essentially takes the position that there is no legal dispute involved. That is exactly the position taken by the Government of Canada.

● (1430)

Mr. Hnatyshyn: Madam Speaker, I take it from the answer the minister gave that he does consider the legal proceedings to be an abuse of the legal process and that is his response.

PROPOSALS MADE TO PROVINCE OF SASKATCHEWAN

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I should like to put a supplementary question to the Minister of Justice. I can understand the Leader of the New Democratic Party wanting to wrap another blanket around himself and the Liberal Party, especially in view of the fact that today the government of Saskatchewan has come out in opposition to the constitutional package. What was proposed to the province of Saskatchewan? What did it turn down? Would the minister now give the details, in view of the fact that the provincial attorney general has indicated the opposition of that provincial government to the package and has criticized the Minister of Justice for not making a reference to the Supreme Court of Canada?

Mr. Lalonde: What about Ontario and New Brunswick?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, during the course of this long investigation by the House of Commons in the committee, I have talked to a lot of the attorneys general. They have called me and discussed many aspects of this resolution that is about to be voted upon by the House of Commons and the Senate. Some of them made suggestions, and some asked questions. I had that kind of discussion with Mr. Romanow and he can make up his mind when we have finished, whether he accepts it or not. Our position is well known, that we were to patriate the Constitution, that we were to give a mechanism for an amending formula and, at long last, the great desire of John Diefenbaker to have a charter of rights in the Canadian Constitution will be realized.

Some hon. Members: Hear, hear!

Mr. McDermid: What about property rights?

Mr. Clark: Why did you vote against it?

SUMMER YOUTH EMPLOYMENT PROGRAM

INQUIRY RESPECTING REDUCTION IN FUNDING

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is for the Minister of Employment and Immigration. Several days ago the minister announced the details of the summer employment program for students. Given that this year's employment situation is much worse than it was a year ago, would the minister explain why his employment program for students for this summer will offer $20 million less than the same program last year?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member made one mistake. The rate of unemployment for this year is identical to what it was last year at the same time, so that the premise upon which the question is based is not accurate. I would ask the hon. member to look at the entire announcement. We indicated that we were putting $59 million into a new program to deal with the employment problems faced by the disabled as well as those faced by the chronically unemployed, many of whom are young people. Our objective is to allocate our resources to try to find long-term jobs in the private sector for young people so that they can have a permanent job record and not just rely upon temporary summer employment.

Mr. Orlikow: I wish to ask a supplementary question, Madam Speaker. The minister announced about two weeks ago his program for the employment of handicapped people. Most of us thought it was a good program. It is now obvious that what the minister has given with one hand, he has taken away with the other. Given the fact that we have continuing announcements of further plant closures and lay-offs, so that the unemployment situation this summer will undoubtedly be worse than it was last year, would the minister reconsider his proposals and bring forth more money for employment programs for students in the coming summer?

Mr. Axworthy: Madam Speaker, we are always prepared to review programs and to try to make sure we are doing the best thing. I go back to the basic philosophy that we are trying to adopt, which is to use our very scarce resources in the most effective manner, that is, to target upon those who have the most difficult employment problems. It certainly is our judgment that where we should focus is upon those who have high levels of unemployment in the regions where jobs are scarce, and that in many cases we should apply that money to deal with the problems of the disabled and, on the general level of youth employment, let the general market take care of it with the stimulation of the economy that was so graciously provided by my colleague, the Minister of Finance.

[*Translation*]

NATIONAL ENERGY PROGRAM

DISCUSSIONS WITH QUEBEC CONCERNING HEATING SYSTEM CONVERSION PROGRAM—REQUEST FOR REPORT

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. When the budget and the new energy policy were introduced, grants up to $800, or 50 per cent of the costs of heating system conversions such as from oil to electricity, were to be provided. Many Canadians are wondering what progress is being made in the discussions with the Quebec government and Hydro-Quebec, as they are apparently unwilling to go along with this proposal and could therefore deprive Quebecers, who are of course Canadians, of this grant. Can the minister tell us how his discussions in this regard are progressing?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I should like to report to the House and the hon. member that I met with the Quebec energy minister, Mr. Bérubé, last Tuesday, and that we discussed this specific issue. Mr. Bérubé told me that he intends to send us an official notice of the decision made by the Quebec government in this regard in the very near future. I believe that this will be a matter of days rather than weeks or months. As soon as I know the Quebec government's decision in this regard, I shall be happy to inform my colleague and the House of the results of the consultations now going on with the Quebec government. In any event, we are looking forward to the time when this program is available to all Quebecers.

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[*English*]

NATIONAL DEFENCE

F-18A FIGHTER AIRCRAFT CONTRACT—INQUIRY WHETHER TERMS BEING FULFILLED

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of Supply and Services. The signed contract between McDonnell Douglas and the Canadian government at Schedule A, Table 1, shows as a "firm commitment" new work on DC-9s, super 80s, DC-10 stretch, and KC-10s in the amount of $83 million for each of 1980 and 1981. This is the kind of work that could be done at the McDonnell Douglas plant in Mississauga where hundreds of workers have been laid off. Has this firm commitment, particularly for 1980, been fulfilled and, if not, why not?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the hon. gentleman is aware that some questions were asked in the House recently relating to the lay-offs in Malton at McDonnell Douglas affecting about 700 employees. I have been made aware of that, as has the whole House. It is the result of a slowdown, a softening of the market, for the civilian aircraft that the hon. gentleman has described. Effectively that

has had a negative impact on the offset program as it affects those particular components.

Mr. McKinnon: A supplementary question, Madam Speaker. Another section of the same contract calls for a progress review at Milestone 6 on January 7 this year. A payment of over $11 million to McDonnell Douglas was also due on January 7, and one would presume it was contingent upon the progress review. Is the fulfilling of the $83 million firm commitment not a prerequisite to passing the progress review? Could the minister tell us if he has paid the $11 million?

Mr. Blais: Madam Speaker, I am not in a position to advise the hon. gentleman if the specific commitment relating to the KC-10 and the DC-10 in terms of the time-frame envisaged by Milestone 6 would entitle the full payment at that particular time. I will review the question of whether the payment has been made, and advise the hon. gentleman. I will advise him as well about the conditions that were met. I can tell the hon. gentleman that, to the best of my knowledge, the payments that have been made are in accordance with the terms of the contract and the strict enforcement of those terms.

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PUBLIC SERVICE

THREAT OF UNION SUSPENSION FOR EMPLOYEES WHO IGNORED STRIKE CALL

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the President of the Treasury Board. During the federal clerks' strike last year, many non-designated CRs continued to attend their jobs. A number of these people are now being reprimanded by disciplinary committees of some union locals and have been threatened with suspension from the union. Is the minister aware of this? Could he tell me what protection an employee has if the threat of union membership suspension becomes a fact?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I would be most distressed to think that those CRs who fulfilled their legal obligations to the employer, namely, the Government of Canada, during the period of the strike, are being disciplined in this fashion by the unions. That has not been brought to my attention and I would be most concerned if that is the case. They are our employees, obviously. I should like to have any additional information the hon. gentleman has with respect to this brought to my attention.

Mr. Kempling: Madam Speaker, the reprimand is in the form of a letter which states as follows:

> The Union executive would recommend the strongest disciplinary action against those non-designated CRs who did not fully take part in the strike.

It goes on to say:

> A substantial contribution to the strike fund would cause the executive to review the member's case.

It gives seven days for a response in writing to the discipline committee, asks that the reply be marked private and confidential, and gives the address. Finally, it says to make all cheques payable to local 627. What protection does the government have for employees who are threatened with this type of blackmail and extortion?

● (1440)

Mr. Johnston: Madam Speaker, I will take the hon. member's question and concern under consideration. This is the first time this has been brought to my attention. As I say, these people are employees of the Government of Canada. The letter the hon. member refers to is counselling or would appear to counsel illegal activities on the part of those employees who honour their obligations to us.

* * *

SUMMER YOUTH EMPLOYMENT PROGRAM

LACK OF ADVERTISING CAMPAIGN

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is to the Minister of Employment and Immigration. The minister recently announced the new summer youth employment program. Will the minister tell us why, to date, this new program has not been advertised, and why, according to his own officials, there are no plans for an advertising campaign for this youth program until at least the first week in March? With a deadline date for applications of March 16, does he consider the approximate two-week notice to young people adequate, or is he really hoping that by delaying the advertising he will not have to bother with as many applications, considering that his own figures indicate the number of jobs have decreased by some 30,000?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the program for summer youth employment is one that has been brought forward by this government over several summers. It is well known to the students and to the educational system. It has certainly been our experience that there does not have to be a massive advertising campaign in order to generate response. In fact we already have a number of responses. As the hon. member well knows, information is being supplied through a number of employment centres in existence in the universities and community colleges. The program is already generating a high degree of response.

As the hon. member also knows, we made a revision to the program this year to put even more responsibility on the local Member of Parliament by again asking the member to undertake local reviews of these projects and provide for some management administration and certainly information development for these programs. Therefore we have no reservations at all, knowing that it is a well-known program which will be widely used. We request the co-operation of the hon. member and other hon. members to make sure that the judgment on the wide range of applications is judiciously done.

Mr. McDermid: Madam Speaker, this has to be the first government program where Members of Parliament are being asked to do the advertising. It is ridiculous. My supplementary question is to the Deputy Prime Minister, in the absence of the minister responsible for government advertising. Can the minister tell us just what priority he has assigned to the advertising of the summer youth employment program and how he determines which issues warrant adequate advertising, if not those that will affect a very large, young and unemployed portion of the population?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will draw that question to the attention of the responsible minister so that he can give an answer in the detail the question deserves and the hon. member would like to have.

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SHIPBUILDING

BUILDING OF VESSELS FOR USE IN ENERGY EXPLORATION IN BEAUFORT SEA

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is to the Minister of Energy, Mines and Resources. Dome Petroleum, which the minister has extolled as a Canadian company, intends to construct a large barge for its exploration efforts in the Beaufort Sea. Although Dome originally approached a Vancouver shipyard which has the capacity and the manpower to do this, it now appears Dome will have this craft built in Singapore, with a resultant loss of some 150 jobs in Vancouver. In addition, a ship was recently built for Dome in Louisiana for use in the Beaufort Sea, which resulted in the loss of about 50 more jobs. Will the minister inquire into these allegations and demand that Dome build these vessels in Canada so that Canadian workers and Canadian shipbuilders will obtain the benefits of development of our Arctic resources? Will he also confirm that Canadian tax dollars are being used to subsidize the construction of vessels built in foreign countries?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I will certainly bring the point raised by the hon. member to the attention of Dome Petroleum. I was advised by Dome that they intended to have some of their vessels built in British Columbia. I will inquire about the most recent allegation by the hon. member, but I wish to inform her that, to my knowledge, there is no subsidy for having ships built abroad.

Mrs. Mitchell: In view of the tremendous potential there is in the Arctic and northern Canada for development of advanced Canadian technology in the resource and maritime industries, and the fact that this potential is in danger of being taken over by foreign interests if we do not get a move on, what steps are the minister and his government taking to develop an industrial strategy related to the development of northern resources, energy in particular? What research and development funds are being invested? Also, what plans and programs are under way to retrain Canadians so that we do not have to import foreign skilled labour?

Mr. Lalonde: Madam Speaker, I am happy the hon. member has raised this very important question. As she knows, there is now a bill before a parliamentary committee of this House, Bill C-48, the Canada Oil and Gas Act, which gives the minister authority to impose very strict working conditions on the oil industry on Canada lands. This will mean the right to insist on Canadian ownership, Canadian services and equipment, and also the employment of Canadians. This bill is before the House. I hope it will be passed very soon so that we will be in a position to impose those conditions upon those who are benefiting from the exploitation of resources on Canada lands.

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INCOME TAX

CHILD CARE EXPENSES—REQUEST FOR AMENDMENT TO ALLOW FATHERS TO CLAIM DEDUCTION

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, my question is for the Minister of National Revenue. The Federal Court of Canada ruled that, for income tax purposes, a father cannot claim a deduction for child care expenses. This is the *ratio* for the Gillespie case. As the minister knows, under the Income Tax Act the mother and not the father is irrevocably assumed to have custody of a child. Will the minister consider an amendment to the Income Tax Act whereby, if the father pays for child care expenses and has receipts for them, he can claim a deduction from his income tax?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I thank the hon. member for his question. We are now applying the law on the basis of the way it stands, that is, if the father is to claim a deduction for the children he must show proof that he has had a divorce or a legal separation. Otherwise the custody is in the mother's name and she claims the deduction. Of course, amendments to the Income Tax Act come under the purview of my colleague, the Minister of Finance.

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THE BUDGET

INQUIRY RESPECTING OIL CONSUMPTION TAX

Mr. Bill Wright (Calgary North): Madam Speaker, my question is for the Deputy Prime Minister and Minister of Finance. On page 50 of the budget papers it is stated that the Canadian ownership accounts to be set up by the government will tax Canadian oil consumption up to $4 per barrel. This amounts to $2.7 billion per year. Can the minister confirm that when this tax is imposed up to $2.7 billion could leave the

country each year to help pay for nationalizing the oil industry?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I could not confirm that. It is a limit that is placed upon a proposed ownership charge, and the ownership charge that might arise from acquisition of Petrofina has not yet been determined. That will be known only when the final financial details are available. Certainly it is not the intention to require that sum of money to make this particular acquisition.

Mr. Wright: I did not say it would. I asked could it. There is a difference. Given that the $2.7 billion is provided from the budget, and given interest rates at the time of the budget, can the minister confirm that the government is prepared to pay up to $16 billion for the purchase of foreign-controlled Canadian oil companies? If he does not agree with that figure, what is the figure the government has determined?

Mr. MacEachen: No, Madam Speaker, I could not agree with that conclusion of the hon. member. A decision has been taken to make one acquisition. The cost to the taxpayers is not yet determined, but there will be a cost. One would only reach the sums of money the hon. member mentions by major additional acquisitions, and no decisions have been reached on that matter as of today.

* * *

● (1450)

FITNESS AND AMATEUR SPORT

TRAVEL CONTRIBUTIONS TO CANADIAN UNIVERSITIES

Hon. Steven E. Paproski (Edmonton North): Thank you, Madam Speaker, for your recognition.

Some hon. Members: Hear, hear!

Mr. Paproski: My question is for the minister responsible for physical fitness and amateur sports. Since he took the fitness test he has not been able to get into the House, so I will direct the question to his parliamentary secretary. This is his great chance.

My question deals with a communiqué issued by the minister and has to do with travel contributions to Canadian universities. It stated that this is a "new federal assistance program". How can the minister justify calling this assistance program new when Canadian universities received grants in the 1978-79 athletic year from the federal government, and in the 1979-80 athletic year as well? Since these grants were originally on a trial basis and not intended to be perpetual, does this mean that these grants are now part of a permanent program, and since Simon Fraser—

Some hon. Members: Oh, oh!

Mr. Paproski: I want to make sure you are going to become a good minister so I will give you another couple, because she is liable to cut me off.

Some hon. Members: Oh, oh!

Madam Speaker: Order. The hon. member is disappointing me after my recognizing him, but he is liable to get cut off if he does not come to his question.

Mr. Paproski: What is the amount being given to each of these conferences within the CIAU and to Simon Fraser for the athletic year 1980-81 out of the total grant?

Mr. Louis R. Desmarais (Parliamentary Secretary to Minister of Labour): Madam Speaker, I thank the hon. member for his question. I should like to tell him that I will endeavour to obtain the statistics he is asking for, and as soon as I have them I can assure him he will be the first to know.

* * *

ENERGY

FORECAST OF REDUCTION IN CASH FLOWS OF OIL COMPANIES

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I will attempt to be brief. I would like to direct my question to the Minister of Energy, Mines and Resources.

Mr. Bell, vice-president of PetroCan, is reported in the *Toronto Star* to have made the statement that cash flows of the oil companies of Canada this year would be reduced by 25 per cent from that of last year. Does the minister agree with Mr. Bell's statements and, if he does not, will he give us some figures that I am sure his department must have?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, before agreeing or disagreeing I should like to read Mr. Bell's statement. I have not read that statement, but I would be happy to read it and comment to the hon. member.

DIFFERENCE IN ESTIMATES OF OIL COMPANY CASH FLOWS

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I am sure that someone from Petro-Canada must consult with the minister occasionally before making statements. I should like to direct my supplementary question to the Minister of Finance.

In reply to a question by my colleague, the hon. member for Calgary Centre, the Minister of Finance said in this House that the cash flow of the oil companies of Canada this year would be up 28 per cent. How does he balance that with the statement made by Mr. Bell in the *Toronto Star* that it will be reduced by 25 per cent this year?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not seen Mr. Bell's estimate. I would have to see it and examine the

comparative statistics in order to reach a conclusion. I still stand by what I said in the House.

* * *

INDIAN AFFAIRS

PROVISION OF HEALTH CARE SERVICES UNDER JAMES BAY AGREEMENT

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development.

As the guardian of the James Bay settlement which was entrenched in an act of Parliament, and since the minister has an obligation to ensure that services under that act are in fact given to the native people of that region, and since court actions are now showing that in fact that is not the case, how can the minister secure settlements with other natives in other regions of this country when they cannot even trust the legislation passed in the last few years?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have gone into this in a fairly extensive way, certainly with Charlie Watt of the Inuit and Billy Diamond of the Cree, who were involved in the James Bay settlement. Might I say that we are concerned in a back-up way to ensure that health services under the agreement are provided in this area. The court action is now pending and it very much involves the whole question of whether or not Quebec has been providing adequate health services. In addition, the court will deal with the claim of Quebec that it has endeavoured to, but has been impeded from doing so. When questions like this are before the courts I do not think either the hon. member or I should go any further in commenting until the matter has been concluded in the courts.

Mr. Schellenberger: Madam Speaker, Parliament needs assurance that the agreement is being upheld. Will the minister tell us why the government has so far ignored Section 10 of the act which states clearly that yearly reports are to be submitted to this Parliament? Those reports have not been submitted for the past three years. Can the minister state why that is the case?

Mr. Munro (Hamilton East): Yes, I am well aware of that, and I am taking action. I might indicate that while the hon. member is offering this indictment he is also including his own administration of about ten or 11 months ago. Certainly I have asked for speed in respect of this matter and I hope to correct that very shortly, indeed. I would reiterate that once these court decisions are determined and the court has made a ruling, if it has identified areas of federal responsibility in which we have been deficient we will take action to correct it.

FEDERAL GOVERNMENT SIGNS

COST OF IDENTIFICATION PROGRAM

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I wish to direct my question to the Minister of Supply and Services. It is my understanding that it is the intention of the government by the end of March, 1982, to spend in the vicinity of an additional $4.4 million on alterations to already existing federal government signs across the country, in addition to the $1 billion which has already been spent. I understand that the word "Canada" and a small Canadian flag over the last "a" in the word is to be added to the signs. Can the minister tell the members of this House whether this information is accurate and, if it is, does he not think the government could find a more useful way to spend such an enormous amount of Canadian taxpayers' money, particularly in light of the severe economic difficulties facing the government and the country?

Hon. J.-J. Blais (Minister of Supply and Services): Quite to the contrary, Madam Speaker, I feel the investment is one that is required, and one that all members of this House undoubtedly support except, evidently, from his comment, the hon. member for Parry Sound-Muskoka. The Canada word mark is part of the federal identity program and is much desired at this very crucial time in our history.

Mr. Darling: Madam Speaker, is the minister telling members of the House that, in the opinion of his government, this Canada word mark project deserves priority status? The government certainly must be having difficulties in finding ways to spend the money. Is that what he is telling us?

Mr. Blais: Madam Speaker, the Canada word mark, and the decal, which is made available in order to affix that decal on all government rolling stock, on all government equipment and hardware that is able to take the decal, are in effect a very sound and very good program and investment. It is not a question of priorizing it over expenditures. It is part of the government's ongoing programs, and its priority is equal to that of other expenditures which are being made in the normal course.

* * *

● (1500)

BUSINESS OF THE HOUSE

Mr. Pinard: Madam Speaker, following the agreements I was talking about yesterday, this is the third one:

That no more than one additional member from each party shall speak in the debate at the second reading stage of Bill C-24, to amend laws relating to fiscal transfers to the provinces;

That, after the said members have spoken, the question shall be put and, if carried, the bill shall be referred to a Committee of the Whole;

That no debate shall be permitted at any stage after the second reading stage of the said bill, provided that the House or the Committee of the Whole shall be permitted to divide on any motion or clause related to the said bill;

That immediately the bill is reported from Committee of the Whole, notwithstanding any Standing Order, all questions necessary for the disposal of the

report stage and third reading stage of the said bill shall be put forthwith and successively;

That a special committee to be composed of seven members to be named at a later date be appointed to act as a parliamentary task force on the federal-provincial fiscal arrangements, to report no later than June 26, 1981, in order that its views may be considered in the negotiations with provinces leading to new arrangements to begin with the 1982-83 fiscal year;

That the committee examine the programs authorized by the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, focussing, in particular, on fiscal equalization, the tax collection agreements, the Canada Assistance Plan, and Established Programs Financing; and that this examination take place within the context of the government's expenditure plan as set out in the October 28, 1980 budget;

That the committee shall have all of the powers given to standing committees by Section (8) of Standing Order 65;

That the committee have the power to retain the services of expert, professional, technical and clerical staff as may be deemed necessary;

That the provisions of sections (4) and (9) of Standing Order 65 be suspended in application to the said committee; and

That, notwithstanding the usual practices of this House, if the House is not sitting when an interim or final report of the committee is completed, the committee may make the said report public before it is laid before the House.

Mr. Nielsen: Madam Speaker, we have no problem in giving our consent to the order being sought. I consulted yesterday with the government House leader and the House leader for the New Democratic Party in connection with the speaker on behalf of our party. The hon. member for Calgary Centre will be our speaker and, since he has already taken part in the debate, both other House leaders have given their consent to suspend Standing Order 37(1) so as to enable the hon. member for Calgary Centre to be our spokesman in this matter.

One other matter which is not mentioned in the order put forward is that, as part of the arrangement, it has been agreed that when we are at the committee stage, Clause 3 will be dropped from the bill and will not pass.

Mr. MacEachen: It will be defeated.

Mr. Nielsen: It will be defeated.

Mr. Knowles: Madam Speaker, it is correct that the order proposed by the government House leader comes to us as a result of the discussions we have had, and we are prepared to concur in it. There is one reservation I should like to make, but it does not detract from our readiness to pass the motion, and that is that we never did settle the question of whether this new parliamentary task force should have the right to travel as it does its work. I simply reserve the right to the committee to ask for that if it finds that it needs it. That can be done later.

As stated by the hon. member for Yukon, we understand that the government and the official opposition will see to it that Clause 3 of the bill is not carried when we get into Committee of the Whole. We may find ourselves in the unusual position of being the only party to vote for something the government has put before us. We shall still vote for Clause 3.

However, we welcome the implementation of the assurance that, since Clause 3 is to be dropped, there is to be the parliamentary task force outlined in this motion.

I have just one other thing to say. It is not often that the Progressive Conservative Party and the New Democratic Party find themselves in the same boat.

Mr. Nielsen: But never in bed.

Mr. Knowles: That is right. Just as the Progressive Conservative Party wishes its one speaker today to be a member who has already spoken, so we would like permission for the hon. member for Winnipeg-Birds Hill, who has already spoken, to be our one speaker in the debate today. I believe that is agreed among the House leaders, and I trust unanimous consent will be given thereto.

Madam Speaker: The House has heard the proposed order. Does the House unanimously agree to this order? The suggestion of the hon. member for Yukon was not quite a modification, but it seemed to be an amendment. At any rate, does the House agree to the order as proposed by the President of the Privy Council, including the reservations made by the two other members who spoke?

Some hon. Members: Agreed.

Madam Speaker: So ordered.

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, I will now ask the usual Thursday question. Can the government House leader give us an indication of what his plans are for the business for the remainder of today when we are through with Bill C-24, and for tomorrow and as far as he can go into next week?

[*Translation*]

Mr. Pinard: Madam Speaker, the hon. members are aware that tomorrow is an opposition day. Next week, we shall proceed with the second reading of the bill to provide supplementary borrowing authority to the government. We are hoping to give second reading to this bill in the middle of next week, preferably on Tuesday, and if so, we would like to begin second reading of Bill C-57 to amend the Excise Tax Act.

As we all know, the Joint Committee on the Constitution must report by February 13, next Friday. I understand that it might report earlier; in such a case, I would be happy to review the order of business for next week in consultation with my colleagues of the opposition parties, but I must emphasize that it is urgent to give second reading to Bill C-59, and we would appreciate it if this could be done early next week.

[*English*]

Mr. Nielsen: I have just one brief question with respect to that order, Madam Speaker. Could the government House leader give us an indication of how soon the government intends to move on the report from the joint committee once it is tabled in the House?

Mr. Pinard: Madam Speaker, at this time our intention is to deal with that report and with the Constitution as soon as

possible after the report is made but, as I just said to my hon. colleague, I will first talk to him and to the House leader of the New Democratic Party before determining the day on which the conclusion of the debate on the Constitution will start.

Mr. Knowles: Madam Speaker, I have just two questions I should like to put to the minister today with respect to House business.

First, has the Acting Minister of Veterans Affairs yet indicated to the government House leader how soon he might have his legislation ready? We hope it will soon be before the House.

My second question relates to the fourth report from the Standing Committee on Transport, which I understand is a unanimous report which the members of that committee would like to have discussed, even if only for a couple of hours. Has the minister discussed this matter with the chairman of the committee, the hon. member for Northumberland-Miramichi? Can he indicate whether arrangements could be made next week for a short debate on that report?

Mr. Pinard: Yes, Madam Speaker, on the first point I will talk to the Acting Minister of Veterans Affairs about the request made by my hon. colleague.

On the second point, I have talked to the chairman of the Standing Committee on Transport, and it all depends on the progress we make next week on Bill C-59 dealing with borrowing authority. If we can complete the second reading stage of that bill early next week, I would be willing to consider a short debate on the report of the Standing Committee on Transport, but before committing myself I would like to have a conversation with the Minister of Transport.

● (1510)

I have commenced discussions but with the proviso that we deal with Bill C-59 in the way I have just mentioned. However, I have an open mind as to the possibility of debating very shortly the report which the hon. member is talking about.

Mr. Hargrave: Madam Speaker, could the government House leader give us some indication of the government's plans with respect to the new taxation legislation dealing with the two natural gas bills? Could the government House leader also indicate, if possible, whether there might be some assurance after second reading that both of those bills might be referred to a standing committee of the House of Commons so that appropriate witnesses may be heard? I am sure he is aware of the very grave concern among the producing provinces of natural gas about these two taxation measures.

Mr. Pinard: Madam Speaker, this legislation is part of our national energy policy, which is very important to all Canadians. The suggestion just made by the hon. member, however, is very interesting. I am not in a position now to tell him what we will do with the legislation as to whether we will decide to deal with it in a standing Committee rather than in Committee of the Whole House, but I can say that I will consider his

suggestion very seriously. I will talk to the minister responsible for the matter, and I will speak to the House leader of the hon. member's party in an effort to come to some kind of arrangement. If we can agree on limiting debate on second reading so that the standing committee can deal with the issue, that may help to conclude an arrangement.

* * *

[*Translation*]

POINT OF ORDER

MR. NIELSEN—THE CONSTITUTION—TABLING OF LETTER FROM BRITISH PRIME MINISTER

Madam Speaker: After the point of order raised Monday by the hon. member for Yukon (Mr. Nielsen), I had an opportunity to read *Hansard* for yesterday and Monday, as he had asked me to do, in connection with the tabling of certain documents in the House. In his intervention last Tuesday, the hon. member for Yukon had informed the Chair of his intention to raise a point of order about some of the answers given by the Prime Minister (Mr. Trudeau) and the Secretary of State for External Affairs (Mr. MacGuigan) during question period.

The hon. member for Yukon then alleged that several times the hon. ministers concerned had referred to or quoted long excerpts from a letter which the Prime Minister is said to have received from the United Kingdom Prime Minister, Mrs. Thatcher.

It seems to me the Standing Orders are clear about the obligation of a minister to lay upon the table a state paper from which he has already quoted. I am sure all hon. members know Citation 327 in Beauchesne's fifth edition. It is true that the hon. ministers referred to that letter during question period, put after close examination of *Hansard* I was unable to find a passage which appeared to me as being a direct quotation. Having consulted the precedents, may I draw the hon. members' attention to a ruling of one of my predecessors, Mr. Lamoureux, which can be found at page 9599 of *Hansard* for November 16, 1971, and I quote:

I have to agree with the contention that if the reference made to a public document is not, as the citation says, a quotation from that document, it would be very difficult for the Chair to rule that the document ought to be tabled.

If a document has been actually cited or quoted in debate by a minister of the Crown, it has to be tabled. If only reference is made to it, I do not see how there can be an obligation to table it.

In his remarks yesterday the hon. member for Yukon stated that the Chair had the duty to order the government to table the letter in question. He rested his argument on Citation 327 in Beauchesne's fifth edition whose relevant section reads as follows:

To be cited, a document must be quoted or specifically used to influence debate.

I confess I was somewhat surprised by this citation, so I made it my duty to check the sources on which this Section (5)

of Beauchesne's Citation 327 might have been based. Now, the precedents of 1957 and 1975 which can be found do not mention the fact that a document is used specifically to influence debate. One might even wonder whether the Chair can determine if a document did or did not influence debate. It is an extremely difficult judgment for the Chair to make. Therefore, I must return to the first section of the citation which is itself based on a quotation of Erskine May, and which did not change in any way the fundamental rule followed until now by all my predecessors. Indeed that is the ruling made in similar circumstances by Mr. Speaker Jerome on March 4, 1975. Among other things, he said, and I quote:

Surely, a reasonable interpretation of the words "quotation from a document" must mean a quotation from the body of a document—

He then specified just what constituted quoting. And, on April 8, 1976, along the same line of thought, he added:

However, this certainly has never been held to apply to a situation in which a minister—

—as in this case—

—has simply been asked a question about a document and given an answer.

Therefore an attempt to secure information based on a certain document certainly does not entail that it is necessary to table the said document.

Under the circumstances, I see no reason why my opinion should differ from that of my predecessors, and I cannot find any Standing Order under which the Prime Minister might be forced to table the document in question.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 65, 160, 1,630, 1,802 and 1,814.

[*Text*]

RAILWAY PASSENGER SERVICE TO AND FROM BROCKVILLE STATION

Question No. 65—**Mr. Cossitt:**

During each of the past three years, what is the estimated number of persons (a) boarding (b) disembarking from passenger trains at Brockville, Ontario (c) arriving in Brockville, Ontario on trains from (i) Ottawa (ii) Montreal, for combining two trains into one before proceeding to Toronto (d) arriving in Brockville from points west of Toronto for transfer to trains proceeding to (i) Montreal (ii) Ottawa?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises that VIA Rail Canada is unable to supply the requested information. An analysis has been performed on data filed by Canadian National Railways for the years 1976 and 1978. From the information, an estimate of passenger flows has been prepared for these years at Brockville. It was not possible to segregate passenger counts between departures and arrivals, nor was it possible to separate passengers by direction of travel. The following estimates are annual totals.

		1976 (000's)	1978 (000's)
(a) (b)	Passengers boarding and disembarking at Brockville:	51.5	54.9
(c)	Passengers travelling through Brockville on trains combined from or split into Montreal and Ottawa sections:		
	Montreal section	90.4	110.0
	Ottawa section	89.7	104.7
(d)	Passengers travelling through Brockville from and to southwestern Ontario on trains combined from or split into Montreal and Ottawa sections:		
	Montreal section	5.5	5.3
	Ottawa section	32.8	33.2

NOTE: Totals in (d) are included in totals in (c).

Estimates for (c) and (d) assume through Montreal-Toronto passengers travel on trains which do not stop in Brockville.

MR. PIERRE FRANCHE—NATIONAL HARBOURS BOARD

Question No. 160—**Mr. Cossitt:**

1. Did the former Minister of Transport or a member of his staff request Mr. Pierre Franche, chairman of the National Harbours Board, to telephone the hon. member for Leeds-Grenville and discuss the situation at the Prescott grain elevators and, if so, did Mr. Franche fail to do so until reminded by the Minister of Transport's office on Monday, November 19, 1979?

2. Did Mr. Franche, in a telephone conversation on Monday, November 19, 1979, with the hon. member for Leeds-Grenville, advise that he would re-examine the situation and contact the member again by Monday, November 26, 1979, and, if so (a) did he make such a contact and, if not, for what reason (b) did Mr. Franche deny any knowledge of casual or temporary help being hired at the Prescott grain elevators and, if so, what are all the reasons that such a denial was made?

3. Did Mr. Franche state that he had been looking into the situation at Prescott for some weeks and, if so, how could such a denial as mentioned in part 2 be made legitimately?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows: 1. Yes, the Minister of Transport requested on the morning of November 19, 1979, that the chairman telephone the hon. member for Leeds-Grenville; this was done in the afternoon.

2. The chairman advised he would review the alleged increase in casual help and call him by Friday, November 23 or Monday, November 26, 1979.

(a) The chairman did not make any further contact in light of the statements in the Prescott *Journal*, November 21, 1979. The Minister of Transport was so advised on November 22, 1979.

(b) The chairman was not aware of the alleged increase in casual help. Upon inquiring subsequently, it was established that there was nothing abnormal in the increased casual help requirements since it was the height of the harvest season and there was a grain elevator strike in Montreal.

3. The chairman had reviewed the reorganization and dismissals that occurred. There was nothing abnormal in the requirement for increased casual help during this period.

IMMIGRATION—MR. ERIC PROCTER

Question No. 1,630—**Mr. Cossitt:**

1. Was Mr. Eric Procter deported from Canada by immigration authorities following an RCMP and departmental investigation and, if so (a) was it determined that he had worked in Canada without paying income tax (b) did he marry shortly before being deported and did immigration authorities consider this a marriage of convenience to avoid deportation (c) on what date was he deported and to what location?

2. Since his deportation, has Mr. Procter returned to Canada in the neighbourhood of Edmonton, Alberta or elsewhere and did he re-enter Canada on a ministerial permit and, if so, what are all the reasons for granting the permit?

3. To the knowledge of the government, has Mr. Procter a criminal record in England and, if so, what are the details of his record?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Employment and Immigration and the Solicitor General as follows: 1. Mr. Eric Procter was ordered deported from Canada by an adjudicator at an immigration inquiry held on February 15 and March 12, 1980.

(a) No.

(b) He married Bernice Lee on March 11, 1980, which is the day before he was ordered deported. The commission did not consider this to be a marriage of convenience to avoid deportation.

(c) Mr. Procter was deported to England on July 19, 1980.

2. Since his deportation, Mr. Procter has returned to Canada to the city of Edmonton as a permanent resident. No minister's permit was issued.

3. A search of RCMP criminal record files, based only on the name Eric Procter, failed to reveal a file under this name which contained a criminal record from England. It should be pointed out, however, that a complete search of these records or identification to a particular file cannot be made without fingerprints.

DOT—PERSONNEL BRANCH, PRESCOTT, ONT.

Question No. 1,802—**Mr. Cossitt:**

1. Is the Department of Transport planning to move the personnel branch of its depot at Prescott, Ontario, to Toronto and, if so (a) how many persons will be involved (b) is the minister aware that his predecessor made a commitment that this branch would not be moved and, if so, what are all the reasons for this change in policy (c) will the government consider reversing such a decision or plan?

2. Does the government consider it possible to hire personnel in the constituency of Leeds-Grenville by using a staff over 200 miles away in the city of Toronto and, if so, for what reason?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. No. (a), (b) and (c). Not applicable.

2. The Prescott personnel office, which recruits for the Canadian Coast Guard, has authority to hire skilled and semi-skilled tradespersons, ship crews and support staff for a large district stretching as far as Lake St. Clair. The hiring of marine specialists and licensed professionals is done by the regional office in Toronto because the search frequently extends across Canada. Recruitment based on this arrangement appears to work well and there are no plans for reorganization in this area.

DEFENCE CONSTRUCTION (1951) LTD.

Question No. 1,814—**Mr. Herbert:**

In each of the past ten years, what was the value of contract change orders approved by Defence Construction (1951) Ltd. and what was the value of the change orders as a percentage of the value of original contract completions?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): The information is not readily available from the records maintained by Defence Construction (1951) Ltd. as the company's statistics are not compiled on this basis. To provide this information would entail the examination of a very large number of individual contracts for each of the past ten years and for this the company does not have the necessary resources. However, an analysis of the value of change orders as a percentage of the value of the original contracts for fiscal years 1976-77 and part of fiscal year 1977-78 was prepared in 1977 for the Royal Commission on Financial Management and Accountability. The results of this analysis were as follows:

	Award Value	Change Orders	Per cent Variation
Major Construction	$37,221,803	$2,902,828	7.8
Minor Construction	8,444,149	407,642	4.8
Repair and Maintenance	5,727,472	441,956	7.7

An analysis of the value of change orders as a percentage of the value of original contracts completed to date in the fiscal year 1980-81 is as follows:

	Award Value	Change Orders	Per cent Variation
Major Construction	$46,032,337	$3,872,773	8.4
Minor Construction	5,082,610	308,175	6.1
Repair and Maintenance	23,147,306	849,924	3.7

[*English*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Mr. Tom Cossitt (Leeds-Grenville): Madam Speaker, I did not want the parliamentary secretary to think that I had

fainted away. I hate to raise once more points of order on similar questions that I have raised time and time again. However, I feel compelled to do so because in the meantime nothing has happened. I know that I usually get a lecture in response to this question and get told about the percentage of questions the government has answered. No doubt the parliamentary secretary will point out that the government answered 24 of my questions yesterday—maybe it was 27.

Mr. Collenette: It was 32.

Mr. Cossitt: Nevertheless, they were all on the same subject and they were about six months over due, so he cannot boast very much.

Specifically, my question is this: I have questions Nos. 121 and 122 on the Order Paper concerning defeated Liberal candidates, defeated Liberal Members of Parliament and so on, who have received public appointments. I have raised this point before and it should not take months simply to tell us the number of judges who have been appointed or the number of people who have been appointed to boards or commissions. Every day we read in the paper about one or two appointments. Surely we could get a complete list so that we could see it all in total.

Also, I have been continually asking about the Taschereau papers, which Michael Pitfield returned to the Public Archives at the request of the security committee of the cabinet and the Prime Minister (Mr. Trudeau). Those questions have stood on the Order Paper, including others about Michael Pitfield, for months and months. I have asked this question before and I have been told the matter would be looked into. It seems as though Mr. Pitfield is some sort of an invisible ogre in the Langevin Block who secretly runs this country. We cannot find out what he is doing, what he has done, or what he is going to do. He is untouchable. I do not think that is right. He is the senior public servant in the land and he is accountable to Parliament.

● (1520)

An hon. Member: He is too busy for you.

Mr. Cossitt: The hon. member opposite says Mr. Pitfield is too busy for me. If Mr. Pitfield is too busy to answer questions to which the people of this country are entitled to have answers, then he should not be the senior civil servant in Canada. He should not be in that position at all if he is too busy to answer questions. Perhaps someone else should be hired—

Some hon. Members: Order!

Madam Speaker: The hon. member is entering into debate.

An hon. Member: What is your point of order?

Mr. Cossitt: If the hon. member would listen, Madam Speaker, perhaps he would hear.

I have one final item which I would like to raise with the parliamentary secretary. A minister in the present cabinet told me he had signed answers to my questions. I am not referring to the Minister of Supply and Services (Mr. Blais), since those questions were dealt with before when answers were delayed. The other minister told me he signed them last November. They are still on the Order Paper. Can the parliamentary secretary clarify once and for all, when questions are sent back to the Privy Council Office by ministers of the Crown, how long are they kept hidden there until they are sent back here?

Mr. Collenette: Madam Speaker, I would like to deal with the hon. member's last point first. When answers are tabled in the House they have been approved by the respective ministers. But it is also the obligation of the President of the Privy Council (Mr. Pinard) as government House leader, and myself as parliamentary secretary, to ensure that those answers in that final tabling conform to the rules of the House and to the spirit of the law and government legislation.

I would like to explain briefly to the House that with respect to answers tabled concerning the Minister of Supply and Services, which were signed some months ago,—and the hon. member received assurances from the minister in the committee—they did come forward to the Privy Council. I did read them. But, Madam Speaker, there is a directive which I think the hon. member for Leeds-Grenville (Mr. Cossitt) will be pleased to hear about and which he will accept.

Notwithstanding the fact that Bill C-43 has yet to pass the House, the affairs of the government will be conducted as if that bill is now law. In that particular instance, dealing with the questions with respect to Supply and Services on, I think it was, Crown Assets Disposal Corporation, I sent those answers back for further clarification to ensure that the answers fully recognized the ambit of the law now before the House of Commons. Hence the delay.

The hon. member has said there are other answers coming from another department. He has not told me which department, so therefore it would be difficult for me to follow it up to make sure that this is, indeed, the case. I do not want to go on too long, but we dealt with this the last time the hon. member for Leeds-Grenville had the floor with respect to questions on the Order Paper.

I cannot let the remarks of the hon. member with respect to Mr. Pitfield pass, since the Prime Minister (Mr. Trudeau) appeared before the Miscellaneous Estimates Committee before Christmas. The Prime Minister answers in this House for the senior public servant. The hon. member for Leeds-Grenville was not there to ask questions of the Prime Minister concerning Mr. Pitfield and the administration of affairs. I think that answers the particular point raised by the hon. member.

Mr. Cossitt: On a question of privilege, Madam Speaker. The parliamentary secretary apparently has a bad memory, or poor ears. He raised this same point with respect to Mr. Pitfield. He pointed out that I had not been at the Committee on Miscellaneous Estimates when the Prime Minister was

there. I cannot recall the exact date when this occurred. I pointed out that I was in the Kingston General Hospital having a heart check-up. The hon. member was already aware of that. I therefore suggest that what he says today means that he is either not listening or he has misunderstood what I said to him.

It is an affront of the privileges of this House when the parliamentary secretary says that the Prime Minister was there. Does he mean, in effect, that should cover everyone, including Mr. Pitfield? I can only say that when other ministers appear they do not seem to fear bringing their deputies with them. Why does the Prime Minister of this country fear bringing his deputy with him? Maybe the parliamentary secretary can tell us that.

Madam Speaker: It seems to me that this is a question which should have been asked at the committee hearings. The hon. member is placing me in an impossible situation since he is discussing what should be discussed in another forum.

GOVERNMENT ORDERS

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

MEASURE TO AMEND

The House resumed from Monday, December 15, 1980, consideration of the motion of Mr. Bussières (for the Minister of Finance) that Bill C-24, to amend laws relating to fiscal transfers to the provinces, be read the second time and referred to the Committee of the Whole.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I would like to thank the House for waiving Standing Orders to allow me to participate for what amounts to a second time in the second reading debate on Bill C-24, respecting fiscal transfers to the provinces.

When second reading on Bill C-24 commenced on December 15 last we had some excellent contributions by the minister, the hon. member for Mississauga South (Mr. Blenkarn) in particular, and by the hon. member for Broadview-Greenwood (Mr. Rae). They pointed out the concerns of their respective parties with regard to this piece of legislation with its three clauses.

The first two clauses deal with what is commonly referred to as the equalization arrangements in this country. They deal with changes brought about, or made necessary, as a result of new developments in the western provinces, in particular the tremendous growth in resource revenues. These are the provinces which contain the oil and gas, which recently have gone up so much in value.

We must maintain a nation with some degree of equality to each citizen, no matter where he lives, so that Canadians living in one province can enjoy services provided by the government, at a level roughly equivalent to those services provided in another province. The original motivation for equalization was, in fact, from my part of the country, from the prairies. During the twenties, thirties and, indeed, the early forties, this was an extremely impoverished part of the country—at least before Leduc. There was a great deal of resentment and bitterness felt by western Canadians until 1930 because the resources did not belong to the provinces. Then, during the 1930s, there was the depression which had such an enormous impact on the prairie provinces. It created real hardships, to the point where the province of Alberta defaulted on bonds.

During this time there was an interest by those provinces in having some fairness with respect to the taxation scheme. Corporate taxes were collected at the headquarters of companies, and those were companies which earned their incomes right across Canada from coast to coast usually had their headquarters in Toronto or Montreal. Since taxes were collected in Ontario or Quebec the western provinces had no accessibility to them. The western provinces, of course, had the same kinds of obligations, as did the eastern ones, to provide roads, hospitals and so on.

● (1530)

The Rowell-Sirois Commission was an outgrowth of that kind of concern and frustration. It is rather ironic to recall that the greatest objection to sharing or to any sense of equalization in those days came from the Liberal premier of Ontario, Mitch Hepburn. We did arrive, primarily as the result of the Rowell-Sirois report of 1952, although the present scheme was worked out in 1966, at an equalization scheme which has worked reasonably well. This equalization scheme is based on a fairly complicated revenue-sharing arrangement. It is a complicated formula which considers the normal types of revenues.

One of the types of revenues which is considered as part of the equalization formula is the funds raised by the provinces in offering land for exploitation of mining companies or energy companies. In the case of Alberta—and I am aware that the other two provinces are similar—in order to have a fair or even-handed approach to industry with regard to exploitation of the natural resources, the province has in place a system whereby companies offer closed bids for the right to explore a given piece of land.

As oil prices have increased and as new technology increased the prospects of further oil and gas discoveries, the price of that land increased dramatically. The price has increased to the extent that the amount of money collected by the provinces for these reports of land sales is very substantial and has thrown a tremendous skew into the equalization program, causing the federal government, with the consent of the provinces, to move this amendment which would remove those types of revenues from the equalization formula.

The second amendment to the equalization formula was probably included in the first instance simply because it makes

common sense, and that is that no province with an average income higher than the national average shall be the beneficiary of equalization. We in this party—and I know the New Democratic Party shares the same view, as I am sure does the Liberal Party—feel strongly that the question of equalization goes to the core of what Canada is all about in a real sense. It is a tremendously complex, difficult problem, with which the nation will have to deal in the near future. Goodness knows, there are enough things threatening to tear this country apart, and to add to the current problems a major dispute over the question of equalization would, indeed, be serious.

For that reason we concur with and strongly endorse the notion of establishing a special task force on the question of equalization. In fact the hon. member for Mississauga South moved a Standing Order 43 on January 28 which was exactly to that effect, that this task force be set up. We very much welcome the acceptance of this suggestion by the government and the concurrence by the New Democratic Party. We look forward to participating in that task force, to helping broaden the understanding of the elements of equalization, not just to Parliament, but to the nation, and at least starting the process of building a newer and better way of sharing in this country which is not quite as fractious, disruptive and damaging as the sharing procedures which are being attempted through the National Energy Program.

The other aspect of today's proceedings which is absolutely vital is the question of the Public Utilities Income Tax Transfer Act. This act goes back to 1946, but in its current form it goes back to 1966. It rebates to the provinces 95 per cent of the income tax collected from privately owned utilities. The reason for the act is very simple. It is based on the fundamental principle which must underline all federal taxation, namely, that taxpayers of equal circumstance, no matter where they are located in this country, should be taxed equally by the federal government. The tax system should not have built into it a bias which says that if one happens to live in this or that province one shall pay less or more federal tax.

PUITTA, the Public Utilities Income Tax Transfer Act, put into the system this kind of fairness because of the development of provincially-owned utilities which, because of the BNA Act, are non-taxable by the federal government and which, as a result, caused a distortion. The users of publicly-owned utilities were not in fact paying the corporate taxes which users of services provided by privately-owned utilities were paying. Simply stated, it was absolutely inequitable.

PUITTA removed that inequity. Hence, we are in the situation today where we have agreed that we will leave PUITTA in place. I am not sure what my reaction should be, whether I should be thankful, happy or mad. It is rather like being faced with a robber who, by use of argument, force or some other means, you convince not to rob you. What should one's feelings be at the end? Is one suppose to be grateful to the potential robber because he did not commit the robbery? The reality is that no fair-minded Canadian could accept the repeal of PUITTA, nor could this party.

Mr. Nielsen: The NDP does.

Mr. Andre: Yes, the New Democratic Party could accept such a repeal because to them fairness is not part of the equation.

Mr. Evans: Mr. Speaker, I rise on a point of order. I have been listening with great interest to the hon. member, but there is an error in his analysis. The bill did not repeal PUITTA, it reduced the payments from 95 per cent to 50 per cent. I know that this does not affect the hon. member's analysis, but knowing that he wishes to be accurate in everything he says, I thought I would make the point.

Mr. Taylor: Mr. Speaker, on a point of order, the government, months before the bill was introduced, brought in the measures contained therein by order in council, which is completely contrary to representative government.

Mr. Andre: Mr. Speaker, I thank the hon. member for Bow River (Mr. Taylor) for defending me. The parliamentary secretary is half right. In fact the initial move by the then minister of finance, now the Minister of Justice (Mr. Chrétien), was to repeal the act in total. As a result of representations, he backed up half way. To go back to my analogy, as the result of many arguments we convinced the robber to take only half the cash in our pocket. Finally, we have convinced the robber to leave us with all the cash which belong to us. The hon. parliamentary secretary is correct, we were only half way home earlier, but now we are all the way home.

As I say, PUITTA simply puts equity into the system. The socialists are more interested in state ownership than in equity. They are struck on that ideology—

Mr. Blaikie: State ownership is equity.

Mr. Andre: —so that any biases, distortions, arm-twisting or thievery which will encourage people to look to state ownership as a way to relieve the pain or the losses is to be encouraged. The fact that it might be unfair, inequitable, or downright mean is immaterial, just as long as it has the intent or purpose of promoting socialism, and this new nirvana which will save us all once big brother runs the whole darn country and all aspects of it. All concerned, thinking Canadians who love freedom and democracy, pray that we will never see the day and that we will keep up the lonely battle against the forces of international socialism.

● (1540)

I will not intrude on the time of the House too much longer. I am pleased that this agreement has been reached. The removal of this threat to the Public Utilities Income Tax Transfer Act is something to which this party is absolutely and firmly committed. We are obviously going to vote with the government when we defeat that clause. The question of an analysis by Parliament of the fiscal transfers arrangements between the provinces and the federal government and of equalization, is something that we believe is very valuable for the country and it is a responsibility that Parliament should assume.

We look forward to working with members from the government side of the House and with members of the New Democratic Party on this task force in the hope that we can provide a report that will be of benefit not just to the government but to the country.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, Bill C-24 is an act to amend certain arrangements made over the years relating to fiscal transfers to the provinces. It is an attempt to deal with certain imbalances and anomalies that have arisen within the established equalization formula as a result of the significant increases in revenues that the energy producing provinces have experienced since 1973, anomalies such as that which has put Ontario, at present a have province, in a category where it qualifies for equalization payments. To the extent that this bill deals with something that is as fundamental to Canadian federalism as equalization, so fundamental in fact that the principle of equalization payments is to be enshrined in the Constitution, this must not be regarded as a minor piece of legislation.

We are dealing with a principle that goes back to the Rowell-Sirois Commission in pre-World War II days which progressively developed into the perception and consensus that it was the federal government's responsibility to bring all the provinces up to a common level of revenue and services.

The problem we now seem to be facing with respect to the question of resources revenue is twofold.

I wonder if I could have a little quiet on the other side of the House, Mr. Speaker. I can hardly hear myself think.

The resource revenues place greater demands on the federal government, as there is a higher level of revenue for all provinces to be brought up to and secondly, to the extent that the government has not had adequate access to these new revenues it has experienced difficulty in affording the resulting increase in the cost of equalization.

This bill is one in a series of attempts to deal with this problem. On the one hand it reduces those revenues that the federal government must calculate into the equalization formula and thus saves the government money. On the other hand it allows the producing provinces to build up such things as heritage funds, funds which we in this party acknowledge as necessary to the future of the economies of those provinces which now depend on rich, but nevertheless depleting, non-renewable resources.

In all these manoeuvres there is, as always, somebody who ends up with the short end of the stick. As the hon. member for Broadview-Greenwood (Mr. Rae) said in debate on this same bill on December 15, 1980, it is neither the federal government nor the producing provinces which lose out as a result of these changes; it is the people of the have-not provinces who lose as a result of them. In this way it can be said that we are actually moving away from the equalization ideal, if the essence of equalization is indeed to help the have not provinces to maintain a level of revenue and services equal to some national standard. What is at stake here is the idea of national standards, an idea which I will deal with more fully when I speak of federal-provincial fiscal transfers as they pertain to health care in Canada.

This is why we in the New Democratic Party have called for a parliamentary task force on equalization. In the intergovernmental negotiations that will undoubtedly take place, Members of Parliament, representative of and concerned about all regions and provinces of Canada, should have a chance to study and to make recommendations about the way the imminent restructuring of equalization should take place for the benefit of Canadians, and not just for the benefit of the more powerful. Ways must be found to solve whatever problems there are, ways which do not endanger the standard of services available to Canadians in the have-not provinces, or wherever they may live. Canadians who have lost what the hon. member for Broadview-Greenwood has called "the game of geological roulette" must be assured a full share of the quality of life which is available in Canada.

In this context I should like to speak about the problem of those federal-provincial transfer payments which fall under the description of the Established Programs Financing Act, that arrangement between the federal government and the provinces which was arrived at in 1977 and which defines federal contributions for hospital insurance, the Medicare Act, post secondary education, and extended health care services.

At the time of its passing the NDP opposed this arrangement for reasons that merit repetition at this time. We were worried about several things. In addition to the obvious unconditional nature of the revenues transferred to the provinces via the transfer of tax points, there was a dangerous vagueness about the extent to which the revenue transferred to the provinces via the basic cash payment could be expected to be conditional upon this money being spent on the purposes for which it was intended. We were worried about the maintenance of a level of services consistent with the potential combination of federal money and unabated provincial support for these programs. A transitional additional payment was thrown in by the federal government for the sake of the poorer provinces. They would receive transitional cash payments equal to what was needed to bring them up to the national average. This was in recognition of the fact that richer provinces would receive more revenue from the tax point transfers than poorer ones.

Furthermore, the $7.63 per capita part of the basic cash payment which was included by the federal government in lieu of the termination of the agreement called the revenue guarantee, now appears to have been correctly perceived by the provinces as unconditional, if Justice Hall's conclusions are to be heeded in this matter. This points to the vagueness of a poorly worded and poorly conceived document.

Without getting into any more detail of what is a very complicated arrangement, the important thing to notice about all this is that the Established Programs Financing Act has resulted in a serious lowering of provincial contributions to health care, on a percentage basis. The result of this has been a serious cutback in services and quality of care available to Canadians who live in the provinces governed by those who

have seen their new found economy in health care spending or direct federal government input into health care, as an opportunity to save money. There was an element of restraint in the 1977 arrangements both federally and provincially. Provincial governments would not have to spend a dollar to get a dollar as they did under the former 50-50 cost-sharing arrangement. There would be an incentive for competency. But there was also supposed to be freedom for innovation and expansion of health care as provincial governments used their new found freedom from federal strictures to respond more adequately to the needs of their people. The question then becomes one of whether the provinces have lived up to the moral as well as the administrative bargain that was reached in 1977.

● (1550)

With respect to individual provinces, one's judgment on the extent to which they have lived up to the bargain will in all likelihood be a combination of statistical and financial evidence, combined with a general impression of health care services in the respective provinces and observations about whether people, with respect to provinces, perceive their health care system to be in a state of relative decline.

I note this combined idea of measurement because the Minister of National Health and Welfare (Miss Bégin), when asked by myself and others in question period, time after time, as to what she intends to do about delinquent provinces such as Alberta, Manitoba and Ontario, is fond of bringing up the province of Saskatchewan. This is supposed to be a bold political stroke on her part, or so it would seem from the self-satisfied smile which envelopes her when she devastates us like that. The Liberals, of course, have the dubious luxury of not having any provincial governments to speak about.

The fact remains that, statistically, the Saskatchewan government is shown in a document prepared by the Liberal finance department to be one of the few provinces where provincial per capita contribution has gone up since 1977 and where it can be said that all federal increases have been passed on to residents in the form of expanded health care program funding.

Further, it should be noted for the minister's benefit that the people of Saskatchewan have not risen up in righteous anger like the people of other provinces. Indeed, the Canadian Health Coalition cannot get anything going in Saskatchewan because health care is not an issue there. The government of that province is concerned about health care, and the people know it. Because health care in Saskatchewan is supplemented and complemented by other social programs of a preventive nature, it reduces the need for purely crisis-oriented medicine. Let us be done with the cheap shot misrepresentations about Saskatchewan which have been popularized in this House by the Minister of National Health and Welfare and her cohort in this, the hon. member for Winnipeg-Assiniboine (Mr. McKenzie), and let us look at two of the greatest transgressors in the deterioration of medicare which Canada has experienced since block funding was introduced. I am speaking, of course, about Manitoba and Ontario.

In Manitoba, according to the same document prepared for the Department of Finance to which I referred earlier, federal funding has increased by 18 per cent to 19 per cent while the provincial government manages to contribute 13 to 16 per cent less than it did in constant dollars in 1975-76. A view of aggregated health function spending shows a growth in the federal share from 45 per cent before established programs financing to 52 per cent today, while the provincial per capita contribution has gone down from $163.45 in 1975-76 to $142.09 in 1979-80. The downward trend was overcome only once in that period, in 1976-77 when it went up, not uncoincidentally, in the last year of the NDP government in Manitoba.

These are the statistics, damning enough, but the human reality is far more significant. Tired, overworked nurses, underpaid and understaffed maintenance personnel, cranky doctors, people waiting on stretchers in halls for hours in order to be admitted to emergency or in order to have their laundry changed on Monday mornings because they no longer hire people on the weekends, postponed elective surgery, the aged, the infirm and chronically ill being sent home prematurely because of a lack of space, and a general lack of confidence, are some of the problems.

The people of Manitoba used to take pride in their health care system. Over the years they elected members of Parliament who were part of the fight for medicare, such as the hon. member for Winnipeg North Centre (Mr. Knowles) who fought for medicare against the reactionary and insensitive machinations of the Conservatives and the usual procrastination, reluctance and general lack of conviction characteristic of the Liberal party. The people of Manitoba will no doubt take steps to restore their pride in the way they look after each other come the next general election in Manitoba.

Now let us look at Ontario, a province which, because it never had a New Democratic government, has even more structural attacks on the principles of medicare than Manitoba. In Ontario, atrocities like widespread extra billing, hospital charges and premiums are piled on top of the kinds of things which Manitobans have had to put up with in the last few years. What an irony that, in one of the richest provinces in Canada, the political culture has not yet matured to the point where people in Ontario do not have to pay for their health care through the regressive mechanism of premiums.

Statistically, according to the document I have been referring to throughout, the federal share of health care funding in Ontario has gone from 41.5 per cent before established programs financing to 52.4 per cent at this time. Real provincial expenditures have decreased by 3 per cent while, in addition to federal increases, the people of Ontario have experienced a 27 per cent increase in what they paid through premiums.

Using figures submitted to the Hall commission, which were approved by the government of Ontario, we see that while increasing provincial per capita expenditures by a paltry 3.6 per cent, the government of Premier Bill Davis has managed to reduce its own funding by 29.3 per cent amid real federal increases of 27 per cent and real premium increases of 27 per cent. What, pray tell, are the people of Ontario paying for?

The "big blue machine" turns out to be a reference to the way in which the health of the people of Ontario is being choked off by the ham-handed and blind, stupid restraint of the Progressive Conservative Party of Ontario.

What is the answer? Under the present system the federal government, because it gave up the carrot in 1977 and has only the stick, has the threat to cut off funding. It is a very serious threat unless, of course, you are Alberta and have the political cheek to say, as the government of Alberta did the other day, that you are prepared to do without federal funding in order to get your own way and keep on being a province where extra billing and opting out take place at intolerable levels. Little Peter has threatened to run away from home.

The more serious question is what has happened to the Minister of National Health and Welfare who once threatened the provinces. She now challenges the NDP to recommend the same thing. When we complained about the state of medicare in some provinces, she challenges us to recommend this as if it were something that she in her new found wisdom had never thought of.

Justice Hall recommended against any withdrawal of federal funding. He recommended against what the Minister of National Health and Welfare threatened to do so many times in the last two election campaigns. We are prepared to accept the wisdom of this judgment by Justice Hall, as long as it is accompanied by a commitment on the part of the federal government to change the Established Programs Financing Act in such a way as to make the provinces more accountable for the maintenance of certain national standards.

We suggest the introduction of a new form of 50-50 cost sharing. It would preserve the notion of flexibility while reconstituting health care and post-secondary education in Canada as a joint-federal-provincial responsibility, something we act together on, not something the federal government throws money at and then forgets about.

What we in this party are afraid of, and what I now warn the Canadian people about, particularly those in the poorer provinces or in provinces where the governments are hostile to medicare is that the federal government, instead of trying to rebuild and re-establish a co-operative federalist approach to health care and post-secondary education, will try to get out from under what remains of its responsibility in this area.

Contrary to the centralizing image of the Prime Minister (Mr. Trudeau) on important social and practical matters such as health care, he has literally given away the store. On economic matters he seems to want power, only not to use it. He idly contemplates power while our economy falls apart for lack of planning and direction.

● (1600)

Let me return to the topic of medicare. We suggest the federal government should not compound the error of most provincial governments by negotiating the renewal of Established Programs Financing, as it must be renewed in the coming year, with a view to saving money. The goal should be to stimulate provinces to greater responsibility for medicare and for the federal government to maintain its sense of responsibility over health care.

One of the reasons the federal government has given in the last little while about its need to save money in respect of federal-provincial transfer payments, particularly in the statement in the budget as to how the Minister of Finance (Mr. MacEachen) looks forward to and anticipates saving money in the upcoming renegotiation of federal-provincial fiscal arrangements, is the revenue squeeze the government has been in of late.

Indeed it would be ironic if, at the same time the Liberal government was moving to solve the revenue problem, as it did in respect of its recent National Energy Program by having accrued to it more of the revenues coming from resources in this country, it was doing so by trying to get out of its responsibilities in those areas where Canadians have traditionally looked to the federal government for leadership.

In 1977, when the present arrangement of Established Programs Financing was brought into being against the criticisms and opposition of the NDP, we were warned by the father of medicare, Mr. Douglas, the then hon. member for Nanaimo-Cowichan-The Islands, just what was involved in this particular rearrangement of the federal government's responsibility in health care. Let me conclude by quoting him as follows:

> The fact is that this bill will destroy the very thing which since 1945 successive federal governments have been seeking to establish, namely, national standards for the people of Canada by which the federal government, through equalization payments and sharing the cost of programs on a 50-50 basis, could assure that a little province like Prince Edward Island would be able to give its people services that are comparable to the wealthiest province of Canada, the province of Ontario.

He went on to state:

> This country was founded by men and women who had a dream that it was possible to bring together diverse groups of people with different cultural backgrounds, who spoke different languages but who could live together in a spirit of tolerance and good will. They believed it was possible that the strong would help the weak, that the wealthy provinces would help succor the poorer provinces and that we would build a standard of Canadian living which would be our pride. If we fail to do that, then we are not worthy of those in whose footsteps we follow.

My plea to the government and the Canadian people is the same as that of Mr. Douglas at the time. We should make up our minds that we will not allow the apathy which seems to be creeping into the federal government in respect of the attitudes of provincial governments toward our health care, to destroy the Canadian dream, of which medicare is an integral part.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, I was very glad to hear the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) quote Mr. Douglas at the end of his speech because those very generous words somehow offset his mean and partisan attack on the attitude of some provinces and even of the central government with regard to the financing of certain established programs which, by the way, are not affected by this bill.

The purpose of this bill which was rather well explained, if I may say so, by the hon. member for Calgary Centre (Mr. Andre), is to amend two statutory programs. The first one deals with the equalization payments authorized under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and the second with the payments made under the Public Utility Income Tax Transfer Act. It will be recalled, that the equalization program is intended to transfer enough revenue to the poorer provinces to help them provide a reasonable level of service to the public without having to impose on taxpayers levels of taxation which would be greater than their ability to pay. I would like to indicate that the equalization program is based on a province's ability to provide these services. For the purposes of the program, the revenues that each province would get through average levels of taxation, according to its own tax base, are assessed and its future revenues, in cases where the province is above average, are adjusted upwards. This is a way of ensuring that the provinces have sufficient financial resources to finance public services.

The equalization program is one of the most important programs implemented by the federal government. I want to assure the House that the government is as firmly committed as ever to this program. As the hon. member indicated, it is such an important program that it was examined during the constitutional discussions with a view to including the equalization principle in the Canadian Constitution. The fact that the amounts paid out under this program are quite considerable clearly shows the federal government's commitment to this principle.

The basis of the equalization formula is a revenue fund from which the provinces can draw. As the bill indicates, the revenues are generated by oil and natural gas and in particular they come from the sale of Crown leases and reservations on oil and natural gas lands. The reason why these two sources of revenue are removed from the revenue fund is that since 1975-76 especially there has been a very rapid increase of these oil revenues which throws off balance so to speak the fund made of these various sources of revenues.

Therefore, over a two-year period, the revenues generated by the sale of Crown leases on oil and natural gas lands will be removed for purposes of equalization. I would also like to indicate that as a result of representations made in the course of the debate on this bill, the government decided to remove clause 3 of the bill on reimbursements under the Public Utility Income Tax Transfer Act. It has repeatedly been indicated during the debate—and the hon. member for Calgary Centre has reaffirmed it—that the financial consequences of this bill would be limited but that they would affect especially the province of Alberta. I should like to point out that it would also affect Newfoundland and Prince Edward Island. Many organizations, consumer groups, Members of Parliament, even the Minister of State for Economic Development, Senator Olson, and my hon. colleague, the Minister of Employment and Immigration (Mr. Axworthy), have strongly argued that this provision should be withdrawn from the bill. Therefore, I am pleased to inform the House that as a result of those representations the government will drop Clause 3 from this bill.

• (1610)

Apparently we will have to proceed in the following manner: when the bill reaches Committee of the Whole and the Chair calls Clause 3, the government will vote against it.

That change will not affect the two other provisions of the bill dealing with equalization payments namely the revenue and the average personal income for the three years on the basis of which no fiscal equalization payment may be paid to a province.

We also heard the leader of the government in the House suggest that a task force be set up to study the 1977 act on fiscal transfers, as well as the Canadian welfare system and equalization program. I have a feeling that the task force could come up with interesting suggestions before we renegotiate those various programs with the provinces. I am confident the hon. members who are appointed to the force will work constructively and positively in an effort to help the government—through those programs—to communicate better with the provinces.

I should like, in closing, to thank very briefly the House leaders of the opposition parties, as well as the critics of those parties, the government House leader, the hon. member for Calgary Centre and the hon. member for Broadview-Greenwood (Mr. Rae), for their co-operation which resulted in a speedy passage of the bill this afternoon.

I think this week could be declared parliamentary efficiency week since we completed study of the income tax bill yesterday and we shall proceed with third reading of Bill C-24 within a matter of minutes. Therefore, I thank all the hon. members for their co-operation.

Motion agreed to, bill read the second time and the House went into committee thereon—Mr. Ethier in the chair.

Clauses 1 and 2 agreed to.

[*English*]

The Deputy Chairman: Shall Clause 3 carry?

Some hon. Members: Agreed.

Some hon. Members: No.

Clause 3 negatived: Yeas, 9; nays, 47.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Ethier): When shall the bill be read the third time?

Some hon. Members: Now.

Hon. Pierre Bussières (for the Minister of Finance) moved that the bill be read the third time and do pass.

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

* * *

BORROWING AUTHORITY ACT, 1981-82

SUPPLEMENTARY BORROWING AUTHORITY

The House resumed, from Friday, January 30, 1981, consideration of the motion of Mr. Bussières (for the Minister of Finance) that Bill C-59, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, this is the third time in little over a year that the House has been faced with a borrowing authority bill; this is the second borrowing authority bill presented to the House in this session of Parliament. The House will recall that in July of this year the government was given authority to borrow $12 billion. That was only eight months ago. So far in this fiscal year the government has borrowed from the public in general, on the open market and elsewhere, a total of $9 billion of new money. That is the figure, according to the Deputy Prime Minister and Minister of Finance (Mr. MacEachen), as of last January 15. Obviously there has been some borrowing since then, but in his statement the minister estimated he would need another approximate $3 billion to meet his requirements for this fiscal year.

When we went into this fiscal year the government had outstanding borrowing capacity, which had not lapsed, of $2.9 billion. To the $2.9 billion borrowing authority of the government at the beginning of the fiscal year one would normally add the $12 billion authorized in July, to give the government a total borrowing capacity in this fiscal year of $14.9 billion. As of December 15 the government had used up $9 billion of its $14.9 billion borrowing authority. At that point it still had $5.9 billion, and I remind hon. members of the minister's statement with respect to Bill C-54. Unfortunately for the government, Bill C-54 was altered by House order, so his speech on that bill was actually off the topic. The minister indicated that we had $5.9 billion left, and of that amount he anticipated he would need only $3 billion to the end of the fiscal year. That would leave the government at the end of March, 1981, with $2.9 billion of borrowing authority.

• (1620)

The government is coming to us and saying, in addition to the $2.9 billion of borrowing authority, that it needs an additional $14 billion. In other words, the government wants us to give it a blank cheque to borrow a total of $16.9 billion in the period ending March 31, 1982, which is more than the government has shown it needs for this fiscal year. Indeed it is significantly more than the government has shown in its budget for next fiscal year.

If one is to examine the budget presented by the minister last October 28, hon. members will note on table 1 the amount required for borrowing. Hon. members will also note the deficit in the revenue and expenditures on a national accounts basis. The deficit for the year 1981-1982 set out in table 3 is $10,060 million, and the note to that table indicates that it is an average amount. However, if we go back to the summary of transactions, we find that the amount the government will require, according to its budget figures, is no more than $11 billion. On the one hand, the government is saying that it will have borrowing authority for $16.9 billion, but on the other hand the government tells us in that fiscal year it will need only $11 billion. The House is being asked to approve the borrowing of $5.9 billion more than the government budgetary requirements indicate. This is an unconscionable request of this House of Commons. There is no way that responsible Members of Parliament, responsible as Parliament is to control the public purse, can in any conscience grant this request for the right to borrow money. I say, "No way". The government's figures do not add up. The government does not need that much money; there is no real requirement for it. The government is asking this House to approve $5.9 billion in borrowing authority over the maximum amount the government could possibly need, that is, in accordance with its budget.

The government tells us its budgets are right and it is capable of managing people's affairs; that is what we hear. The minister was in Toronto the other day talking about his monetary and fiscal policy, his policy of gradualism and his policy of restraint. We know about this government's restraint attitude. It is so restrained that the government is asking us to give it $5.9 billion more than it even wants in its budget! Is that restraint?

Let us look at some of the government's problems. It is only when we are responsible and pay attention to what is ongoing on a fiscal basis in this country that we, as Members of Parliament, earn our pay and earn the respect of the citizens of Canada. The problems of the government financing are simply horrendous.

Today, again, interest rates determined by the Bank of Canada stayed at 17.11 per cent. Some would ask, "Well, isn't it marvellous the government is able to keep interest rates at the same level of 17.11 per cent as it did last week?" But, the wire service report this afternoon, after the Bank of Canada's auction of treasury bills, indicated that the Bank of Canada so interfered with the bid on treasury bills this week that it was able to keep the 17.11 per cent rate from going to where it should have gone, that is, to 17.30 per cent. We will know exactly what happened at five o'clock this afternoon when the Bank of Canada report comes out, but it is clear from the information leaked so far that the Bank of Canada again cranked up the printing press, bought up treasury bills and increased the amount of government monetizing in order to keep the interest rate where, I ask hon. members? It kept it at 17.11 per cent, but that is the highest rate the Bank of Canada has ever had in its entire history. Is that managing?

The disaster of it is this: we owe the government, as of last week, a net debt—and I am talking net, net, net debt—of well in excess of $80 billion. The worst of that net, net, net debt is that most of it, a good half of it, is what any accountant would call a current liability.

Every week the government goes to the financial markets and must borrow at least $1 billion. In some cases it borrows up to $1,500 million every week. That is just to roll over its treasury bills and pick up an extra $100 or $200 million to cover its deficit. It is a weekly performance. Those treasury bills are written for 90 days, 91 days or 182 days. They are short-term loans. They are due. They are what an accountant would call a current liability. Of that current liability, in the statement of last week, the government owed $20.9 billion on treasury bills alone.

In addition to that, the government owes on Canada Savings Bonds not quite $17 billion. I want to speak for a moment about that form of debt, namely, that in connection with Canada Savings Bonds. As you know, Mr. Speaker, those bonds can be cashed at any time without notice. Therefore, they are a current liability of the government. Today we have a Canada Savings Bond interest rate of 11.5 per cent. We all know by looking at every bank advertisement across the country that one can go today to any savings bank, chartered bank or trust company in Canada and receive 13 per cent on one savings account. We all know that guaranteed investment certificates are being marketed today at 13.5 per cent, sometimes 13.75 per cent. Some smaller institutions offer interest on those certificates even up to 14 per cent.

We all know, if we have any intelligence at all, that the forward outlook for interest rates this year indicate that interest rates will remain high for the balance of the year. When one looks at the bid price of commercial paper running six or nine months down the road, and when one looks at one year paper, the rates quoted on the commercial market are close to 15 per cent, if not higher. That must indicate something.

● (1630)

It must indicate that the market believes interest rates are likely to remain in the 15 per cent range, at least for the balance of the year, while the Bank of Canada rate today, by its manipulations, is only 17.11 per cent. The interest rate forecasts indicate that at no time this year will the Bank of Canada rate, to wit, the rate at which the Government of Canada can borrow money, be below 15 per cent. That is a horror! We in this country have been faced with interest rates in the 17 per cent range on the Bank of Canada basis for eight weeks now, and there is no prospect of those rates declining. We are talking about that rate when we talk about government debt, money which it must borrow.

The Minister of Finance indicated in the budget that his cost of carrying borrowed money for this fiscal year would be $10.25 billion, but that projection was made on October 28 when interest rates were 5 per cent to 7 per cent less than today. That projection is wrong by a full four months. It indicates that the government's budgetary handling of debt costs is wrong. What I am afraid of—and what a number of members on this side and surely members opposite are afraid of—is that under this bill we will be giving the government borrowing authority so that it can borrow money to pay the interest on the money borrowed at the high interest rates that this high-interest government has created.

When we get into this whole problem we must look very seriously at where we are going in Canada. The late John Diefenbaker said, "Where are we going, where are we going?"

I should like to read into the record the remarks of Richard Thomson, chief executive officer of the Toronto-Dominion Bank, at the annual meeting of its shareholders. He said:

> The high level of Canadian inflation and the expectation of it continuing at even higher levels set a floor on Canadian interest rates as the Bank of Canada sought to maintain Canadian interest rates above the rate of inflation.

He went on to say:

> As United States rates jumped to new highs, the Canadian authorities, particularly the Bank of Canada, had the option either to increase Canadian interest rates or to witness a decline in the Canadian exchange rate.

The government, in its management, decided to keep interest rates high in Canada so that it could keep the dollar high. Well, let us look at the dollar for a moment. It has not done very well recently. At noon today it was only at 83.56 cents in New York.

The government has succeeded in keeping the interest rates exceptionally high. The disaster of that is that the bulk of the borrowing in Canada is being done by the government itself. So, when we on this side of the House talk about the terror of high interest rates to people who hold mortgages—and it is a terror—and when we talk of high interest rates affecting consumers—and it is really hurting them—and when we talk of high interest rates destroying business, particularly small business, the fact of the matter is that we are all paying for the disaster of high interest rates because we are all Canadians. We are all stuck with paying this horrendous rate on what amounts to current account borrowing which the government foists upon us.

It has been suggested that we could allow our dollar to drop, that we would be far better off to allow that to happen. A drop in the dollar would add to inflation about one-third of a per cent for every 1 per cent drop in the dollar. I suppose the truth of the matter is that if we really wanted to manage our economy properly then we could have both a strong dollar and low interest rates.

We all know that the budget of October 28 has been a disaster. Every financial organization from the Economic Council of Canada to the C. D. Howe Institute, every spokesman for every bank and every economic group, has panned that budget. The Economic Council of Canada's analysis of the budget indicated that it caused a 1 per cent rise in inflation alone for 1981. The budget is a disaster. Instead of encouraging energy activity, drilling, construction and encouraging investment into Canada, the budget drives investment out. No wonder our dollar goes down despite high interest rates. If we worked it the other way around, if we encouraged development

in Canada, got rid of that energy package or reversed it, and did everything possible from a tax point of view to encourage development which is available in western Canada and the rest of the country, in terms of pipelines in the east and so on, we would be going ahead.

The only thing this government has done so far with respect to its energy package is to make a deal to spend $1.5 billion to pay shareholders of Petrofina $120 per share for shares which six months ago sold for $60. That is what the government has done. Isn't that dandy? My friend says they should have expropriated them at $60 rather than pay $120. And what did they receive? Some 1,100 service stations. Really, that does not make sense. Do we need to buy a bunch of used service stations when we are trying to build Canada?

Only recently the Petrofina station in Lorne Park reopened because the company, in desperation, finally turned it over to a local operator for next to nothing in terms of rent. The operator is having a hard time to make any money since nobody wants to buy the product, and there are too many service stations around, anyway. We have all driven around our constituencies and seen those whitewashed service stations. But, what does the government do? It goes out and spends $1.5 billion to buy a bunch of used service stations. That is stupid.

There are many things the government should be doing. It should be encouraging new investment. What is the use of paying the Belgians $120 a share for assets which are already here? If they really wanted some service stations, why not build new ones? It would create some employment. But, what does the government give us? Nothing but a bunch of used service stations.

Mr. Evans: You know as well as we do that we are buying a stream of future benefits. You are saying future benefits are not worth it. We say they are.

Mr. Blenkarn: The parliamentary secretary is talking about future benefits. I think the future benefits for most people in Canada should take the form of more jobs and higher pay packets—in terms of real value in their pay packets tomorrow than they have today. The assurance of the past four years, to most people, has been that their purchasing power for the same amount of work and effort has been less and less. Indeed, on average, Canadians probably slipped behind very close to 4 per cent in 1980.

● (1640)

The government must reduce its borrowing requirements, and it cannot be done by buying new service stations and borrowing money at 17 per cent or 17.5 per cent. The government must learn to better manage its accounts and not to borrow as much. What bothers me is the quantum of the debt requirements of this government for new money every year. The requirements in the budget were approximately $11 billion, and it was indicated that the requirements would be less for next year. That is not good enough, but it is good. However, I fear that in fact this will not be the case.

The problem is that the government's borrowing is beginning to crowd out the private entrepreneur, people who wish to take out mortgages and others, in terms of their ability to borrow money. When the government goes to the financial market it is with the highest possible credit rating, at least in its own country, although that may not be the case abroad. When the government goes to the financial market and is prepared to offer 17 per cent for money, as is the case with this government, it forces those persons who need money to match or better the government.

These people who must better or meet the government's ability to borrow in the marketplace are eventually crowded out. As the governor of the Bank of Canada has said, there is no limit as to how much the government will pay—it has a printing press and is able to pay. The effect of the government's willingness to pay these high rates of interest is that it crowds out business and development, and we end up with an economy which performs at less than its potential. As the Economic Council of Canada indicated at page 63 of its report:

> There has been no evidence that this has happened,—

It was referring to the crowding out.

> —but lenders have insisted on shorter duration agreements and new instruments with extendable terms. This means that the government must refinance a larger portion of its debt each year and thus it may face a debt management problem.

As a result, the government goes further into debt, crowds out other forms of investment, and deals more and more in the short term because people have no confidence in it all the time absorbing all the available money in the system. The result of the enormous deficit and borrowing requirements authorized by this bill is that it puts jobs and the hopes of Canadians in serious jeopardy.

I should like to speak for a moment about what I perceive to be some of the problems. I hope the task force committee which will be looking at the financial arrangements between the federal government and the provinces will become involved with some of these problems. In my view the most serious problem in this country is set out in the report of the Economic Council of Canada:

> A good part of the persistent federal deficit can be attributed to below potential performance. Moreover, because the resource royalties and surplus on the Canada and Quebec Pension Plans, the combined deficit of all governments in Canada is expected to be replaced by a surplus . . . However, it is the large federal deficit, rather than the over-all government sector—

This is the cause of the problems of the federal government.

Because the federal government carries out the equalization system in Canada and because it has become involved in matters which constitutionally belong to the provinces—and as a result it no longer has the resources or other revenues to balance out—obviously it becomes necessary for the federal government to reduce its expenditures. The first step of the government should be to cease its involvement in matters of provincial concern.

Throughout the 1960s and 1970s this government entered into one field after another which, by virtue of the British North America Act, were within the competence of provincial

governments. An hon. member from the New Democratic Party spoke this afternoon about medicare. While it is great to have a national standard, the operations of hospitals and medical services clearly fall within the scope of the provinces.

Mr. Evans: Are you against medicare?

Mr. Blenkarn: Of course not, but who must pay for it? Part of the expense must be transferred to the provinces in order to stop this federal borrowing. Let us let the provinces handle some of the problems they should have handled all along.

We in this Parliament have a tendency of wanting to get into every act in the country. For example, the budget of the minister responsible for CMHC for this year is in excess of $1.3 billion. I am not against housing—and governments have certain responsibilities with regard to housing—but does the federal government have any responsibility in the area of housing? I have heard members of this House, including some of my colleagues from Vancouver, cry about the housing problems in that city. The province of British Columbia is well off and can look after its own housing problems; it does not need to come to the federal government for assistance. This government should stick to the areas in which it performs well and not go into areas of provincial jurisdiction, because it merely gets into the position of needing to borrow more money.

As the result of the government's involvement in matters of provincial jurisdiction, the bureaucracy grows larger and the financial markets of the country become upset. The Economic Council of Canada suggested that the provinces, because of their resource potential and their methods of taxation, should have access to revenue and should have surplus revenue. We all know, when a government has surplus revenue, that the funds quickly disappear into new social programs and more government.

The problem with which the task force will have to deal is that equalization goes to the root of the federal deficit and, to some extent, to the root of our constitution. This problem should be attended to and solved immediately. When we talk about constitutional patriation, we must also look at the revenue or the dollar and cents end of the matter. It is absolutely foolhardy for provinces, with their surpluses or their easily-carried deficits, to be able to expand their programs while the federal government is requesting borrowing authority for $14 billion.

The government has gotten itself into a backward mess. It has become involved in fields in which it does not belong. However, the government is remaining in those fields, is trying to borrow money, is upsetting the entire interest market in Canada, is crowding out private borrowers and is upsetting the mortgage and business investment markets. It will not get down to the brass tacks of understanding where its responsibilities and those of the provinces lie.

• (1650)

I am glad this task force has been appointed. It will bring to the attention of the House the place where the responsibilities of this government begin and end.

In the couple of minutes that I have left, I should like to return to some of the provisions in the budget and to compare them with what could have been done to get Canada going again and to bring interest rates down, so that the country could grow and federal tax revenues would be more buoyant.

Last year's Crosbie budget contained a provision relating to registered retirement savings plans. If those plans had invested their funds in stock market equities and a capital gain was made, it would have been taxed as a capital gain when the plans were dissolved and not as income as is the case at present. That measure would have encouraged more Canadians to enter the equity market and would have lessened the debt field. It would have had the tendency of keeping rates down considerably, at the same time as providing equity capital for the burgeoning commercial activities that need frontend money in Canada. That provision is not included in the present budget, and that is one of the reasons we do not have the growth that we need to support our dollar and to avoid continually raising interest rates and bringing money into the country to finance debt.

There is the question of the capital gains tax itself. Recently, the government issued a white paper or a pink paper on capital gains taxes. This paper attempts to justify the capital gains tax. I was surprised that the President of the Treasury Board (Mr. Johnston) did not comment on the paper as, prior to his election to Parliament, he made many comments regarding capital gains. He said the tax was ridiculous, wasteful and harmful but he has not commented on this paper. I would be interested to see the government do what it should—bring that paper before the finance committee where it could be discussed and the justification for capital gains tax examined.

I know that one of my colleagues would like to speak before five o'clock, Mr. Speaker, so I will conclude my remarks.

Mr. Evans: I rise on a point of order, Mr. Speaker. I wonder if the hon. member would entertain a question?

Mr. Blenkarn: Certainly.

Mr. Evans: I listened very carefully to what the hon. member had to say. At one point he indicated that the government was asking for $5.6 or $5.9 billion more than the projected requirement. In the budget papers for 1981-82 the projected deficit is $13.7 billion and the borrowing authority is requesting $14 billion. Could the hon. member explain or tell me where his figures are to be found? I would like to know from where he gets $5.9 billion in excess borrowing authority.

Mr. Blenkarn: Mr. Speaker, I will be delighted to inform the Parliamentary Secretary to the Minister of Finance (Mr. Evans) from where the figures come. If he has a copy of the budget before him, he will see on page 23, "Table 3, Government of Canada, Revenues and Expenditures, National

Accounts Basis". In a column headed "1981-82", which is the next fiscal year, the surplus or deficit—and it is deficit—is shown as $10,060 million.

Mr. Evans: From where did you get 5.9?

Mr. Blenkarn: If you start on the basis of what the Minister of Finance indicated to the House on January 15 that in this fiscal year the government had borrowed $9 billion—

Mr. Evans: It expires on March 31.

Mr. Blenkarn: All except $2.9 billion.

Mr. Evans: That was used last year.

Mr. Blenkarn: It does not expire; you still have it.

Mr. Evans: No.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Mississauga South (Mr. Blenkarn) has the floor.

Mr. Blenkarn: The borrowing authority that the government obtained was for $12 billion. It had $2.9 billion, so that gives $14.9 billion. It spent $9 billion, so it has $5.9 billion left. The minister indicated that he needs $3 billion in order to finish the year. This will leave him with the $2.9 billion that he had at the outset.

Mr. Evans: A point of order. The hon. member is simply wrong—

The Acting Speaker (Mr. Ethier): Order, please. What began as a question and an answer is now debate. The hon. member for Vegreville (Mr. Mazankowski).

Hon. Don Mazankowski (Vegreville): Mr. Speaker, I did not want to cut off the hon. member for Mississauga South (Mr. Blenkarn) or the very interesting debate that was going on. The hon. member's comments have been most incisive, and I certainly want to associate myself with them. I think his description of the package before us and the performance of this government as a bit of a horror show was most apt.

The $14 billion borrowing authority that the government is asking Parliament to approve must be examined against the background of successive budgetary deficits. On page 43 of the budget document presented to the House on October 28, it is shown that for the past four years the accumulation of budgetary deficits amounts to some $40.1 billion. The projected figure for the next four years for the total anticipated budgetary deficit is $51.8 billion. That is almost $92 billion in budgetary deficits which have accumulated over a period of eight years. That clearly shows a government out of control, and I think most Canadians would find those figures incredible and shocking.

We are not capitalizing on the production potential of the country; instead we are following a philosophy of trying to borrow ourselves rich. We are not stimulating the economy or the production capacity of the country so that it can support expensive government programs. This is very disturbing. We are mortgaging our future and placing an almost impossible burden on our children and our children's children.

The hon. member for Mississauga South spoke of the country's net debt. By March our gross national debt will exceed $120 billion and the net debt will exceed some $80 billion. The interest on that debt is in excess of $12 billion annually. We are spending $1 in $4 on interest on that debt.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Lisgar (Mr. Murta)—Transport—Crowsnest Pass rates—Establishment of short-term study—Reported lobby by food processors; the hon. member for Burlington (Mr. Kempling)—Bankruptcies—Re-Mor management investment—C & M Financial Services-Investigation conducted by committee of Ontario Legislature; the hon. member for York-Peel (Mr. Stevens)—Energy—Projected price increases for crude oil.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions (papers), private bills and public bills.

● (1700)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

The Acting Speaker (Mr. Ethier): Is there unanimous consent that all notices of motions prior to No. 35 stand, by unanimous consent?

Some hon. Members: Agreed.

DEPARTMENT OF PUBLIC WORKS

Mr. Hal Herbert (Vaudreuil) moved:

That an order of the House do issue for a copy of the document prepared in or before October, 1970, which was either submitted to cabinet or prepared for submission to cabinet and which dealt with the restructuring of the Department of Public Works including the option to form it into a Crown corporation.

He said: Mr. Speaker, I will readily admit that my motive in putting this motion on the Order Paper was not to get production of the document referred to since I was already aware of its content. However, I believed it would give me an opportunity once again to shed some further light on a difficulty I have been working on over the years. I refer to the continuing duplication of efforts in various departments. This afternoon I want to discuss specifically property management and construction work as it applies to the public service.

The parliamentary secretary mentioned that the document was a cabinet paper. I might take issue with that. As far as I am aware, it never got to the cabinet table. I suspect it was just a presentation for the approval of the Prime Minister (Mr. Trudeau). As I understand the story, this document was presented at the time of the October crisis in 1970, and as a result, it was put away for the time being. Eleven years later, we are still talking about what was proposed in 1970 and what still has not been done in 1980.

My original interest in this subject predates my entry into the House of Commons in 1972. I must admit that, as a construction man, in those days I was somewhat concerned about the efficiency, or lack of efficiency, in the Department of Public Works. I was anxious to find out for myself just what the situation was in that department. To put the parliamentary secretary at rest, I am not going to be too critical of the department this afternoon. In fact, I have been suggesting all along that the problem is that this department has not had a full opportunity to take over, as was proposed in 1970, complete control of construction activity and property management in the public service. It was not until 1975 that I started to put case files together. The more I did so, the more concerned I became.

It may be advisable to say a few words about the department by way of introduction. The Department of Public Works provides accommodation and related realty services to government departments and agencies. These services include construction of buildings, purchase and disposal of land and other real property, rental of premises and the maintenance, improvement and operation of properties owned or leased by the Government of Canada. In addition, on request the department supplies government departments and agencies with technical and construction management services for capital projects.

In his report, the Auditor General commented that there are two principal systems in planning for the acquisition of space. The planning and control system is used to plan the department's internal resource requirements based on projected work load. In order to be fully effective as a foundation for departmental planning and forecasting, the planning and control system must be linked to an extensive data base which includes cost inventory and other operating data. This data base has not been fully developed. Furthermore, actual expenditures were not being systematically compared to plans or budgets to determine the quality of the original plans, nor could changes in the level of funding be related to changes in resources required for individual projects.

The Auditor General concluded that the management of eight of nine projects examined did not demonstrate a reasonable standard of due regard for economy.

Among the Auditor General's recommendations, one can read that the role of the Department of Public Works and its program objectives should be clarified. The department commented on the recommendations and agreed with this one. For the past several years the department has been seeking approval for a modified role and mandate in the context of proposals concerning the rationalization of real property operations in the federal government. I might add that in place of "the past several years", one should read "a minimum of 14 years". In fact, in these short remarks, in which I can only lightly gloss over the problem, I shall be talking of the history of the past 17 years.

The Glassco proposals of some 17 years ago created considerable interest in reform. In 1964, a committee of senior public servants was convened to review the proposals and to make recommendations to ministers. The Glassco commission singled out for special mention the fact that real property activities had become diffused among a large number of departments. It suggested that the Department of Public Works should be made responsible for the planning and supervision of all construction required by civil departments and agencies.

As I said earlier, while I obviously have a few criticisms of the department to make, the reason I mention these and put them on the record is because I have felt all along that these criticisms are being used as excuses by other departments which have not, for various reasons, wanted to co-operate in this exercise of developing for the Government of Canada a single construction company.

Looking at some figures, we see that the Department of Transport from 1975 to 1977 carried out construction amounting to $160 million to $180 million a year.

In the Post Office Department—and this was looked after by the Department of Public Works—construction activity in those same years was running at $50 million to $75 million a year. I mention this because with the Post Office becoming a Crown corporation, it is possible that this construction workload may be taken away from the Department of Public Works.

I want to refer to the Department of National Defence; construction in those same years ranged from $50 million to $70 million per year. This work, of course, was carried out by Defence Construction (1951) Limited. I will say right now that if I had any criticism to make of any construction department, it would be DCL.

My reasons there are best illustrated by the construction work that was carried out at the St. Jean military base in Quebec. Construction figures for 1976-77 were $14 million; for 1978, $36 million; and 1978-79, $27 million. Sixteen contractors on that site had extras or additional amounts added to their contracts exceeding 20 per cent of their original signed contracts. That construction exercise at St. Jean, as everyone knows, went considerably over budget. Whether that

was justified or not, I believe all construction work should be under the same set of rules and regulations.

● (1710)

It is extremely difficult for the construction industry to cope with the varying tendering methods of various departments, the Ministry of Transport, the Ministry of National Defence and, rather strangely, the Department of Indian Affairs and Northern Development which gets into the construction act as does, for example, the Department of Veterans Affairs.

I have put on the record before and I should like to mention again, that I saw absolutely no reason why the Department of Indian Affairs and Northern Development should be building some steps on the east corner of the Parliament Buildings. I inquired the reason why that department was building them and was told at that time that department was responsible for the canal which belonged to Parks Canada, which in turn is part of the Department of Indian Affairs and Northern Development. I want to put on the record once again that those steps down to the canal cost us over $500,000, and $500,000 to me represents something like $1,000 a week in interest alone to walk down those stone steps. I suggest that work should better have been done by the Department of Public Works, where it would have been publicly tendered.

Back in 1969 the mood was to change the Department of Public Works into a Crown corporation. I do not support that particular proposal. I believe that situation now has been put aside, and I doubt there is any inclination to make it into a Crown corporation. I am not sure that would resolve any problems at all.

The deputy minister at that time, who was put into his job by the Prime Minister with the specific responsibility for reorganization of the Department of Public Works, was Mr. John MacDonald, who today, in 1981, is the chairman of the Tariff Board court. He was saying that the responsibility of the proposed new corporation—whether one talks of a Crown corporation or a reorganized Department of Public Works is unimportant—would include the integration of the existing Defence Construction Limited. Twelve years ago it was being suggested that Defence Construction Limited should be wound up in its present form.

I received a rather interesting answer to a question I put on the Order Paper in connection with Defence Construction Limited. I must admit I found it rather amusing and I should like to read it. I was asking why the work of Defence Construction Limited could not be equally well carried out by the Department of Public Works, and the answer contained the phrase:

"Each time this matter was considered it was agreed that in order to meet the objectives of the Department of National Defence a quick response capability was required."

Of course, I could not resist the temptation then to ask a question as to why the Department of Public Works was unable to provide a quick response capability. "The decision", they say in the answer, "did not imply that the Department of Public Works was unable to provide a quick response capability." In fact, I think we had a bit of a runaround on that one.

I notice in the estimates for the year just concluded—and I assume this week we are to see the new figures—that the Department of Public Works budget is presently at $754 million, and I believe in supplements there was another $1 million added. In any event, the total for the year is some $755 million. That is quite a sum of money. In fact, if one adds the construction activities of Transport, National Defence and so on, one comes to a sum in excess of $1 billion.

The problem back in 1970 was one which is continually being experienced in our public service, the initialling of some agreement between deputy ministers and then changing position. At that particular time the two deputy ministers concerned were Mr. Simon Reisman, who was secretary of the Treasury Board, and John MacDonald to whom I have already referred. They were in essential agreement on the direction in which we were to be going.

However, the usual forms of delay were brought in, additional task forces were put into operation, additional studies were required, and then in 1970 Simon Reisman became deputy minister of finance. His place as secretary of the Treasury Board was taken by Mr. A. W. Johnson.

Reisman had expressed strong support for the MacDonald proposals from the very beginning and, indeed, with regard to several major points, had urged similar action upon the Department of Public Works previous deputy minister through 1968 and 1969. That, of course, was prior to the appointment of Mr. MacDonald who was sent there for the express purpose of reorganization.

There then obviously was some reluctance on the part of Treasury Board to proceed. I found it quite interesting that just a couple of months ago, on going through the minutes of a meeting of the Standing Committee on Communications and Culture, the same Mr. Johnson appeared as a witness, that is, Mr. Johnson who is now the president of the Canadian Broadcasting Corporation. Let me quote him as follows:

I want to say something about my own preoccupation with efficiency because I really want to make it clear to the committee how strongly I feel about efficiency.

He went on to state:

I reflected a great deal . . . on the line of questioning about the comprehensive audit and efficiency.

He went on to state:

My interest in this field goes back a long way. My first five years in government were spent doing efficiency studies. I appeared on a platform with James Macdonell—

That was our last Auditor General.

—and with Walter Gordon, who was then in the consulting business in 1952. I published an article on efficiency in government and business in 1962 . . . As Secretary of the Treasury Board here in Ottawa, I was responsible for supervising the experimentation that was being done in the field of PPBS which has now got the new name of "Efficiency and Effectiveness".

He then said:

I do favour a comprehensive audit in the field of economy and efficiency.

Department of Public Works

As late as two months ago Mr. Johnson, who was then secretary of the Treasury Board, was talking about efficiency in the public service, yet despite all the studies that were done and the general agreement, there was no inclination to proceed to give the authority for the necessary reorganization of Public Works.

Why I am opposed to this overlapping of responsibility is that so often throughout the public service we find not only is there an overlap but there is, sometimes, something missing as a result. This makes it possible for everyone to blame everyone else for what is not done.

As late as last summer I pursued for some time some restructuring of our Canadian embassies in foreign countries, where I felt there were too many people duplicating effort from too many different departments. The Prime Minister issued a communiqué at that time in which he decided that the work of three ministries would be co-ordinated under one ministry. I sent him a note suggesting that was fine as a start, but then we should start incorporating the other four which are represented in our foreign embassies.

The reason I did this was that back some few years ago—five years almost—we had some difficulties in our coastal waters. I put a question on the Order Paper concerning surveillance of coastal waters and found that six different ministries have responsibility for surveillance of our coastal waters. This meant at that particular time that it was possible for six ministers to pass the buck when we had difficulty in a search and rescue operation.

There is so little opportunity in 20 minutes to say everything one would like. There is so much more I want to say and it is unfortunate I will not be able to develop the theme I wanted to, discussing changes in ministers as well as the change in deputy ministers. I will only name them. We went from Mr. Arthur Laing to Mr. Jean-Eudes Dubé, and they have changed fairly regularly in the past several years. It is in part these changes at this level and the problems respecting the responsibilities of deputy ministers which leads us into a situation where if nothing can be done in a very, very short period of time, the chances are that all we need to do is wait for the next change, either in a ministerial or deputy ministerial position, and then we can go back to sleep for another year.

● (1720)

This work has been going on now for something like 17 years, according to the records I have here. This was dealt with very thoroughly in the Senate study on the accommodation program of the Department of Public Works. The recommendations deal specifically with what I have been proposing, the co-ordination of the activities of all construction and property management under one head. I hope some day someone will do something to get rid of this overlapping responsibility, which results in a waste of money and decreased efficiency.

Mr. Collenette: Mr. Speaker, since I know how concerned the hon. member is about this subject, I suggest he be given a few more minutes to continue, if he wants to develop his theme. I do not know whether he wants to continue for a little while longer. I would certainly be prepared to yield the floor to him.

The Acting Speaker (Mr. Ethier): Is that agreed?

Some hon. Members: Agreed.

Mr. Knowles: Are you short of speakers this afternoon?

Mr. Herbert: Thank you very much, Mr. Speaker, and I thank as well the members of this House.

Yes, it is true that I came with a relatively limited amount of material, knowing we are ordinarily limited to 20 minutes, but there is quite a bit more I would very much like to put on the record.

I would particularly like to develop the theme concerning the various responsibilities. Well after the conclusion of the task force sessions, and despite efforts over a two-year period, it was not possible to develop the necessary accord with the Treasury Board Secretariat—I referred to that before, and the gentleman concerned—for combining forces to move the mandate ahead.

The primary reason was that early in 1970 Simon Reisman was moved from the Treasury Board. Constitutional doctrine and practice holds that a minister is responsible not only for the direction of his department but also for its administration. The statutes also provide for the appointment of a deputy minister, but they are silent on his role. The minister is more than fully occupied by the overwhelming questions of policy and, as I have said here in the House often, that probably is a good thing. As a result the minister will not likely delve into the administration of his department and will, in my opinion quite rightly, leave the administration to his deputy minister.

The pressures of ministerial responsibility force the division of labour along reasonably clear and acceptable lines. I have also suggested that that is a good thing because probably most of our ministers—and I say this not unkindly at all but as an objective comment—are not sufficiently trained to be departmental administrators. Those who have the ability and knowledge to get into the administration of a department are probably smart enough to keep their fingers off.

A well-known gentleman who was very involved at that particular time, Gordon Robertson, was the clerk of the Privy Council at that time. He had been consistently sympathetic to what the Department of Public Works was proposing and, of course, the intent was to make a single designated agency. The Department of Public Works was battling the Ministry of Transport, the National Capital Commission—which I have not already mentioned—the Department of National Defence, the Department of Agriculture and the Department of Indian Affairs and Northern Development.

Revenue dependency was a contentious issue between the Department of Public Works and the Treasury Board Secretariat. I have made little reference in my remarks—because time did not permit—to revenue dependency, in which

I firmly believe and I hope one day will be the method by which we operate. If I may, I would just like to refer to the Senate committee document produced in September, 1978. The document indicates that only under revenue dependency will the Department of Public Works be faced with the same kind of financial discipline which constrains private developers, a discipline which should lead to the construction of less costly buildings.

My original suggestion some years ago was that the estimates which are presented in the blue book to which I have referred already—assuring a total for the Department of Public Works of some $755 million for last year—should in fact be reduced to the salary of the minister and his automobile. I have been frustrated over the years in trying to get answers in committee with respect to the various amounts that are spent by departments for accommodation and so on and, of course, we always receive the same answer, that the moneys are actually spent by the Department of Public Works, and the figures are only given to carry in its estimates. I think the problem which will have to be very clearly identified is that if we ever get to full revenue dependency, we will have to lay down the law to various departments that the figures which will become part of their budgets must, of necessity, be fully understood so that they will be able to answer for those expenditures in committee.

I appreciate this opportunity to continue, but because I intentionally brought with me material only for a 20-minute speech, if I try to go on any longer I fear that I will include material which is not particularly relevant to the subject under discussion. May I only say again that my objective this afternoon is to point out once again the inefficiencies and the inadequacies of allowing six or seven different departments to have their own construction companies and their own construction forces. It would be much more efficient to centralize everything in one organization and, if the excuse for not doing that is any alleged inadequacy, weakness or inefficiency in the Department of Public Works, to ensure first that that department is a top-notch efficient construction organization which can operate in the most efficient possible fashion. If that can be accomplished, then we will have not only a substantial reduction in the number of personnel working in total throughout the various departments, but it will also be possible, via the reorganization, to identify better the millions of dollars which we are spending in the field of construction, acquisition of land, acquisition of building, etc.

I hope that in the very near future some positive move will be made to bring in the necessary changes which will result in these efficiencies.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, before I refer to the point at hand, the motion of the hon. member for Vaudreuil (Mr. Herbert), I would like to pay a sincere tribute to him because he is one of the few members of this House who takes advantage of this provision in the rules for the use of this time every second Thursday—but really most Thursday, because we do not have many private members' private bills—on notices of motions for the production of papers. I hope more hon. members of this House could be encouraged to use this period. It has been noted that the hon. member for Vaudreuil is often on his feet on Thursdays during this hour. That is because he takes advantage of the rules as they were intended, and perhaps other members could follow suit. When they look at pages 94 and 95 of the Order Paper hon. members will notice that there are only perhaps half a dozen notices of motions for the production of papers. If we are to continue to justify this hour being left in our rules, hon. members must take advantage of it. I hope other hon. members will follow the lead of my colleague, the hon. member for Vaudreuil.

● (1730)

I am very pleased to participate in this debate. I do not propose to focus on the substantive questions which the hon. member for Vaudreuil raised, that is the contemplated restructuring of the Department of Public Works in 1970. Rather, my remarks will deal in a more formal way with the protection of confidentiality of government documents.

I would like to explore the background to the important constitutional convention involved while we talk about protection of cabinet documents. Some of the remarks that I will make will follow on the heels of the debate we have had on Bill C-43, which I believe we debated last week. I think it is very appropriate that I deal with this aspect of the notice of motion put forward today by the hon. member for Vaudreuil.

In the few moments that I have I would like to examine the way other jurisdictions deal with executive powers and confidentiality of documents, and to look at the system of government where the executive is accountable to Parliament, such as ours. I will outline various examples.

I shall refer also to the positions taken by other parties represented in the House as well as to views put forward by persons knowledgeable of our constitutional institution. There is a general acceptance in our society, especially among members of this House, that the cabinet system should be allowed a certain degree of confidentiality so that it can make decisions in an atmosphere which is removed from the strains of public pressure. If ministers were expected to consider important issues and make decisions in a fish bowl, that is in full public view, they would inevitably feel inhibited in collectively deciding what is in the best interests of this country. They would be subject to the pressures of those who cry the loudest of the most effective of the lobby groups. This is a real concern in society today, and notwithstanding the fact that we protect the confidentiality of cabinet documents, we see that our system of government is becoming more and more imprisoned by the actions of effective lobby and power groups. In a sense the rights, responsibilities and the duty toward the ordinary citizen in society seem often to get on the wrong side of issues, or to get the short end of the stick. We find very effective, powerful, well-financed lobby groups able to influence decisions. It is my contention that if we were to make the system much more accessible, we would see this tendency to increased pressure

from lobby groups become even stronger and perhaps work to the detriment of our democratic system.

The principal rationale for claiming protection for cabinet papers is that these documents reveal the process whereby the government, as a whole, establishes collective responsibility for actions that will be taken by individual members or by the Crown. Therefore, I think it is well accepted that the principal role of cabinet is political rather than administrative and that its political function merits special protection. This protection is founded on the convention that cabinet solidarity is essential to the maintenance of confidence in the ministry. Disclosing papers reflecting the process whereby ministers establish collective responsibility would jeopardize the unity and hence the viability of the ministry.

The confidentiality attached to cabinet documents is not merely a time-honoured tradition, but an important constitutional convention applicable in all parliamentary democracies based on the British system. It is recognized in the United Kingdom, in Australia and New Zealand, as well as in this country.

The authoritative statement of this convention is to be found in the judgment rendered by Lord Reid in his landmark decision, I believe in 1968, in the case of Conway versus Rimmer. That decision concerned the question of Crown privilege, but in it Lord Reid gives the views as to why the workings of cabinet ought not to be made public. In part, that decision read:

> I do not doubt that there are certain classes of documents which ought not to be disclosed whatever their content may be. Virtually everyone agrees that cabinet minutes and the like ought not to be disclosed until such time as they are only of historical interest. But I do not think that many people would give as the reason that premature disclosure would prevent candour in the cabinet. To my mind the most important reasons is that such disclosure would create or fan ill-informed or captious public or political criticism. The business of government is difficult enough as it is, and no government could contemplate with equanimity the inner workings of the government machine being exposed to the gaze of those ready to criticize without adequate knowledge of background and perhaps with some axe to grind.

In Canada the principle has been reflected in various official pronouncements over the years. I want to refer briefly to the 1973 guidelines applicable to notices of motion for the production of papers. Specifically, these guidelines provide for an exemption for "cabinet documents and those documents which include a Privy Council confidence". In June, 1977, the same approach is reflected in a green paper issued by the then secretary of state concerning public access to government documents. The green paper specifically endorsed the idea that there should be an exemption for cabinet documents in any future access to information legislation.

It is interesting to note—and too often some of us forget—that the official opposition, when it formed the government for a brief period in 1979, also felt that cabinet documents ought not to be made public. I refer to their proposed freedom of information legislation contained in Bill C-15 which put forth a quite articulate and most detailed exemption covering all types of cabinet records. That particular exemption would have authorized the withholding of any proposals or recommendations prepared or submitted to cabinet, as well as other related documents such as agenda of cabinet and documents reporting the deliberations or decisions of cabinet.

The exemption of the previous government also encompassed records used for or reflecting consultations among ministers of the Crown on matters relating to the making of government decisions or the formulation of government policies. As well included in the Conservative freedom of information bill was an exemption from the right of access to records containing briefings to ministers of the Crown in relation to matters that were before, or proposed to be brought before, cabinet. Finally, the exemption also covered draft legislation as well as cabinet discussion papers which were defined as being records containing background explanations, analysis of problems, or policy options submitted or prepared for submission to cabinet.

I should point out that I was quite surprised, I believe last Thursday night, by statements of the Right Hon. Leader of the Official Opposition (Mr. Clark) when he intervened in second reading debate of the access of information legislation put forth by the hon. Secretary of State and Minister of Communications (Mr. Fox) in Bill C-43. The Leader of the Opposition claimed that this government's exemption for cabinet documents had been extensively broadened to include discussion papers with "background explanations, analysis of problems or policy options". As well, the Right Hon. Leader of the Opposition expressed shock at finding in this government's exemption "records used for briefing ministers in relation to matters that are before or proposed to be brought before cabinet".

I would suggest that if the Right Hon. Leader of the Opposition had been curious enough to read his own legislation on freedom of information before participating in the debate last week, he would have seen that, save for a very minor technical change, the cabinet document exemption in Conservative Bill C-15 in the Thirty-first Parliament is identical to the exemption in Bill C-43. I point this out not so much to correct the statements of the Leader of the Official Opposition—which should be done anyway—but to show to this House how two major parties can be in agreement with the nature and scope of confidentiality to be accorded to cabinet documents.

● (1740)

As well, by the very practice they followed during the short period of time the Conservatives were running the country, the previous government endorsed the principle of cabinet confidentiality. To my knowledge, the outgoing administration also abided by the guidelines which came into force in 1973 respecting the motions for the production of papers.

There is broader agreement between the two main parties, to which I would like to refer at this particular point in time. When the Standing Committee on Regulations and Other Statutory Instruments came up with its own proposals for freedom of information legislation in 1978, its report contained a recommendation to the effect that documents prepared expressly for or in connection with the deliberations or deci-

sions of cabinet or the cabinet committee should be the subject of an exemption. I emphasize that the standing joint committee was composed of members of all parties represented in the House, as well as representatives from the other place. Therefore, on this particular aspect there was a parliamentary consensus in the full sense of the word.

Even among expert groups interested in the subject of government openness and freedom of information, there is a recognition that cabinet documents and cabinet procedures are worthy of special treatment. I refer in particular, to the model bill on freedom of information prepared in March of 1979 by the Canadian Bar Association. That model bill listed the exemptions which the Canadian Bar Association felt should apply to limit public access to government documents. The first exemption listed is the one dealing with cabinet records. In other words, the Canadian Bar Association probably felt that among all classes of information needing protection, cabinet records should stand out prominently.

This brief overview of the practices followed in other jurisdictions, of the constant position adopted by succeeding governments in this country, and of the views of the legal experts which I have given in the last few minutes, will show there has been over the years a consensus that the workings of cabinet should not be made public in a premature fashion, and that they should not be made public to the point where it would make the reaching of decisions a most difficult, if not impossible process. Therefore I would recommend that this House, in all its wisdom, reject the motion put forth by my good friend from Vaudreuil. As I said earlier, he put forward this motion with the best of intentions, with the best of motivations and with sincerity.

I wish to underline that the government is committed to the concept of open government. It has introduced legislation on access to information which is now before this House. We wish to proceed with that legislation and to comply with its spirit. Indeed, earlier this afternoon, in reply to the point of order of the hon. member for Leeds-Grenville (Mr. Cossitt), I dealt with the fact that answers tabled in the House, in response to questions on the Order Paper, must comply strictly with the provisions of Bill C-43, notwithstanding that the bill is not yet law. I think it is a very commendable directive which the Prime Minister (Mr. Trudeau) has given to the government and to all of us on this side of the House.

Cabinet confidentiality should be preserved if we are to preserve the integrity of responsible British parliamentary democracy in the traditional mold.

[*Translation*]

Mr. Raymond Savard (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, in answer to the hon. member for Vaudreuil (Mr. Herbert) I will have to make a brief review of the history of the Department of Public Works. First of all, however, I want to congratulate him for his interest in the Department of Public Works and at the same time try to reassure him and dispel some of his concerns.

Department of Public Works

If I may, I will go back a number of years to make a brief review of public works. In 1841—and that is quite a while ago of course—the Bureau of Public Works was created as an organization of the province of Canada, much in the same way as our Crown corporations today. In the early days of confederation the departments of marine, fisheries, railways and canals shouldered most of the responsibilities previously belonging to the Department of Public Works.

In 1879 the minister of public works was responsible for administering and directing the execution of all public works, except in cases specifically identified in other statutes. In its 1962-63 recommendations on real property the Glassco Commission pointed out that quite a number of departments were responsible for real property services. It recommended that DPW have exclusive jurisdiction over property management, excepting National Defence; over planning and supervision of all construction works required by the departments, as well as hiring the required experts. It would also be in charge of management of real property, planning of federal real property, acquiring such property through purchases or rentals, disposing of surplus real property, and applying the Municipal Grants Act. The costs were to be charged to departments and organizations in exchange for accommodation and real property services.

In 1964 a committee of senior officials was set up to study the recommendations of the Glassco Commission and emphasize the need for establishing a central real property index, the advantage of including all annual outlays for real property in the maintenance and operations budget of client departments, the merit of profitability studies—build ourselves or contract out—the excessive dispersal of real property acquisitions among six large federal departments and organizations, and the waste of resources resulting from keeping professional and technical staff in several departments.

In 1965 the consulting firm of Peat, Marwick and Mitchell made a thorough study of DPW operations. Their recommendation was to consolidate the internal management of the department. They suggested three possibilities: first, two operational groups, housing design and construction, each supported by district offices under a general directorate for planning policies at the central administration; second, six nearly independent regional offices directed by a small central administration responsible for policies and co-ordination; third, keeping a centralized department with specific responsibilities for planning and operations shared among the central administration and the regions.

In November, 1965, Treasury Board approved a new structure for DPW. This would give the department a solid base to delegate a large part of its responsibilities and operational authority to field offices and would satisfy the accounting requirements between DPW as a service department and its client departments. Following the consulting firm's report, DPW suggested that Treasury Board should appoint it the

only real property agency for the federal government. In April, 1967, Treasury Board approved that suggestion and organized with DPW's clients discussions on the department's new mandate.

In June, 1969, a joint task force was established consisting of representatives from Treasury Board and Public Works. It was its responsibility to propose a solution in order to achieve a more efficient management of federal activities in the building and real property fields. In December, 1969, a central agency draft report recognized that the government's principles in real property management were obsolete, more specifically that building and real property management was still fragmentary, and that DPW's operations were based on conflicting objectives of service and control.

● (1750)

The report recognized the need for the central agencies and the various departments to take part in the solution of these problems. The same report recommended the creation of a Department of Public Works headed by a minister, staffed by a limited number of people, and responsible for a Crown corporation, Federal Property of Canada Limited, which would be the main operational agency that would satisfy the federal government's property needs. Those were Treasury Board's recommendations; the joint task force did not publish a final report.

In December 1969, the person who was to be appointed deputy minister of public works, Mr. J. A. MacDonald, saw the need for an important restructuring of the Department of Public Works. He specified the motivational requirements for the staff employed in central service agencies and drew a parallel with the private sector where success is rewarded and failure penalized. He also indicated the need to be cost conscious, which he considered a difficult if not impossible task under a system of parliamentary votes. He concluded by saying that the Department of Public Works should be made into a Crown corporation. He inquired of the Prime Minister (Mr. Trudeau) about the possibility for quick passage of an act authorizing the establishment of the proposed corporation. In reply, the Prime Minister asked the minister, Arthur Laing, and the deputy minister to undertake a comprehensive study of the whole organization and its operation and to submit a detailed report to the government. On December 22, 1969, the Prime Minister replied to a question asked at a press conference, that federal real property management could be more effective and that he had asked for all possible solutions to be analysed. He did not reject the possibility of creating a Crown corporation which would be responsible for some of the activities of the department.

A joint task force from Treasury Board and DPW was established in January, 1970, to examine the concepts outlined by the deputy minister and to prepare the comprehensive report requested by the Prime Minister. In this report published in June, 1970, the task force indicated that by creating a departmental agency without the status of corporation, would amount to establishing an owner corporation. The report also mentioned several problems that remained to be solved: first, autonomy for job classification and rates of pay; second, the difficulty of consolidating all property services in a single agency, and particularly the problem of related costs; third, quality assurance.

At the end of August, 1970, as cabinet would probably be considering the issue in the Fall, the deputy minister was informed that a full document would be needed to make a decision in principle about the type of real property management system deemed appropriate. Implementation plans and schedules were also requested. As a result the Privy Council received in mid-September a paper entitled "Proposals for Real Property Management".

Among the issues discussed in this report is the possibility of maintaining a departmental structure, while taking as much advantage as possible of the flexibility provided in existing statutes, to give to the service the businesslike thrust which was considered necessary. The report expressed the same opinion as the Glassco report, to the effect that the level of autonomy sought by senior management is due more to present or historical operational deficiencies in the system than to unavoidable weaknesses. While the working paper considered, as usual, other structural possibilities including that of a Crown corporation, it noted that, whether this might be acceptable or not at the present time, it is not necessary to prove that the departmental formula is totally unacceptable before considering a corporate structure. Each formula can be valid depending on the circumstances. It is then to be concluded that the departmental formula could be used if department managers availed themselves of the maximum flexibility provided by the statutes, if they had specific terms of reference, if they could operate according to a cost price method, and finally, if they received the co-operation required to gain the necessary level of autonomy as concerns management.

The principle of revolving funds would relieve the department from the process of the annual budget. The task force brought forward six points in favour of this type of organization: First, it would make it possible to do away with the former image of Public Works; second, it would improve commercial relations with the department's clients; third, it would be easier for the department to create an environment and a motivation beneficial to a self-financing system; fourth, it would help to attract and to keep the required managers, experts and technicians; fifth, it would show the availability of various control mechanisms suitable for a service organization; sixth, it would allow the department to be less service-oriented.

During the following months, the matter was discussed at various meetings attended by Treasury Board officials and representatives of the Privy Council. Consequently, at the beginning of June, 1971, the Prime Minister advised the

minister and the deputy minister of public works that the restructuration of DPW would not be included in the legislative program of the government for 1971-72.

With regard to the current situation, we became aware over the last few years that is was necessary to improve the management of government programs and keep Parliament better informed. The Glassco commission, the Auditor General and the Lambert commission, considered those questions and made recommendations likely to bring about improvements. Moreover, the department had to consider those questions because of recent financial constraints. The Auditor General, the Lambert commission and the Standing Senate Committee on National Finance have recognized the necessity to divulge and justify rental costs of premises. Each one of them recommended the billing of rental costs and the management of DPW operations according to revenues as a first step toward that goal. In the spring of 1979 an interdepartmental committee under the Treasury Board Secretariat recommended that a plan be drawn up to ensure management of the DPW space rental program according to the revenues collected.

In view of the foregoing, DPW is currently working on the development of a system to collect from its client departments and corporations the utilization costs for the premises and the services provided to them. This system is supposed to allow DPW activities to become revenue dependent. This revenue dependency will be secured directly by way of changes based on market rates for premises and professional services.

By billing the department for expenses related to premises, management and professional services provided by DPW and its operating costs according to the revenue dependency principle, the efficiency and effectiveness of the department would be improved, as well parliamentary control over premises costs, would be reduced. The proposed system must provide for the management of space leased by the Department of Public Works or belonging to the Crown. The Department of Public Works is responsible for some 9,500 buildings and over 8 million square metres of space leased at an estimated annual cost of $650 million in 1979-80, with operating and maintenance annual costs of $492 million. This system must also provide for real property management as well as the management of professional services provided by DPW, such as planning and management of assets, architectural and engineering services, and purchase and disposal of real property. Those services are estimated at $135 million each year. The assets—

The Acting Speaker (Mr. Ethier): Order. The hon. member for Vaudreuil (Mr. Herbert) on a point of order.

Mr. Herbert: Mr. Speaker, the parliamentary secretary has quoted from a document published in 1970, the very one requested in my motion. I suggest he could now let us see this document as he has read approximately two thirds of it.

The Acting Speaker (Mr. Ethier): This suggestion may be discussed some other time. The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock tonight.

At six o'clock, the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1981-82

SUPPLEMENTARY BORROWING AUTHORITY

The House resumed consideration of the motion of Mr. Bussières (for the Minister of Finance) that Bill C-59, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, at the commencement of my remarks regarding this particular bill earlier today, I mentioned this country's growing gross national debt, the net debt, the fact that the interest on that particular debt is in excess of $12 billion annually, and the burden all that imposes upon Canadians. I spoke as well of the failure of the government to act in a responsible manner and of its lack of sound fiscal management.

A year ago this government won an election on the pretext that Canadians could get a "free lunch" when it comes to energy prices. It fought the election campaign on the pretext that this country could continue to borrow against the future. Now we are faced with some harsh realities that are the result of those election promises. We are paying more for energy and we face an increasing deficit over the next few years.

As I pointed out earlier, the combined deficits over on eight-year period amount to some $92 billion. Energy prices have increased 50 per cent since the defeat of the Conservative government and the country is faced with the prospect of larger deficits.

The government has failed to bite the bullet; it has failed to level with the Canadian people. The Parliamentary Secretary to the Minister of Finance (Mr. Evans) shakes his head in a negative manner, but he knows that is the case; the record speaks for itself.

It is unfortunate that this government still has not learned its lesson. It continues on a policy course that has not changed.

Consider the tremendous potential of the country, particularly in the area of energy, and then consider the trend toward continued reliance on oil imports which will cost $20 billion to $30 billion annually.

The government should take steps to stimulate the private sector and get involved with the major producing component in our society—and that really is the answer to economic activity. Rather than providing the incentives and the climate that would motivate the private sector to take up the challenge, however, the government is involved in the wholesale takeover of a number of enterprises. Another corporation has just been gobbled up by Petro-Canada at a cost to the Canadian taxpayer of $1.5 billion. It is nationalizing, confiscating, destroying industries which are viable and productive and which provide jobs in the economy and spin-off tax dollars for the coffers of the government. It is really drunk with the philosophy of government ownership. It is doing this in the name of promoting Canadianization of industry. It is not Canadianization, it is nationalization. Surely there are more ways to encourage Canadian ownership of our economy than through government ownership.

● (2010)

Why not look at ways and means of encouraging individuals to participate in the ownership of Canadian industry. That is what this country is all about. That is what built this country. The government is not satisfied with that approach. It wants the whole loaf, to be totally involved. The government is on a course which is going to stifle, if not kill, the enterprising spirit of Canadians. It is a course which will discourage private enterprise and private investment. It will certainly impede the ability of our basic and fundamental industries to pursue a course of fulfilling their utmost potential. Above all, it will discourage innovation.

We have a government which is pursuing a policy of inconsistency as well. As one who comes from western Canada, I cannot help but note the government's deliberate attack on an industry that is based in western Canada. It tackles the oil industry in the west while on the other hand is attempting to hold on to and bail out industries in central Canada, in the course of creating deep divisions, discord and bitterness.

This government takes the position that jobs are more important in central Canada than they are in the west. However, when one looks at it, this narrow approach which the government is following is in effect hurting the central heartland of Canada. The development of resources in the west impact clearly upon central Canada. It clearly impacts upon its ability to provide jobs in manufacturing activities and economic spin-off.

One finds it almost preposterous when looking at the policy stance upon which this government has embarked. Every institution, council and advisory group is warning the government that it must change its direction. The latest one is the chairman of the board of the Toronto-Dominion Bank, Richard M. Thomson. I wish to quote what he has to say about how we can turn the economy around in this country. I quote from a speech he made to his shareholders on January 21, 1981:

> Central Canada, particularly Ontario, must not look upon the development of energy resources in the west and, indeed, off the east coast as an expensive burden but rather as an opportunity for the further development of Canadian manufacturing, the further integration of the Canadian economy and the development of secure petroleum supplies. It is most important that Ontario and Quebec get strongly behind the energy developments in both the west and off the east coast. This is enlightened self-interest; it means more employment for Canadians, an increased level of energy security and a stronger and more developed Canadian economy in the 1980s.

There can be nothing more truthful than that statement. What has happened is that this government has failed to enunciate an over-all economic development policy which will provide economic help and stimulus to all regions of Canada by providing a positive economic climate.

Why do we not have an economic blueprint for the eighties from this government? What are its goals and its short, medium and long-term objectives? What will be the role of the private sector? Will the government continue along the destructive route that it has established itself on at the present time?

What can we expect in terms of increased productivity, another very urgent problem in this country? What about investment? We will require a lot of investment, both public and private. What kinds of incentives will there be to encourage private investment, to build our railway infrastructure, and to build and develop our energy potential?

What about innovation, research and development, human resource development, training and re-training and developing skills for our work force? What about regional economic opportunities? We clearly have the potential to develop realistic goals in that area.

What about federal-provincial co-operation? That is clearly a fundamental requirement. We need to have the support, co-operation, working and meshing together of federal and provincial policies. That is a fundamental requirement. Will we, instead, have more unilateralism?

I hope this government realizes very quickly it will have to adopt a co-operative approach which will create confidence within the industry and trust with its provincial counterparts. I know what can be achieved if we work in an environment of co-operation and consultation, particularly with the provinces.

I had some experience when our government addressed some of the problems with respect to grain handling and transportation, port development and urban transportion. As a federal government, we approached the provinces, indicating to them that the problem of solving our grain handling and transportation difficulties was a joint effort. They respond to the challenge. Instead of a government which is going to the provinces seeking their co-operation, we have a federal government which is constantly attacking those provinces. As a result, we are not getting any satisfaction or results in the solution of our deepest and most fundamental problems.

This government is preoccupied with the constitution. This government's intransigence with respect to its energy program

has created a vacuum of economic leadership in this country. As a result, as I said earlier, it has created deep division. We in this nation have failed to capitalize on the tremendous opportunities within our grasp. Indeed, we have failed to capitalize on some of our basic fundamental and indigenous strengths in each of our regions. I want to deal with some of those in more detail.

There can be no question that energy holds the key to our economic recovery. It holds the key to individual opportunities. It clearly holds the key to providing a more balanced economic growth and development in this nation.

The potential of our oil and gas industry for jobs, the advancement of technology, research and development, and industrial spin-off throughout the whole of Canada is almost staggering. It has been quoted that we are looking at 350,000 jobs, and hundreds of billions of dollars worth of economic activities spread throughout the land, yet we have a National Energy Program that is universally condemned. It is destructive to the industry and antagonistic to the producing provinces. It is creating division in this country and is detrimental to job opportunities, particularly for young Canadians.

It is creating a situation which penalizes exploration and penalizes Canadian companies. It is driving expertise, investment, equipment and machinery out of the country.

● (2020)

There is talk of exploration activity being reduced by 30 per cent to 40 per cent. I have here a summary of cancellations, postponements or reductions in exploration budgets totalling almost $18 billion. There is reduced economic activity. We talk about the exodus of drilling rigs from this country, 60 rigs have been moved from Canada. There are an additional 60 committed to move from Canada by April 30, 1981. When these rigs leave, they do not leave for six months but for a minimum of two years. I have said in this House before that every time one of these oil drilling rigs leaves the country, it is like closing down a factory which employs 40 to 50 people. Some 16 servicing rigs have moved. Contractors forecast the following casualities to occur by May 15, 1981: 200 rigs out of service in Canada without contracts; 86 additional service rigs out of service and scheduled to move out of Canada. I am reading from the report put out by the drillers' association which goes on to indicate:

> The drilling and servicing fleet being moved from Canada in the 184 days since the NEP was issued will eliminate 7,200 jobs at the field level, the downstream effect is estimated to eliminate another 1,800 jobs, or a total of 25,000 Canadian jobs destroyed. The drilling and servicing equipment forecast to be out of service by NEP will affect the jobs of about 10,000 people at the field level. If the shut down continues, the spin-off effect could cause the loss of jobs for an other 25,000 Canadians.
>
> On the present forecast trend 60,000 Canadian jobs are threatened by mid-1981.

Jobs in the west are just as important to the workers there as they are to people in central Canada. The megaprojects are shelved. Each synthetic oil recovery plans was scheduled to produce some $250 billion to $300 billion in economic activity over the life of these projects. Some 40 per cent of that money was to be spent in central Canada on steel, equipment, pipe, valves, engines, turbines, electrical equipment and vehicles.

Let us consider heavy oil. I happen to be interested in heavy oil because there is a fair amount of it produced in my constituency, yet the vice-president of Hudson's Bay Oil and Gas said just recently in Lloydminster, as reported in the Edmonton *Journal* of January 28:

> The National Energy Program has made development of much of the heavy oil reserves around Lloydminster uneconomic . . .
>
> Sedgewick, who said he was speaking on behalf of the Canadian Petroleum Association . . . told the Lloydminster Chamber of Commerce the new 8-per-cent petroleum revenue tax and the new split in revenues upset "A fine balance" in Saskatchewan oil fields.

It goes on:

> The company cancelled the drilling of 350 wells and a thermal recovery pilot project scheduled for the Saskatchewan side after the energy program was announced.

We have evidence from the oil producers of southwestern Saskatchewan wherein they point out that those wells producing something in the order of 40 to 50 barrels per day are uneconomic. They will not be brought into service again when they are being forced to shut down for servicing because it is simply uneconomical to do so.

As a result of the National Energy Policy, Husky has had to cut back its development program of 300 wells by half for 1981, and there are serious concerns about the $300 million in expenditures proposed for various projects in Saskatchewan. Mr. Blair noted that a major portion of about 600 of Husky's 1,800 to 2,000 wells in the Lloydminster area may be shut in and the economic situation is recovery of the lifting cost.

Let us go on to look at other predictions. Imperial estimates that the energy policy will reduce domestic oil supply by 180,000 barrels per day by 1985 and by 600,000 barrels per day by 1990. Importing 600,000 barrels per day for one year at the current international oil price of $40 a barrel would cost $8.7 billion.

We find another quotation from Gulf:

> The recently announced national energy policy means increased reliance for Canada on imported oil—at a cost of $55 billion during the next five years.

It goes on to state:

> Canada's dependence on imported oil will rise to almost 600,000 barrels a day—

Then we must consider the province of Alberta, and this is where a very fundamental difference crops up between negotiations with Alberta and the federal government. The federal government predicts that under its National Energy Program, imports will be reduced to zero by 1990. Alberta has a different version. It suggests that under the National Energy Program, net imports will rise steadily to reach 525,000 barrels a day in 1985 and 734,000 barrels per day by 1990. When we look at this, we must realize that we could be spending another $20 billion to $30 billion per year to meet our oil import needs. The National Energy Program suggested that its objectives were security, opportunity and fairness. It is quite clear that all the evidence we have now been able to gather would point out that security of supply or self-sufficiency in petroleum products by 1990 will not be achieved.

When we consider opportunity, let us look at all the jobs being lost and the massive exodus. Let us look at fairness. As an Albertan I have to tell the House—and this view is shared by many Albertans—that it is not fair. Let me ask whether it is fair that we should be buying oil from Venezuela and other OPEC countries at $43 a barrel, while paying the government of Alberta $17.75 a barrel for conventional crude, which works out to 41 per cent.

Last July, Alberta proposed more rapid oil price increases, but not that much more rapid. Under Alberta's plan domestic oil would be selling for $19.25 this month instead of $17.75. In other words, Alberta proposed to sell its declining conventional oil at 45 per cent of the Venezuelan price but this government turned it down. Who are the bad Canadians, who is being unfair? Why is there a freeze in relations between Edmonton and Ottawa? Why are the oil sands projects not going ahead? Why is our industry faltering, and why are tertiary oil recovery projects collapsing?

The fact of the matter is that the program is clearly not fair; it is certainly not fair to Alberta and it is clearly not good for Canada. I can tell the House that Alberta's determination to fight this policy will not wane, and that the government of the province of Alberta has the support of its people.

We look at the National Energy Program and what it proposes to extract through taxes imposed on natural gas and oil. If one looks at the maximum amount it is able to recover with the Canadian ownership charge, one finds it works out to the shifting of some $37.5 billion from the coffers of the producing provinces to the federal government. Most look upon that not as an encroachment but, rather, as a raid. Out of the $37 billion which will be extracted over the next three years, some $2 billion will be put into a so-called western development fund. I can tell hon. members that that is pretty small potatoes when we consider the massive shift which has taken place. The Minister of Transport (Mr. Pepin) indicated in the committee one day that he thought part of that $2 billion would be used for transportation. He has now told me that might be very difficult.

● (2030)

The Hon. Leader of the New Democratic Party (Mr. Broadbent) aligns himself with the policies of this government and attempts to herald himself as the great preserver of resource ownership for the provinces. It was my impression that ownership rights are now entrenched in the constitution; ownership now rests with the provinces. The Leader of the New Democratic Party suggests that he can tell the province of Alberta how it should handle its royalty and taxing measures. He suggests Alberta is losing some $600 million. I do not think the people of Alberta need any of that hollow wisdom emanating from the mouth of the Leader of the New Democratic Party.

Ownership is an existing constitutional right for the provinces, and this government is attempting to waffle and weasel out of it. We are clearly missing the boat in terms of exploiting our energy potential in this country. That is one of our natural strengths, and we are not taking advantage of it.

There are some other natural strengths we have which this government is failing to recognize. Agriculture is one of them. What I am trying to say is that by the government's motivating and providing a climate which would be conducive for these industries to flourish, we could be generating much more revenue for Canada and for Canadians. Agriculture is clearly one of those basic and fundamental industries which is being shortchanged by this government.

The movement of grain once again is in jeopardy. The other day the Minister of Transport said we will have to ration grain cars unless we make some changes to the Crow rate. I hope the Minister of Transport will cease associating himself with that statement, because all it does is further impair our reputation as a reliable supplier of grain.

It certainly does nothing to build up confidence in the minds of the producers we are asking to produce amounts of grain which would give us the opportunity to export 30 million tonnes of grain by the year 1985 or 35 million tonnes by 1990. We need an investment of some $14 billion to $15 billion in our railroad system, and much of this could come from private funds.

We could be looking at investment incentives such as incentives similar to MURBs or RRSPs, but this government has no imagination. It thinks everything which must be done simply by government ownership and by government control.

With respect to port development, this is another area in which we need co-operation with the provinces and with industry, but we have a federal government which would rather fight with the provinces than work with them.

With respect to freight rates, we must remove the anomalies which mitigate against the further processing and manufacturing of agricultural products and particularly grain products in Western Canada.

Western Canada has 27 per cent of the Canadian population but only about 17 per cent of the manufacturing activity. Only 8 per cent of the manufacturing activity takes place in the prairie provinces. I am not suggesting that the prairies should be an industrial giant like central Canada, but there certainly is potential for further processing and manufacturing of agricultural products on the prairies. There is no co-operation today. The two levels of government are in conflict.

There must be greater diversification in the agricultural industry. Today we are importing almost one third of our food basket; one third of our food basket is composed of imported foods. We are not expanding our productive potential in agriculture.

We have a problem in the beef industry today. The government has lifted all restrictions on beef and veal. There have been massive increases in imports, which cause depressed prices. We were promised a meat import law by this government. We are into the second month of 1981, and we still have no meat import law. Cattle producers are in serious trouble in this country. They have been losing money for the last two years. Many of the producers in my part of the country are saying they will either quit or face bankruptcy. Here again we

have a situation in which there are some anomalies in terms of freight rates, feed freight assistance and pricing policy.

The size of western Canada's hog industry has been reduced by about 50 per cent in the last eight years. Ontario's industry has increased by 35 per cent, and Quebec's has doubled. There are some distortions which are creating that.

We all know that input costs have increased dramatically. Interest costs are crippling beef producers. The Farm Credit Corporation is out of money. It cannot lend any more money to producers, and this government fails to act.

I moved a motion under Standing Order 43 in the House today. It was rather strange that all the Liberals involved with agriculture seemed to agree. The Parliamentary Secretary to the Minister of Agriculture (Mr. Ostiguy) and the chairman of the Standing Committee on Agriculture cheered me on and said, "Yes, yes, we are all for it", but nothing is happening. I asked on a urgent basis for at least $150 million in increased funding, and I hope the government seriously considers that.

I am pleased that the government made some changes with respect to the Small Business Development Bond, and I commend the Minister of State for Finance (Mr. Bussières) because I think he is a reasonable person. I think the small business development bond will be well accepted. I hope the government will apply that to unincorporated farmers as well as incorporated farmers. I hope the minister will still consider that, because there should not be any magic in applying for a Small Business Development Bond either as an incorporated farmer or as an unincorporated producer. I hope the minister will look at that, because I think we are dealing with the same kinds of producers here.

I turn now to the herd maintenance program. I have never seen a program as half-baked, badly-administered and grossly unfair as the herd maintenance program. It is really a charade; it is unbelieveable. I was talking to a constituent yesterday, and he said, "Trying to get information from that infamous Zenith number is like approaching the Kremlin. First of all, it is difficult to get through, and once you get through, you cannot get any answer." There have been petitions. The area of northeastern Alberta including Lloydminster, Bonnyville, St. Paul, Two Hills, Vermillion and Vegreville suffered just as much drought and hardship as the areas which suffered in the provinces of Saskatchewan and Manitoba. There was way less than 80 per cent of the normal yield. As a matter of fact, it was 25 per cent to 50 per cent below the normal yield. Petitions have been submitted, and representations have been made. The evidence is clearly documented. Applications are in and appeals have been filed, but nothing has happened. We have an appeal board now. My colleague, the hon. member for Athabasca (Mr. Shields), moved a motion under Standing Order 43 recommending to the minister that someone from the northern part of Alberta be added to the appeal board. There is a gentleman on the board who represents the province of Alberta, but he hails from Taber. There really is a serious drought situation in northeastern Alberta, but nothing has happened. If it is intended to help producers, let it help all producers who were affected. There should be no discrimination.

● (2040)

In my own way I have attempted to outline some of the areas which I think are crucial to economic recovery in this country. Some industries and sectors provide the impetus to build an economy that is strong, productive and provides jobs. However, all of this must be done in a climate of freedom where there is some flexibility for individual Canadians, so that people can be enterprising, innovative and able to participate in our growth.

There is a need for urgent action now, not only in certain areas and regions, but there needs to be a general rethinking of this government's total economic approach. At one time I thought this government was on the road to working with private industry and the private sector as a partnership. But it has certainly shelved that policy. That is most unfortunate. It is unfortunate that the approach of the current government is, in my opinion, destroying the political and economic fabric of my country. I do not like what I am seeing.

Unless there are some dramatic changes, I think we will see increased hardship, increased frustration and perhaps a deeper division between regions and between Canadians. It could result in some very serious implications for our country and for individual Canadians.

There is no question—and I am speaking as a westerner—that western Canadians want to participate in the economic social and political activities of this country. We have much to offer. We have demonstrated that we are prepared to share. We have shared in the past, and we will continue to share in the future. But, for goodness sake, I hope this government stops exploiting division in this country. I hope it will start governing as a national government, rather than attacking half of the country and governing the other half.

The election is over. Canadians recognize that the government has broken a lot of promises. But, now is the time to get on with the job, to provide leadership, both political and economic, because we have a tremendous potential; it would be a shame if we lost that opportunity.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I have listened with attention as I always do to the hon. member for Vegreville (Mr. Mazankowski) who has just finished speaking. I regret that I was not in the House to hear his complete statement. Although it is not my intention to delay consideration of the bill now before us, I do, however, want to make a comment or two in response to his statement. He did make some observations which are not justified by the current situation. I refer particularly to the many questions of energy policy upon which he touched. I regret that time does not permit me to respond to all of them. However, I do want to emphasize that it is important that we keep in mind, as we look at the energy policy, that it does offer the private sector major incentives to develop in particular the offshore and the

Arctic resources of our country. These are among the most promising sectors for new oil exploration. The policy also offers opportunities for further development of the conventional oil areas of Canada. Additionally, the policy does offer, by a new price incentive mechanism, the opportunity for tertiary or enchanced recovery in conventional areas.

An hon. Member: Everybody is moving out and shutting down.

Mr. MacLaren: The details of those incentive programs are under discussion with the industry. The hon. member opposite is clearly drawing some early conclusions from what he regards as evidence to the contrary.

Mr. McDermid: Leave Etobicoke, go out west and you will find out.

Mr. MacLaren: I would remind the hon. member opposite that when he refers to self-sufficiency and quotes various people who believe that we shall not achieve self-sufficiency by 1990, he concentrates, as many have done, on the supply side of the equation. He paid no attention to the vital role that conservation and substitution will play in our energy future. Nor for that matter, if he does want to concentrate on the supply side of the equation, does he quote those who have taken the contrary point of view from his. In quoting from recent submissions to the National Energy Board, he overlooks, for example, the predictions of Dome Petroleum, which indicate self-sufficiency by 1990, by increased supply only, without taking into account the role conservation and substitution can play.

The hon. member opposite, in referring to the criticism of the program by the head of one chartered bank, conveniently overlooked the contrary testimony of the chairman of another chartered bank. I make that point merely because there can be honest differences of opinion on policy. But it is equally evident that there are benefits to all Canadians in the program through Canadianization, through the gradual implementation of a made-in-Canada pricing policy, and through the more equitable sharing of revenue from this dynamic sector of our economy.

In his statement the hon. member opposite did not refer to the fact that in Canada the price of oil has risen quite substantially in the past six years, from $6.50 a barrel in 1974 to its current price. This is a level which does not satisfy many in western Canada, but which does, nevertheless, represent a very substantial increase of about 20 per cent annually over those past six years.

Mr. Mazankowski: Forty-one per cent of the world price.

Mr. MacLaren: That being the case, a massive financial problem has been created for the national government of this country when the volume of revenue directed to Alberta is taken into account.

The previous government grappled in its own way in its aborted budget with the same fundamental policy challenge facing Canada today. It is a policy challenge to the federal structure of our country which the recent governments have attempted to meet in a variety of ways.

For example, the federal deficit has grown, something which has not pleased everyone in Canada. This government and the previous one acted to constrain the growth rate in the wellhead price of oil. Also, we have phased out certain equalization payments concerning energy revenues. All those factors combined have still not prevented the rapid increase in government deficit. They have not prevented the provincial share of energy revenue from growing rapidly to the point at which the equalization system in this country is being called into question. They have brought into question the ability of the national government to sustain the equalization system, which has been a basic characteristic of the Canadian confederation in recent years. When the hon. member addresses himself to the National Energy Program in the future, I would ask him to bear in mind that one of the fundamental reasons for the approach taken in that program is fairness, in the sense of enabling the national government to offer those essential services, with which he is fully familiar, for the benefit of all Canadians, and to increase the share of revenue flowing to the national government to meet the legitimate demands of the Canadian people.

● (2050)

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I rise tonight to make a few points with respect to the borrowing authority legislation for 1981-82. Bill C-59 asks this House to give the government authority to borrow some $14 billion. You will recall, sir, that in July, 1980, just some six months ago, Parliament passed, on division, a borrowing bill respecting some $12 billion. So this Parliament is really being asked to approve $26 billion by way of a blank cheque. I do not believe I have a mandate from my constituency to approve a blank cheque in the sum of $26 billion. We need only look at the bill to realize the gravity of the situation. It authorizes the Minister of Finance (Mr. MacEachen) to borrow:

> —in addition to the sums now remaining unborrowed . . . by the issue and sale or pledge of securities of Canada, in such form . . . at such rates of interest and on such other terms and conditions as the governor in council may approve . . . fourteen billion dollars—

The government's financial administration is so bad that it must add an extra clause to this bill which allows it to borrow this money in any currency other than that of Canada.

What an enormous crime this is against the citizens of this country! Historically, the role of Parliament has always been the elected people against the Crown—the government—insisting that the king and the government give details as to what the money is for. In ages past our predecessors were prepared to go to the block. They were prepared to lose their heads and hold back supply until they received a satisfactory answer as to how the money would be spent.

I am convinced that the massive deficit of our federal government is distorting our whole Canadian way of life. From my own background as a solicitor I know that it is poisoning the relationship between the people and their government.

People are now actively interested in finding out what the penalty is if they do this or that to avoid taxes. They are actually devising schemes now with a view to evading taxes rather than the lawful avoidance of taxes. The underground economy is growing at an enormous rate. All of this flies in the face of a legitimate and fair income tax system, at least as it is perceived by the people.

Our deficit is poisoning federal-provincial relationships. It is leading to enormous disunity. It is absolutely clear to me, at least, that if it were not for this enormous deficit we would not have a government elected by central Canada.

The Minister of Energy, Mines and Resources (Mr. Lalonde) does not understand the oil industry. He is attacking the oil industry in western Canada, which is one of our most successful industries and which could provide enormous spin-offs to central Canada. A government elected by one side of the country is attacking the only successful industry we have.

It would be a legitimate subject of discussion if the government were proposing a tax on resource revenue, as long as it included electricity, mines and minerals as well as oil and gas from the west. We could not object to that because Parliament can impose any mode of taxation it wishes. But to impose a tax only on one segment of the industry is grossly unfair and simply wrong.

I wish to make a few comments about the government's financial situation. Then I wish to conclude my remarks tonight with some general comments. I believe we must set up yet another special parliamentary task force. We created one today which will deal with fiscal arrangements. We need a task force which will look at the whole area of government finance, both in terms of revenue and in terms of expenditures, including tax expenditures, as they are generally known.

When one looks at the finances of this government, one must look first at the Bank of Canada's weekly financial statistics sheet. I am looking at one such sheet for January 29, 1981. This should be required reading before anyone is permitted to stand in his place. It is a sobering document. It shows that the federal deficit is some $80.1 billion. It shows that $20.9 billion is owed by way of treasury bills. It shows some $16.9 billion is owed by way of Canada Savings Bonds. It also shows some $42.2 billion which is owed through all sorts of other securities. We know that between $7 billion and $10 billion of this total is owed to agents or lenders outside Canada. Indeed, we know that much more is owed outside because many of the intermediaries from whom we have borrowed by way of treasury bills and Canada Savings Bonds have themselves borrowed on the international market. That is how the massive petroleum dollar is recycled. We notice from this document that the federal debt as of January 29, 1981, was $10.9 billion greater than it was on January 30, 1980. We know that the Bank of Canada, which is a creation of the federal government, holds Government of Canada securities of $15.3 billion. That is $2 billion greater than it was on January 30 of last year. The meaning of this is that the government is creating an extra $2 billion which is not tied to productivity. That is what causes inflation.

Frankly, I am amazed that members of the NDP could fall for such a scheme, since they claim to be helping the ordinary person in this country. Yet, the inflation which they cause, in conjunction with the government by these massive deficits, are hurting the very people whom they purport to stand for. They have let down the poor and the elderly of this country.

There are a few facts which I want to read from the 1979-1980 public accounts. I see from this document that the budgetary revenue for 1979-80—the reason I use these years is that this information is in the public accounts and is certified as being correct by the Auditor General—is some $40 billion. To that figure we must add the money flowing to the government from the Canada Pension Plan, from insurance programs and from annuities amounting to some $1.9 billion. So that the total revenue into the government to the end of 1980 was $41.9 billion.

● (2100)

Incidentally, the average senior citizen believes that the contributions he or she has made over the years to the Canada Pension Plan have gone into a separate account, are invested wisely and are receiving a return from a solid, guaranteed account. Of course, that is not true at all. That money is spent in the day to day operating budget of this government.

Miss Bégin: Only in Alberta, in the provinces.

Mr. Thacker: It is not there.

Miss Bégin: Yes, it is. Check your facts.

Mr. Taylor: Well, why borrow then?

Mr. Thacker: Mr. Speaker, the Minister of National Health and Welfare (Miss Bégin) is claiming that Canada Pension Plan moneys are put into a separate account. I would like her to show me the account because not one share certificate was bought.

Miss Bégin: It is in the legislation. You don't even know your facts.

Mr. Thacker: The money has been spent over the years. When one looks at the budgetary expenditures—

Miss Bégin: You don't know how to read it.

Mr. Thacker: —one will see that some $51.5 billion was spent. If we add to that loans to Crown corporations such as Petro-Canada and CMHC of some $1.4 billion, it is no wonder that at the end of the year the government must go out into the marketplace to get enough money to meet net financial requirements.

Miss Bégin: You don't know anything.

Mr. Taylor: Why don't you stand up and make a speech or dry up.

Mr. Deputy Speaker: Order, please. The hon. member has the floor. I am sure there will be an appropriate opportunity to reply to what the hon. member is saying.

Mr. Thacker: Thank you, Mr. Speaker. If we take the budgetary revenue of $40 billion and add the Canada Pension Plan input of $1.4 billion and subtract the budgetary expenditures of $51.5 billion and the loans to Crown corporations, there is a net financial requirement of $10.4 billion. This is the amount which the federal government will have to borrow from the Canadian capital market and the international market. That figure is not a figment of my imagination. That figure comes from the public accounts of Canada.

The government is really taking that money from the Canadian capital market, and this is causing serious problems because the government is competing against our citizens and private corporations for money, which may be invested in small and large businesses to create jobs, give people cash flow, bring on new products for sale in the international market and bring more money into the country, thereby creating more income tax revenue. The government has the advantage of being able to pay any rate of interest. Everyone knows that it has a deep pocket and that it can reach far into it.

I often wonder how the NDP can sanction such action because it does not bode well for senior citizens and the working man that party purports to represent. Such action fuels inflation. There are simply too many dollars chasing too few goods, and this distorts the productivity of the nation, which is really the bottom line because, whether we like it or not, we are competing in the international market. The only time Canada can move up an inch on the rest of the world is when we are exporting more than we are importing.

Canada also takes money from the international money market to pay for the deficit. In effect, what we are doing by borrowing in the international money market is competing against the lesser developed countries which could really use this money. We are doing the same thing in the oil industry. Canada is out in the international money market in spite of the fact that we are a country of a mere 23 million people sitting on the assets of half a continent. Morally, we should be self-sufficient in money and oil, but we are not. Canadians are out there like beggars competing and taking money from lesser-developed countries. This is absolutely wrong, and any government which would get us into such a situation and then carry on is clearly making a grave mistake.

Once again, members of the NDP seem to back this policy of the government. If one listens to their rhetoric, one comes away with the belief that they are interested in the poor people of the world. If they are really interested in the poor people, they should be standing up and fighting this type of program which is making us competitors in the world for oil and money. Canada should be a supplier of energy and money to the world. In this way we could really do something for the North-South dialogue.

Let us look for a moment at the revenue details. There are basically three types of revenue at the federal level. There is revenue from the personal income tax and corporate income tax, different forms of sales tax and then our return on investments. Let us look at the figures involved and then ask a few questions. Personal income tax revenue for 1980 was $16.8 billion, corporate income tax revenue was $6.9 billion and a tax on non-residents raised $.8 billion, for a total of $24.5 billion. That is the total revenue from people and corporations. Some $4.6 billion was raised by way of sales tax. Customs duties brought in $3.0 billion and excise duties amounted to $.9 billion. Oil export charges brought in $.7 billion. An excise tax on gasoline raised $.4 billion, and various other taxes raised $.5 billion. The total through direct taxation, was $34.9 billion.

The government receives returns on its investments. The Bank of Canada returned $1 billion. CMHC returned $.8 billion, and the Farm Credit Corporation returned $.2 billion. Our Post Office raised $1.1 billion, and from other sources the government received $.2 billion for a total of $5.1 billion. The grand total of all our revenue is $40 billion.

We must ask, and it is something at which the task force should really take a look, whether we are, by way of our individual income tax, paying a fair share. Is $16.8 billion out of $40 billion a fair percentage to collect by way of personal income tax, corporate income tax and non-resident tax? When that sum is contrasted with the sum of $34.9 billion, the amount raised by direct taxation and duties, we cannot say that our income tax system is progressing.

Again, we have the NDP agreeing with the government on direct sales taxes, which are not progressive at all and which clearly hurt the bottom end of the spectrum more than would a progressive income tax. If members of the NDP were genuinely concerned about progressive income tax, they would be fighting these sales taxes, but I do not hear them doing that at all.

What are our effective rates of income tax? Again, I must go to statistics for 1978, which are the last statistics available. The statistics include a detailed analysis of the returns. Some 14.3 million income tax returns were filed. If one received an income of $15,000, only 26 per cent of the taxpayers of the nation would pay more tax, and the effective rate would be 8.77 per cent tax. On an income of $20,000 only 13 per cent of the taxpayers earned more, and the effective rate was 10.88 per cent. On earnings of $30,000 only 2 per cent of the taxpayers of the nation earned more, and the effective rate of tax was 13.94 per cent. On earnings of $40,000, which is what many MPs earned a short while ago, only 1 per cent of all the taxpayers in all the nation earned more, and the effective rate was 14.93 per cent. At the magic figure to which MPs aspire of $50,000 only one fifth of 1 per cent of taxpayers would earn more money. Even at that high rate the taxpayer's effective rate on total income is only 17.47 per cent.

• (2110)

I should like to contrast that with some statistical information on Canadian incomes classified by occupation. There were 9.5 million workers in Canada with an average income of $12,979, and they constituted 79 per cent of the total taxpayers in the nation. In 1978 there were only 485,000 business proprietors in the country. That is a drop in the bucket because they are the people on the front lines, the man and wife at the corner store who work 80 or 90 hours a week. Their average income was $10,755, and they accounted for 3.33 per cent taxpayers.

Next we come to the poor old farmer, the person for whom I am trying to have the capital gains tax removed. There were 267,000 of them, and their average income was $10,741, the lowest of any class in our society. They constituted only 1.84 per cent of taxpayers. That is why some of us feel so strongly about farmers being ripped off by this capital gains tax. The roll-over provision is no longer effective because of what inflation has done to the value of land. The roll-over provision, based on the 1971 value, is insufficient for the 1.84 per cent of the population with an average income of $10,741.

I should like now to turn to the expenditure side of the government ledgers. We find three types of expenditures there. There are budgetary expenditures through all the line departments, loans and advances to Crown corporations and tax expenditures. The latter are the deductions such as marital exemptions and personal exemptions and superdepletion to oil companies, etc. The total amount spent by the departments is $51.5 billion. Some of the major expenditures should be examined in detail by the task force. For instance, the Department of Employment and Immigration spent $2.3 billion. We always need to examine these expenditures with a view to cutting them back or eliminating them. If we could manage that, then we could balance the budget, and that should be the goal of any government. We come next to the Department of Energy, Mines and Resources and the oil price subsidy to find that the difference between the cost of imports and exports to the end of 1980 was $2 billion.

We know that for this year the actual outflow of money to subsidize imported oil will be $6.8 billion. We would not have to spend that money if we were self-sufficient in oil, as we could be. That could have an enormous effect on our fiscal balance.

Figures with respect to the Department of Finance are interesting. According to the public accounts of Canada, in 1980 we spent $8.5 billion to serve the public debt of $80 billion which I already mentioned. Fiscal transfers accounted for $3.5 billion; national defence, $4.3 billion; family allowances, $1.7 billion; hospital insurance, $2.4 billion; medicare, $.8 billion; Canada assistance, $1.6 billion; old age security, $6.3 billion and education, $1.6 billion.

I list these items because I think the task force should examine them. A non-partisan task force that uses some common sense and listens to people across the country would surely come to the conclusion that our federal finances must be put in order. I am sure we would all be prepared to listen to some rational and reasonable suggestions from that body.

Should we as taxpayers spend $2.8 billion net on oil import subsidies? Surely those should be paid by the people who use the product. For instance, if I want to drive my big GMC Suburban, as I do, and it costs $40 to fill it, I do not think people who are paying income tax should have to subsidize me. If I were paying it all at the pump, I would think seriously about how far I would drive, whereas now I go anywhere I want. The point is that other taxpayers should not have to pay for my gas. That does not happen in any other country.

These things come home to roost, Mr. Speaker. In 1973-74 when the OPEC nations increased the price of oil, Japan and Germany immediately faced facts and told their citizens that they would have to pay for it, whereas in Canada and in the United States the governments subsidized the increase with tax dollars. The effect of that is now being felt, eight years later. It is destroying our automobile industry. In 1973-74 Japan and Germany retooled their automobile industries to produce gas-efficient engines and cars. We continued in the old way and encouraged Canadians to buy big cars.

Holding down the price of fuel was a signal to Ford, GM and Chrysler to continue producing the monster vehicles we all wanted. Now, seven years later, they cannot compete with Japan and Germany which are taking an enormous percentage of our automobile industry.

The decision the government made six or seven years ago, which it thought was in the best interests of the country, turned out to be wrong. But will it change that decision? Absolutely not. It insists on paying to one province basically, but it could be three provinces, less than 50 per cent of world price for oil while paying world price to other countries. The government dictated that Petro-Canada must take oil from Mexico. It turned out that the oil is 60 per cent sludge. We pay world price when 30,000 barrels of the stuff is sludge.

The Prime Minister (Mr. Trudeau) went to another country and said, "We will send our national oil company over here, and it will spend $250 million." That is absurd.

I want now to deal with the public debt. If we did not have the debt, we would save $8.5 billion. The hard reality is that if you do not owe money, you do not pay interest. If we had been realistic about gas prices since 1973 and if we had presented a reasonable program of tax increases to the citizens of Canada, we would not have that debt. Then, if we needed to help the automobile industry or to develop the oil industry, we would be able to go into debt. We would be able to go to the lenders and say, "We want to go into debt for $15 billion, not for operating funds, but to build something. We want to put two tar sand plants in, we want to fix the railways and we want to double-track the railways through the mountains." We would be able to make those moves when we need to.

The only problem with the Keynesian theory is that governments forget the other side of it. Keynes was absolutely correct. In bad times it is legitimate for governments to go into debt collectively to stimulate production. However, when times

are good, and I submit all of the 1950s and 1960s were good times, they should have a balanced budget.

I think it is a fair criticism of the government that during the good years it took this nation into massive debt instead of balancing the budget and reducing taxes.

● (2120)

What would be the effect of putting an upper level on incomes? Although a Member of Parliament earns $50,000 a year, he still has a family allowance cheque coming into his home. The theory is that when you receive a high income, the tax system will take care of that and, therefore, you achieve equity.

We know in actual fact the tax system is not doing that. Our income tax system is raising only 16 per cent of our tax revenue. Sales taxes, which impact on poor people, take a much larger percentage.

Those who earn the top incomes, such as Members of Parliament, can afford tax solicitors and tax accountants to help them find all the tax shelters, whether it is a 100 per cent write-off for films, aeroplanes or super depletion where there is a $1.10 deduction against income for every $1 invested. This is done at the cost of ordinary citizens. Therefore, we are not achieving equity.

The same is true of old age security. I know of many senior citizens who care about this nation. They do not feel comfortable about our deficit and would be delighted to give up their right to old age security. The basis is very simple. They have worked hard, and they feel that this nation has treated them well. They were able to put money aside for their own pension plans. They therefore feel benefits should go to other people.

There could be a limit of $40,000 or $50,000. Those who earn above that would cease receiving family allowances and old age security. The Canadian people are prepared to make that kind of contribution to this nation.

A problem arises if people do not perceive the tax system to be fair. Unfortunately, that is the situation in this country today. People do not feel our tax system is fair and equitable. That is why they are beginning to cheat. This is the reason why the underground economy is doing so well.

I discussed the first type of expenditure. The next one is loans and advances which we, through our government, make to Crown corporations. Petro-Canada is clearly number one in this regard. Over the last five years we have pumped a billion dollars into Petro-Canada. The government had to borrow that on the market.

We are faced with a situation where we have to pay, through our Canada Savings Bonds and treasury bills, 13 per cent and 14 per cent on that $1 billion. The cost of that is about $130 million to $150 million a year.

In return for that money, we took Petro-Canada preferred shares. That is perfectly logical when you are creating a corporation. However, when we look at those shares, we see there are non-cumulative dividends. This means that if Petro-Canada in any one year does not pay a dividend on those shares, it is lost for all time. That does not strike me as being fair in terms of a business decision. The people of Canada expect their members of Parliament to ensure that they get a fair rate of return.

The other aspect is that Petro-Canada borrowed an additional $1.5 billion in order to buy Pacific Petroleums. In order to do that, it had to give preferred shares to the banks, which it did. Those shares have cumulative dividends. The banks have an absolute guarantee that they will always get their rate of return. The rate of return is tied to a couple of international monetary markets. If they feel a little shaky about it, they can make a call and Petro-Canada has to redeem those shares, plus accumulated dividends. The government has given a guarantee.

If they want to redeem those shares, they can insist on a premium of 2 per cent, so the banks cannot lose. The ultimate sweetener was that by doing it that way, they would not have to pay any income tax on the interest earned on the $1.5 billion they lent. That is an incredible situation.

A deputy minister of finance was on the board of Petro-Canada. The deal closed about November 1, and that special tax loophole was closed in the November 1978 budget. The man was clearly left in a conflict of interest situation, however innocent and well-intentioned. It was an enormous rip-off.

In spite of that, Petro-Canada was not doing well. The government stepped in and gave it a preferential back-in to the extent of 25 per cent, but it had to pay. It does that. It was still not making money, so when the Liberals came back into power they poured in another $80 million. Petro-Canada is still not doing well, so now we have the ultimate confiscation. It now has an absolute right to confiscate 25 per cent of our Canadian oil and gas companies.

The final insult is that Petro-Canada needs to buy another oil company. It is buying Petrofina. Six months ago, the shares were in the $60 range. When there is a potential sale in the wind, there are a lot of sales. Suddenly the shares went up to $86. I would like to see a list of those who bought the $60 shares and ran them up to $86.

Petro-Canada then made an offer of $120 per share. There was a doubling of the share value in six months. How will they pay for that? There will be a levy on every Canadian who drives up to a gas pump. Canadians will have to pay that for an oil company which has not added one barrel of oil to our reserves.

Petrofina has never gone out on its own to search for oil. It has never done the analyses, taken the risks or found anything because it does not have the necessary skills. This is not to criticize the officials of Petro-Canada, but the minute Petrofina becomes part of government, it will be part of a bureaucracy with a special way of doing things. That will kill the initiative to produce like Canadian Hunter does. Once the Canadian Union of Public Employees moves in, I wonder how efficient Petrofina will be.

I wonder if that is a wise use of our taxpayers' money. In the oil industry the provinces control the leases available and the

rate of production from oil wells. The federal government determines whether there will be exports, sets the price for oil and sets the tax rate in terms of profits and rates of return. Under those circumstances the oil industry is like a utility. Ownership does not mean very much.

Why are we so worried about the multinationals when we are now in the position of taking our hard earned tax dollars and buying these companies? Capital will leave this country. Petrofina will be laughing all the way to the bank. As I said, six months ago its shares were worth $60, and now they will be sold to the Canadian government for $120. What will Petrofina do with that massive amount of money? It will take it across the border to the United States, put it into drilling companies there and make a bundle.

Will we have any more oil? No. We have simply taken over a company which was working and paying taxes. It could not produce oil unless the province involved said it could have a lease. The rate of production was set by the provinces. The price and the tax was set federally. I would be interested in hearing what the governments says about that in terms of a general argument.

Mr. Kaplan: It is so that Canadians will get the profits.

Mr. Thacker: Let us look at that. If Canadians owned shares of Petrofina, I believe their rate of return would have been something in the order of $8 per share. If they put up $60 to buy a share and got an $8 return, that would have been a reasonable rate. However, we are paying $120 per share. What kind of rate of return is that?

Mr. Kaplan: Ten times cash flow.

Mr. Thacker: What about the $120 we had to borrow? At 15 per cent interest, that will more than use up what the dividend will be, so we will lose money.

Mr. Kaplan: We are not borrowing it. You said yourself we are raising it by a tax.

Mr. Deputy Speaker: The hon. member for Lethbridge-Foothills has about one minute in which to conclude his speech. I am sure other hon. members will have an opportunity to reply.

Mr. Thacker: The last major point I was going to cover was with respect to tax expenditures. I have spoken about this in earlier debates. I believe this special task force should take a real look at tax expenditures.

• (2130)

In conclusion, I am convinced then that there is no need for this deficit, and there is no need for a $14 billion borrowing authority. We need to review the whole area of tax from the point of view of fiscal transfers, revenues, expenditures and tax expenditures, because in my opinion, with an honest look at the whole picture, we in this country could very easily and with very little manoeuvring—and certainly without hurting the people of the nation—have a balanced budget. It would lead to people feeling that the tax system was fair. They would then be prepared to pay their fair share because they would feel they were getting service from their government. I wish we could do that, but it sounds from the interjections on the other side that this is not even in their contemplation; maybe they will change someday.

Mr. Les Benjamin (Regina West): Mr. Speaker, for 13 years in a row I have listened to the Liberals and the Tories sounding like kettles calling pots black, whether in or out of office. I am amused by the protestations regarding a fair tax system. I am amused by the protestations from one or the other, Grit or Tory, in or out of office, about borrowings and deficits. Both of those parties for 113 years have done exactly the same thing when in office. Neither one of them has learned anything, at least in the last 45 years. In fact, I find it amusing when they get up to tell us about the errors of socialism and communism. They say free enterprise is the best, the end all and the be all. We have had it for 113 years and there have not been any socialist governments in Ottawa.

Who got us into all this trouble? I ask the hon. member for Lethbridge-Foothills (Mr. Thacker), or the hon. member for Vegreville (Mr. Mazankowski) what got us into all this trouble in the first place. There were no socialists in power. This was caused by good old free enterprise.

On the question of borrowing $14 billion, in addition to money not yet borrowed, I would just ask what it is being borrowed for. I listened to the hon. member for Lethbridge-Foothills and the hon. member for Vegreville. I wish the latter would quit being bitter because he really is a nice guy. He would have made a good minister, a damned good minister. He was a good one while he was there, although he had some dumb colleagues. The hon. member for Lethbridge-Foothills, who just sat down, talked about the Department of National Revenue and its spending. He mentioned hospitals, medicare and so forth. I did not hear him say that this spending should be reduced. I am sure he did not mean that. Far be it from anybody in this chamber to make that suggestion.

I find it passing strange that people from a province which has its mess of potash or pot of message, sitting on $6 billion or $7 billion, should have the second highest medical and hospital premiums of any province in Canada. They should be bloody well ashamed of themselves. I ask the hon. member from Lethbridge, or any other member from Alberta, whether that is any fair kind of taxation, any Christian or moral treatment through government financing?

A worse case is that of hon. gentlemen who come from Ontario and rave in this place about national government spending on medicare.

An hon. Member: How come so many people are moving into Alberta, by the thousands?

Mr. Benjamin: They are moving to Saskatchewan too. Do not worry. We all take turns being up and down, and when one is casting stones, one had better board up his glass windows. I have not heard any member of the Liberal or Conservative

parties, either in or out of government, ever talk about the unfairness of a tax system which carries on the books of Canada right now an amount equal to our present deficit; $15 billion in deferred unpaid corporate income taxes.

By the way, Mr. Speaker, my credit union manager said today I could have a loan for a car at 17.75 per cent interest. If we only charged those corporations 10 per cent interest on the unpaid debt they owe the people of Canada, we would have another $1.5 billion. Where are those great restraint artists, the Tories and the Grits, every time we suggest something about the fairness of our tax system in this place? They say we cannot do that, it would hurt the people who sent us here and who we represent.

The thing about borrowing by our governments, national, provincial or municipal, is that those borrowings have to accomplish one of two things. On the one hand they represent deadweight debt. Let me take my friends in the Liberal and Conservative parties back to some fundamental economics of the dirty thirties and forties. Tommy Douglas and Clarence Fines showed you how to do it. The one is a deadweight to pay off genuine costs and expenditures of government for the people of our society. That is a deadweight debt and all of us share in the costs of recovering that debt.

Then there is the self-liquidating debt. It is not a debt, it is an investment. If a private corporation borrows $1.5 billion to buy out another oil company or some shopping centre, for some reason or other that kind of borrowing is quite all right and totally moral. However, if the government borrows for the same kind of purpose, that is terrible. There is something holy about a private dollar and something unholy about a public dollar. That is the nineteenth century stuff we are still hearing in this place.

Every industrial nation in the world, whether it is private enterprise, socialist, middle of the road like the Liberals—and that is where all accidents happen, in the middle of the road—have massive borrowings and massive investments in corporations which are in concert with the private sector or the co-operative sector. One could call this a cartel or whatever he likes. It is only here and south of the 49th parallel that people seem to think it is terrible if the government borrows a dollar, because deficits grow bigger and everything else. The CPR borrows and the shareholders have no say in that. At least the shareholders here and in our constituencies have something to say. If you go to an annual meeting of a major private corporation in this country and dig into their wastes and extravagance, you will have trouble. We are not pure here. We all agree we make mistakes. We all agree that at one time or another, individually and collectively, as the government or as the House of Commons, we may have spent or misspent money. If it is a private dollar, it is okay.

● (2140)

The hon. member for Vegreville was crying the blues for the oil companies. He mentioned oil drilling rigs and service rigs. Some of my relatives are in the oil well drilling and service rig business, and I have been around with them since 1945. In fact, one uncle was in on the first operations in Turner Valley in the thirties. Oil drilling rig companies and service rig companies are nothing more than contractors for petroleum corporations. They do drilling and oil well servicing for oil corporations. Very few, if any, oil companies which amount to anything have very many, if any, drilling rigs or service rigs. They contract that work out. The boys who operate the drilling rigs and the service rigs follow the oil corporations wherever they happen to be going in the world. As far as I am concerned, whatever the volume of flight of drilling rig companies or service rig companies out of western Canada, or any other part of Canada, there is at this moment, it is nothing new. It means these companies are victims, as are the people of Canada, of corporate blackmail. They will follow corporations which do not like a particular government, whether it is the one now in Canada or in some other country in the world. That has been their history and tradition and the way they operate.

I wish this government had some more intestinal fortitude, but it wants to be in the middle of the road. It wants to try to please everyone, but it pleases no one. At least my friends in the Conservative party end up pleasing somebody. It may not be the country, but they please a lot of friends, most of whom do not even live here. At least they will please somebody; I will say that for them, if they want to take that as a compliment.

When we borrow for investment purposes, whether it is a public dollar or a private dollar, that borrowing will be liquidated by those who use either the service or the product produced. I am sure my friend, the hon. member for Lethbridge-Foothills, would not have said a word in this place had a private corporation spent $1.5 billion to buy out Petrofina because he knows dammed well that Petro-Canada or whoever bought Petrofina would recover that investment out of charges to customers. The takeovers and the gambling which goes on between private corporations outbidding one another to take over what would be good business operations boggles the mind. Shareholders have little or no say.

There is no annual meeting or even a special annual meeting of shareholders. The bidding goes up and up and up between several private corporations, and if one wants to read the history of private takeovers for even just the last couple of years, one can find outrageous above-market prices paid. The stock exchange has shut down trading in shares a week or ten days later. However, if a government does this or if a Crown corporation does it, all of a sudden, overnight, that is terrible.

Well, we cannot have it both ways. It is still the people's money. It will still have to be recovered from those who use or buy the product of a particular operation which has been bought, whether it be public or private. Let us not have two standards. If we want to place strictures upon national, provincial and municipal borrowing in terms of what it returns to the people or to government—and assuming it is a self-liquidating debt—then we must place exactly the same strictures on private corporations, which do not have to answer and are not even accountable, as this government is, even when it does not like it, and that is most of the time.

I would like to give an illustration with respect to borrowing. My province was bankrupt toward the end of the war and had a credit rating of zero or less. It was like the Welsh story. When a soccer game was lost, a man said the score was 20 to zero, and "We were lucky to get zero". That was the case with the credit position of my province in 1944. However, over the course of the next 20 years we borrowed $600 million just for our power operation alone and another $250 million for our telephones. We took electricity to every town, village and farm, and we took telephones everywhere. It was a self-liquidating debt, and we now own those services. We borrowed the money in New York, Switzerland, Toronto; you name it. Even Mr. Diefenbaker helped us borrow some money with debentures in 1960, God bless him. That was public borrowing. It was self-liquidating debt. We did it in a little place like ours with less than one million people. Everyone said we were stubble-jumpers and that we did not know how to run anything, but we went ahead and did it anyway. However, it was investment; it was not debt. It was investment; it was not an expenditure, and if this government had the courage of its talk, it would be borrowing twice this much money.

We need $1 billion a year for the next 15 years just in our transportation system, and my friend, the hon. member for Medicine Hat (Mr. Hargrave) would like to have $50 million of it spent on stock cars. That would be an investment. The people who ship cattle would pay for those stock cars over the next 30 or 40 years.

But we sit around beating each other's brains out. We are like the hound dog sitting on a cactus. We have all those needles up our backsides, and we just sit and howl.

We need to invest another $1 billion a year in housing and in the lumber industry. If that requires government borrowing as well as private borrowing, we bloody well should borrow, because it is self-liquidating.

My friend, the hon. member for Vegreville, made a point in the latter part of his remarks to which I listened carefully. I think he was perfectly right. We disagree on how to do it, but there is so much to be done in this country. We have the people with the necessary brains and know-how. We have the resources. We have little or no excuse, when we think of other places. We rely on nineteenth century theory and practice. When are we going to learn? Hon. members opposite and to my right all sound like R. B. Bennett, Herbert Hoover and Mackenzie King. They sound like 1930 all over again.

An hon. Member: Where does Karl Marx fit in?

Mr. Benjamin: My hon. friend has been working very hard. Many of his predecessors in his party and in the party opposite have been working very hard to prove that Karl Marx was right.

Mr. Taylor: You are doing well.

Mr. Benjamin: Karl Marx said that capitalism will destroy itself. If we look around the world, we find that in nation after nation there is greed. When greed and selfishness has been supreme, people have risen up in rebellion, and the first people who were executed or sent to labour camps were not ex-Nazis or ex-free enterprisers. The first people who were executed or sent to labour camps were former socialists, trade union leaders or co-operative or farm leaders. That is the history of that, which is again why I say that we have not learned anything in 45 years. So-called private enterprise governments in western Europe for decades have adopted a system of borrowing to finance, and the investment is either by the state alone, the state in conjunction with private corporations or a three-way combination with the co-operative movement.

● (2150)

Alberta, believe it or not, has more money sunk into Crown corporations than Saskatchewan. I do not hear them complaining about the borrowings guaranteed by the province of Alberta. I do not hear them complaining about the borrowings for their Crown corporations. I just do not hear them.

An hon. Member: Don't confuse them with the facts.

Mr. Benjamin: Surely the question is not how much is being borrowed, but what is it being borrowed for? Should we be borrowing more for things that should be done for which we have been waiting many years? That is the type of question that should be dealt with in a bill such as C-59.

The repercussions and the results of the mindless Proposition 13 syndrome, which was imported into Canada from California over the last several years, is now catching up to California. What we hear are statements such as: "Too much government taxes. Our property taxes are too high," and so on. This sort of thing has spread like the bubonic plague, but it is now catching up to them and it will catch up here too. It does not matter whether it is a Conservative government, a Liberal government, an NDP government, or whatever, we need to have a planned economy. This fact has been recognized everywhere except in the northern part of North America.

We need a mixed economy. In other words, we should have a plan for the next five, ten, 15 or 20 years. However, if you mentioned a five-year plan 30 years ago, automatically you were labelled a communist. But if General Motors laid out a plan for the next 25 years, that was okay. This is the sort of scenario that we are moving toward. There is no real choice in the route we take no matter which party in this House is in power. Even if you have to hold your nose, you have to get on with it.

Some hon. Members: Oh, oh!

Mr. Benjamin: Even if hon. members do not believe it philosophically, the reality of the survival of a decent, moral and civilized democratic society is a planned and mixed economy. In other words, we must have an industrial strategy, Mr. Speaker. That sort of thing has been proven and shown by example in a host of countries, many of which are not as well off as we are.

I do not want to hear any more about this terrible borrowing. We should be borrowing more than we are as an investment.

Mr. McDermid: The Liberals would agree with that.

Mr. Benjamin: I am sure that my good friend from Vegreville could have been the minister of transport for at least four years. I believe, and he will tell me if I am wrong, that he would have put a lot of public investment into several areas of transportation in Canada.

Mr. Mazankowski: Private too.

Mr. Benjamin: Of course, private too. There is a mix. But without that kind of planning and investment which is self-liquidating, any government would be helpless.

Mr. Taylor: Why didn't you vote against them?

Mr. Benjamin: I have voted against this government more often than my hon. friend. In fact, we have some interesting figures about the number of times the Tories voted with the Grits and the number of times the NDP did. You should take a look at them, they are funny. Talk about being in bed, Mr. Speaker, I find that on a given night when I want to be in bed with them, there ain't room because Bill Davis, Hatfield and all the federal Tories are in bed with the Grits. The Tories have voted with them more often than we have, so there ain't room in the bed for us any more.

Mr. Blais: Don't worry, it is no big thrill.

Mr. Deputy Speaker: Order, please. I am sure the hon. member is aware of the item before us for debate tonight.

Mr. Benjamin: As a former colleague in this House said on the same matter a number of years ago, "Even if it is true, we are going to keep a tight hold on our pyjama bottoms."

Some hon. Members: Oh, oh!

Mr. Benjamin: When one talks about interest rates, which governments have to pay to the Bank of Canada, to private lenders or to foreign lenders, a great deal of fuss is made about it. The two gentlemen who spoke before me from the Official Opposition made some fuss about it. They should, because they have a lot of constituents, just like the rest of us, who are getting hit pretty hard by these interest rates. When you are faced with 17.75 per cent on a car which will be obsolete in two years, it is a problem.

Mr. McDermid: Borrow more, and that will fix it up.

Mr. Benjamin: I find it passing strange that you can never convince these free enterprisers about mortgage rates and consumer loans for essentials that we should have interest rates based on income, based on ability to pay or based on a similar system to our income tax. The answer we hear to a suggestion like that is, "No, you have to pay the market price. You can go down to the lovey-dovey finance company if your credit rating is no good and you do not have a secure job." That is private enterprise. Then these private enterprises have the nerve to get up and cry about interest rates. These free enterprisers leave me cold. They leave me frozen on both sides.

Some hon. Members: Oh, oh!

Mr. Benjamin: I do not know why the hon. members are not up here trying to save these free enterprises. They just will not let them.

To return to a point I made earlier, I find it incredible that you can pay 18, 19 or 20 per cent to have a decent place in which to live and they can let the corporate sector in this country have $15 billion in interest free loans at the expense of the taxpayers of Canada. So, I say do not talk to me about a free and fair tax system when the corporate sector not only has those deferred taxes, but pays a lower volume of taxes than the private individual. The hon. member for Lethbridge-Foothills ought to take a look at that angle. It would hurt a lot of shareholders who would probably have to take 25 cents or 50 cents a share less in dividends of corporate profits in order to pay their fair share of the cost of running this country.

An hon. Member: That is an old Arnold Peters speech.

Mr. Benjamin: So, if hon. members want to worry about the tax system for individual taxpayers, I suggest that they take a look at the other side of the coin.

When we consider borrowing I urge that we consider it as an investment in the assets of this nation so we can have a return on that investment over several generations and we can leave a hell of a lot more for others than there is at the moment.

An hon. Member: That is a big, big debt.

An hon. Member: That is fuzzy thinking.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, the last speech would make Mao Tse-tung look as though he should be the president of General Motors.

Some hon. Members: Oh, oh!

Mr. Malone: I am used to receiving a lot of gas from this compost heap to my left, but tonight I think was the best example of what socialism would do to Canada. The speech by the hon. member for Regina West (Mr. Benjamin) struck straight against individual ingenuity. All I can say after hearing a speech like that is that if the hon. member had his way, the government would be producing for itself until it choked. It would collapse in the cancer of its own growth and development. It would be without any individual initiative that should go—

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

TRANSPORT—CROWSNEST PASS RATES—ESTABLISHMENT OF SHORT-TERM STUDY—REPORTED LOBBY BY FOOD PROCESSORS

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise tonight regarding a question I raised in the House a few days ago with the Minister of Transport (Mr. Pepin). It concerns the whole matter of grain transportation and, more specifically, the Crowsnest Pass rate. My objective tonight is not to discuss in any way the pros and cons of our grain transportation problems, because I believe the issue has been discussed enough in those terms.

My purpose tonight is to ask the Minister of Transport or his parliamentary secretary about the establishment of a task force. I believe this is necessary in order to resolve the problem of the Crowsnest Pass rate, which is very important matter to the whole economy of western Canada. It is my opinion that at this time the government must proceed toward the resolution of the freight rate issue.

It is interesting to note that most farm organizations in western Canada are now at the point of advocating a change in the terms of the rates. Obviously, all farm organizations do not agree on the type of change, but nevertheless it is very significant that these organizations, which generally represent most of the farmers in western Canada, are advocating a change at this time.

As I understand it, one of the stumbling blocks to implementing a change in the rate, is the tremendous amount of bickering in cabinet. The Minister of Transport is certainly not the master of his own destiny; he is being stopped by various cabinet ministers. We hear that two of those cabinet ministers are Senator Hazen Argue, the minister responsible for the Canadian Wheat Board and Senator Olson, who is responsible for the economic development portfolio. It is interesting to note that both of these gentlemen, who are perceived as being against any change or study of the Crowsnest Pass rate, are non-elected members of cabinet. I think the fact that both men are non-elected is a great disservice to Canada at the present time. The government should listen to the majority of people in western Canada. Unquestionably, the majority of people want a change in the rates. The exact details of any change could be worked out by a task force, and from time to time the Minister of Transport has indicated one might be established.

I think a task force should address two or three specific matters. Obviously, the terms of reference must be established first of all. There should be a very specific time limit as we do not want to be seen as studying the grain transportation problem in western Canada yet again. The task force proposals could then come before Parliament to be debated. If any legislative changes were required in order to facilitate the task force findings, they could be done at that time. This would take the issue out of the realm of pure politics for a short period of time.

In my opinion, any change which occurs in the rate must address itself to the livestock industry first and then to the processing industry. I think both industries are being harmed at the present time. In western Canada there exists a chance for increased economic growth and diversification, but that will only occur through some change in terms of the Crowsnest Pass rate. In other words, change must be just that—it must be a change. It must not be just an adjustment in terms of what we already have. The Crow rate issue has become an issue of regional development in western Canada. This is why it is vitally important that the issue be reviewed outside the political sphere by a task force. I believe there is a chance for growth and diversification in western Canada through proper changes to the Crowsnest Pass rate. If we allow this opportunity to slip by, I am very much afraid that it will impede the long-term growth of that very important region of the country.

• (2205)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I thank the hon. member for Lisgar (Mr. Murta) for giving me an opportunity to speak on this matter. From what he has said tonight, I can see that he shares my concerns, the concerns of the Parliamentary Secretary to the Minister of Transport (Mr. Bockstael) and those of the Minister of Transport (Mr. Pepin) about the urgency of this very important matter, and about the need to move toward a speedy resolution of the now famous, or I guess I should say infamous, Crowsnest Pass rates.

The minister has held many meetings during his western visits in the last few months to discuss the problems that flow from the Crow rate. Indeed, may I say here that he has received congratulatory notes from parties equally concerned. If I may paraphrase the comments, these urge him to continue his courageous efforts in seeking a resolution to the Crow rate. The hon. member for Lisgar also encouraged the minister, and I believe the tone of his comments was congratulatory as well.

I could go on and indicate the reasons changes are needed in the Crow rate, but I think the hon. member for Lisgar covered this area tonight, and I note that he too was urging a speedy resolution. I can refer the hon. member to the recent speeches by the Minister of Transport. In speeches to the Saskatchewan Wheat Pool and the Alberta Wheat Pool the Minister of Transport outlined in detail his position on the Crow rate. He emphasized his desire to seek a resolution openly and in full consultation with those most directly concerned. In speeches in Calgary and Regina before Christmas, the minister suggested that it would be useful to appoint a small task force, as has also been suggested by the hon. member for Lisgar, to work with concerned farm organizations to try to develop a consensus among those who are most directly affected by the Crow rate.

The hon. member for Lisgar has indicated that he realizes and understands fully the need for the development of consensus between those interest groups which, in some cases, have very divergent opinions with regard to the most appropriate method of solving this particular problem. Naturally, the government is anxious to consider the views of all those interested and would therefore seek the opinions of eastern food processors as well as the opinions of western farmers and in particular would consider the proposals forwarded by the western agricultural conference and the Prairie Farm Commodity Coalition.

In conclusion, may I assure the hon. member that the minister and his cabinet colleagues are working to resolve this most difficult problem as quickly as possible.

BANKRUPTCIES—RE-MOR MANAGEMENT INVESTMENT—C & M FINANCIAL SERVICES—INVESTIGATION CONDUCTED BY COMMITTEE OF ONTARIO LEGISLATURE

Mr. Bill Kempling (Burlington): Mr. Speaker, on January 23, as reported at page 6503 of *Hansard*, I asked a question of the Minister of State for Finance (Mr. Bussières) with regard to the bankruptcy of Astra Trust and its various associated companies. Hon. members are aware that a committee of the Ontario legislature has been examining the matter of Re-Mor Investment Management and C & M Financial Services and the relationship of these two companies with Astra Trust. It has now been shown that the three companies are interconnected through common ownership of share stock.

Let me deal with the question I put to the minister regarding the approval of the application to Astra Trust. We now know, through evidence given at the committee of the Ontario legislature, that the application for a trust licence was put to the Department of Finance on three occasions. I believe that the original application was submitted in 1972. At that time inquiries were made.

We know that the Superintendent of Insurance turned down the applications on two occasions due to concerns about some of the proposed directors. All of this information came out in testimony before the committee, although it has been denied in this House. Part of the testimony presented by some officials of the Department of Finance was given after reference to notes. They were not direct statements made by officials of the Department of Finance, but were statements from notes of lawyers.

● (2210)

One comment was that the Department of Insurance was mainly concerned with the financial details of the application and that the information supplied by the RCMP was not very reliable. I find that view to be absolutely incredible. Of course the proof of the accuracy of the RCMP reports is evidenced by the order to wind up Astra Trust and by the bankruptcy of Re-Mor and C & M. We note that fraud charges have been laid, and I am sure more charges will follow in this amazing and complicated financial collapse of three companies.

There is ample evidence from the report and evidence of the Ontario legal committee to cause the Government of Canada to conduct a full inquiry into this whole financial mess. It is known that the Superintendent of Insurance recommended against a trust licence. We know that extreme pressure was applied. The sworn evidence shows in the notes and other documents that dozens of memos and phone calls were made. One note quotes Senator Stanbury, in an August 11, 1975 note, as saying there would be pressures, problems and flack if this application were turned down.

What magic did these people in Astra Trust have? What hold did they have that they could keep this thing going for a number of years?

Phone calls and visits to the office of the then minister of finance occurred over a period of about two years. There was lobbying and pressure, and a dramatic turnabout occurred somewhere between October 21, and November 12, 1976, when the Astra Trust application was approved. When dealing with private investors in a trust environment there is a special set of conditions. Many trust clients are unsophisticated investors, while others are state trustees bound by the court to administer an estate in a particular way. Speculative investors do not normally seek out a trust company.

The troubles that settled on Astra Trust began almost at the start. Within 30 days of the issue of the Astra Trust licence, there was a stock split, five to one. The evidence of the committee shows that one major shareholder made $1.5 million on the split. He had real inside information. Other people made lesser amounts. Shares were put into a voting trust without authorization. It is evident that insiders made a bundle.

One of the people doing the lobbying for Astra Trust became a director and benefited by the five to one split. That causes one to wonder about the conflict of interest of former Members of Parliament. The person I referred to was a former Member of Parliament, a parliamentary secretary and chairman of the justice committee of the House of Commons.

I cannot believe that the Department of Insurance did not know of the five to one stock split; I cannot believe that the department was unaware of the agency certificates that were being issued; I cannot believe that the department was unaware of this misadventure in Spain when $2 million was invested in a condominium unit that was bankrupt before people got there. I find it strange that the operations of C & M were not more closely monitored when it was a condition of the granting of the charter that it be closed down.

If one turns over the coin, one must assume that the people directing Astra Trust felt secure in their operation. One would assume that a newly-chartered trust company would be very careful in its start-up operation. One would not think it would engage in stock splits and insider special deals, issue questionable certificates, open more branches than authorized, or venture into a condominium development in Spain without first clearing these matters and discussing them with the Department of Insurance or officials in the government in order to ensure that they were operating within the guidelines.

They must have felt they had adequate protection from some source that would allow them to operate in this loose fashion.

There is ample evidence and a sufficient number of unanswered questions to support a full inquiry into this matter. Beyond that, the trust industry would benefit from an airing of the matter. It just will not go away; the industry has been hurt badly by the Astra Trust fiasco. The time to act is now. I hope the minister will shoulder his responsibility and order a full inquiry into the matter.

• (2215)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, on Monday, January 26, warrants issued by the Deputy Speaker of the Ontario legislature were served on Richard Humphrys, Superintendent of Insurance, and Richard G. Page, director of the trust and loan division of the Department of Insurance, requiring them to appear before the Ontario standing committee on the administration of justice. It is clearly established by legal precedent that a provincial body is without authority to investigate or inquire into the administration and management of a federal agency. This is a major principle.

Accordingly, Messrs. Humphrys and Page, although they appeared before the committee as required, took the position through counsel and at the direction of the minister, that since the only matters being studied by the committee that were within their knowledge involved their duties and actions as officers of a federal department of government, they were not required to give evidence before the committee. Their view was supported by the deputy attorney general of Ontario at the same session. The committee then asked if Mr. Humphrys would answer questions relating to evidence already given to the committee and to the interaction between federal and provincial legislation and regulatory activities.

After consideration and consultation with the minister, counsel wrote to the committee indicating that it did not seem possible to respond to this modified request without breaching the constitutional principle. The committee insisted on the validity of the warrants, and on January 29 counsel filed an application for a judicial review of their validity.

The government takes the view that matters relating to Astra Trust and the alleged involvement of Re-Mor and C & M are being adequately investigated by the Ontario Provincial Police, the RCMP and persons in charge of the liquidation of Astra, Re-Mor and C & M.

The minister is satisfied that the actions of the department of insurance in the matter were appropriate and there was no improper pressure applied to department officials at any time. A charter was granted to Astra Trust after careful investigation and inquiry, whether by the RCMP or other bodies, into every matter brought to the attention of the department. Close co-operation with the Ontario authorities took place at the time, and subsequently.

The department had no knowledge of the formation of Re-Mor and only learned of its existence in the spring of 1980. Termination of the activities of the trust company followed soon after. The department had no authority to look into the affairs of Re-Mor even had it known of the company's existence.

The principals seeking to form Astra Trust undertook to close down C & M after the trust company was formed, but the department had obtained a fully audited statement by an independent auditor of C & M before a trust company charter was granted. The audit report was without qualification.

ENERGY—PROJECTED PRICE INCREASES FOR CRUDE OIL

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, this evening I would like to refer the Minister of Energy, Mines and Resources (Mr. Lalonde)—and I am sorry he is not in the chamber—to an exchange that we had over eight months ago on June 4, as it appears at page 1740 of *Hansard*. At that time we were discussing the possibility that the government might not be able to enter into an agreement with the province of Alberta and other producing provinces with respect to the price of oil in this country. At that time, the energy minister said:

> —we are in the process of negotiation.

That was on June 4, 1980. I asked the minister at that time, and I quote:

> Since this is the first time since mid-1977 that we are coming to the conclusion of an existing crude oil pricing agreement between Alberta and Canada, I would ask the minister: On July 1, in the absence of a further extension to the June, 1977, agreement—

Is it not true that Alberta may raise the price of oil unilaterally? The minister replied:

> I have stated repeatedly in this House that our purpose is to achieve a negotiated agreement. This is still our objective and first priority. I hope by the end of the month to be able to announce to my hon. colleague that indeed we have reached agreement.

I think it is only fair eight months later, almost to the day, that we ask the minister what has gone wrong. We have learned various things in the interval. For example, we have learned that in the energy program which was brought in with the budget on October 28 that prices are going to rise. In January, 1980, the price was $14.75 per barrel. By August, 1980, it had gone up to $16.75, up $2. By January, 1981, the price reached $17.75 per barrel.

• (2220)

The rather astounding thing which has received so little publicity is that this government has gone on to indicate it intends to raise the price of conventional oil to $66.75 by 1990. This will mean that roughly, between the time I asked that question and 1990, the government has in mind increasing it by $52 per barrel. That works out to an average per year increase contemplated by this government of over $5 per barrel.

During the campaign we were unfortunately forced into, and which we lost, the government lambasted us for raising the price of oil too quickly. Hon. members will recall in the budget debate they belabored the then minister of finance, who stated

we were prepared to raise the price of oil in stages by $4 a barrel in 1980 and by $4.50 a year thereafter, subject to further adjustment after 1982 if necessary. In short, we were contemplating a lower price increase than is this government. We were truthful, they were deceitful. That is only part of the utter deceit this government exhibits and the utter contempt in which it holds the Canadian public. We find the real thing that government craved after as far as energy was concerned was revenue.

We have the startling fact revealed that in 1980 the total take from energy revenue sources was $2.3 billion. By 1983 this government anticipates that the revenue will jump by $6.7 billion to $9 billion. How would you feel if you were a member of the industry and saw a revenue increase during the same time-frame of only $2.1 billion, especially if you were a resident of the province of Alberta, while at the same time you saw a revenue increase on the part of this government of $3.4 billion, or if you take the three western producing provinces, a revenue increase of $4.5 billion?

In short, that minister misled this House when he said in answer to my question on June 4 that his top priority was one of negotiation with the hope of reaching an agreement. He misled this House by knowing at that time he intended to bring in a proposal which would gouge the people of the provinces of Saskatchewan, Alberta and British Columbia, and the industry itself. In short, I would suggest that is why we have no agreement in this country.

Mr. Deputy Speaker: Order, please. There are certain terms that are parliamentary and the hon. member is coming very close to an unparliamentary term. If he said "misled", I think he would have to stop at that, but the suggestion that there was a knowing misleading of the House, by the traditions of the House, is unparliamentary. I invite the hon. member to rephrase his remarks.

Mr. Stevens: Mr. Speaker, I am not clear in what respect you feel I have said something that is unparliamentary.

● (2225)

Mr. Deputy Speaker: I believe the tradition of the House is that it is a breach and an unparliamentary expression to say that another hon. member has knowingly misled the House. If the hon. member confines his remarks simply to saying that the House has been misled, that is acceptable.

Mr. Stevens: Mr. Speaker, I think if you and the officer at the Table check the record, you will find that I did not say, as Your Honour has indicated, that he knowingly misled the House. I simply stated he misled the House, that it was deceitful and that he was gouging the people of those three fine provinces. In short, I was indicating that what has been revealed, mainly in the budget and the so-called national energy policy, since our question of June 4, has brought out very clearly the utter deceit and contempt in which this government holds the Canadian public with respect to this question of energy pricing and with respect to this government's handling of the entire energy issue in this country.

In short, we have an 18 cents-plus per gallon increase in the price of gasoline. Hon. members opposite did that by deceit; they will pay the penalty.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I do not suppose engaging in similar intemperate remarks to those of the previous speaker—

Mr. Stevens: They are true, though.

Mr. MacLaren: —would advance our understanding of the pricing policies of this government, so perhaps I should take a moment and attempt to explain to the hon. member the basis of that policy.

It is evident from the hon. member's remarks that he does not understand the National Energy Program, which sets out the wellhead pricing schedule we intend to implement. Starting from a price of $16.75 for conventional oil in mid-1980, the price is to rise by one dollar increments every six months until mid-1983 when the increases will be accelerated, so that by 1990 the price of conventional oil will have reached $63.25 per barrel. The oil sands reference price will start at the international price level and move ahead at a considerably higher rate. Intermediate, between those two pricing schedules, will be a third pricing schedule to encourage tertiary recovery of oil.

The pricing elements then become the basis for establishing the blended price for all consumers, to which reference has been made in the Speech from the Throne and elaborated upon in the national energy policy.

The government stands ready to negotiate with Alberta the implementation of this pricing system. In preparation for that negotiation, officials of the two governments have been holding a number of meetings to clarify differences in data interpretation and to make recommendations to ministers regarding the issues to be settled at the ministerial level in the price negotiation.

I must emphasize that the federal government is eager to settle these pricing matters in the interests of all Canadians. At the moment, however, we are still awaiting an indication from the Alberta government as to its readiness to proceed.

The issue of oil prices cannot be separated from the issue of revenue sharing. The National Energy Program will ensure that the Alberta government has revenues far in excess of its expenditures for decades to come, while at the same time providing for a fair and equitable sharing of costs and benefits by all Canadians.

As we enter this all-important negotiation, we shall make it quite clear that nothing the federal government has said or done is meant to challenge the oil-producing provinces' indisputable ownership of their resources. Under these conditions there is no reason why a satisfactory resolution of the pricing issue should not be expeditiously reached in a manner which will best serve the interests of all regions of Canada.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 11 a.m.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 6, 1981

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

CANADA MORTGAGE AND HOUSING CORPORATION

METHOD OF LOAN ARREARS COLLECTION—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Since the present policy of CMHC is to hand over its clients' mortgage accounts to collection agencies without first verifying that the clients have received notification of arrears, as happened with a constituent of mine who was in arrears $112 but faced the horrendous fee of $1,487 which the collection agency had tacked on, a fee which I consider nothing short of legalized extortion, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House instructs the minister responsible for the Canada Mortgage and Housing Corporation to call for an immediate and complete review of the corporation's method of loan arrears collection.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TAXATION

CALL FOR WITHDRAWAL OF TAX ON ADVERTISING IN NEWSPAPERS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the recent energy package "budget" introduced a new 9 per cent tax applicable to advertising inserts, catalogues and shoppers in our newspapers, and whereas this is the first time such a tax has been levied in North America and it is detrimental and discriminatory to our smaller papers, is an inflation-fuelling tax to our consumers and threatens the existence of a number of local forums in many communities, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the government withdraw this counterproductive tax and thereby assure our community newspapers a chance to survive and reduce the trend toward monopoly of the press by large corporations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CONSTITUTION

ATTEMPTS BY BRITISH OFFICIALS TO INFLUENCE CANADIANS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa): Madam Speaker, considering statements, reported yesterday, by various elected and non-elected British officials, including the British High Commissioner to Canada, suggesting that our constitutional resolution should not include a charter of rights, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House of Commons rejects any attempt by British parliamentarians and officials to tell Canadians what we can or cannot do in our sovereign country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

STATUS OF WOMEN

REQUEST THAT LISE PAYETTE BE REINSTATED IN FORMER JOB WITH RADIO-CANADA—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Madam Speaker, under Standing Order 43, I ask the unanimous consent of this House to discuss an urgent matter of pressing necessity.

Since the Quebec minister of social development and minister responsible for the status of women does not intend to run in the next election, and since the federal government is duty bound to promote the status of women, I move:

That the Secretary of State and Minister of Communications speak on her behalf to the president of the CBC so that she can be reinstated in her former job with Radio-Canada, at her former salary, preferably indexed.

S.O. 43

Madam Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

CANADIAN POLICY WITH RESPECT TO EL SALVADOR—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, in light of the growing deep concern about Canada's apparent change of opinion about renewed American aid to the El Salvadorian junta, expressed publicly by the interchurch committee on human rights in Latin America and voiced through letters and telegrams to the Department of External Affairs from individuals and groups, I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That this House urge the Secretary of State for External Affairs to reveal the evidence which has given him "reason to pause" and upon which he has based his decision to consider changing the direction of Canadian foreign policy toward supporting the legitimacy of arms rather than negotiations as a means of finding a resolution to the El Salvadorian problem.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1110)

ENERGY

SUGGESTION GOVERNMENT INTRODUCE ENERGY TAX CREDIT—MOTION UNDER S.O. 43

Hon. George Hees (Northumberland): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that the government will be increasing the price of gasoline at the pumps by 12 cents a gallon to pay for its takeover of Petrofina in the near future, and that this increase will bring the total increase in the price of gasoline during the past year to 44 cents a gallon, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the government immediately introduce an energy tax credit, similar to the one introduced by the former government, which would pay each year $80 for each adult and $30 for each child to a family with a total family income of less than $21,000 and would provide an average size family of four with $220 a year to help them meet the steadily increasing costs of gasoline and heating oil.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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RAILWAYS

CONSEQUENCES OF RAIL LINE ABANDONMENT—NECESSITY FOR ROAD FUNDING—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, rail line abandonment in many municipalities in western Canada has resulted in longer hauls on municipal roads, decreased assessments for tax purposes, and in some cases new roads will have to be built, thus creating additional hardship for many of these municipalities. Therefore, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the federal government take the initiative and immediately arrange meetings with the provincial governments and municipalities affected by rail line abandonment, in order that suitable financing will be available for construction of roads which will accommodate the heavier traffic resulting from changing grain delivery patterns.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CONSTITUTION

ENTRENCHMENT OF ABORIGINAL AND TREATY RIGHTS—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise under the provisions of Standing Order 43. As a result of New Democratic Party activities, there is now all-party agreement that our constitutional resolution should include the entrenchment of aboriginal and treaty rights. Therefore, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House of Commons unanimously agrees that, contrary to statements coming from British officials, our constitutional resolution shall include the entrenchment of aboriginal and treaty rights.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

SOCIAL DEVELOPMENT

FUNDING FOR NATIONAL ASSOCIATION OF FRIENDSHIP CENTRES—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I rise under the provisions of Standing Order 43. Because the National Association of Friendship Centres provides an essential service by assisting native people migrating from reserves to cities, and because many serious social problems will arise if funding problems result in a drastic reduction of such services, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Secretary of State immediately reconsider his position with respect to NAFC funding, retain the successful grant system, and reject the proposed scheme of contribution agreements.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

POSTAL RATES IN NORTHWEST TERRITORIES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise under the provisions of Standing Order 43. The postal rate for delivering a 30-kilogram first-class parcel from Edmonton to Indian Cabins, Alberta, is a reasonable $8, but if that same parcel is taken only an additional ten miles across the Northwest Territories border, the cost jumps to $54.75, an approximate 600 per cent increase. Therefore, I move, seconded by the hon. member for Waterloo (Mr. McLean):

That a review of postal rates in the Northwest Territories be immediately undertaken in order to bring them in line with those enjoyed in southern Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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LABOUR RELATIONS

RESOLUTION OF B.C. TELEPHONE COMPANY DISPUTE—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas members of the Telecommunications Workers' Union in British Columbia have been forced by B.C. Telephone Company's intractable bargaining stance in negotiations with the union, including the rejection of three consecutive conciliation awards, to take over all major telephone switching operations in British Columbia, and whereas B.C. Tel has maintained a justified reputation for poor service and inequitable labour relations, I move, seconded by the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That this House have the Minister of Labour intervene immediately to order the company to accept the Peck conciliation report already accepted by the union; that jurisdiction over B.C. Tel be transferred to the B.C. government so that this company can be properly regulated and monitored to improve its performance; and failing this the House should recognize the improved service given by TWU members since they occupied the switching centres and place B.C. Tel under public ownership, granting substantial control to the union.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1115)

COMMUNICATIONS

HEARINGS HELD BY CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, the CRTC is once again holding hearings to make adjustments and extensions to the satellite services without giving due notice. Considering the crucial importance of the results of such hearings to those citizens of our country to whom the new technology is the only link with the rest of the world, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the Minister of Communications direct the CRTC to delay the hearings which are scheduled to commence on Monday, February 9, in order to provide sufficient time for interveners from mid-Canada and northern Canada to present their views to the commission.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

REQUEST FOR CONFERENCE OF FIRST MINISTERS

Hon. Jake Epp (Provencher): Madam Speaker, I would like to direct my questions to the Right Hon. Prime Minister. As a result of the announcement last night by the Premier of British Columbia that he will be proposing a compromise on the Constitution, will the Prime Minister agree to meet the

premiers immediately to "end the divisiveness and get the people back to the bargaining table", as Mr. Bennett puts it. Has the Prime Minister received this message and what is his response today?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it may have been received in my office, but I just arrived from Toronto a few minutes ago and I have not seen it.

Mr. Epp: I commend to the Prime Minister the type of approach I suggested to the Minister of Justice earlier today in the committee.

REFERENCE TO SUPREME COURT

Hon. Jake Epp (Provencher): In spite of the government's repeated refusals to answer questions relating to our own Constitution, Canadians now know, for example, that the Secretary of State for External Affairs and the Prime Minister were told as late as November 10 that Westminster could not pass Canadian constitutional proposals if they were challenged before the Supreme Court of Canada. I would like to ask the Prime Minister if that is the real reason why, to date, he has refused to put that reference to the Supreme Court.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have indicated before that we thought this was a matter for Parliament to decide, not for the courts to decide.

Some hon. Members: Hear, hear!

CONTENTS OF LEAKED DOCUMENTS

Hon. Jake Epp (Provencher): Madam Speaker, I would again like to ask the Prime Minister a question with respect to these documents. As recently as this morning the hon. member for Yorkton-Melville, the chief constitutional spokesman for the New Democratic Party, asked the Minister of Justice whether the CBC reports concerning leaked Canadian documents—

Some hon. Members: Order!

Mr. Epp: I would like to ask the Prime Minister whether the CBC documents which were aired yesterday are correct. If so, why was it that the contents of those documents, which are so pertinent to this debate, were withheld not only from Parliament, but also from the Canadian people?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have made it clear on many previous occasions that I do not comment on leaked, confidential documents.

REPORT MADE BY CANADIAN HIGH COMMISSIONER

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, can the Prime Minister confirm to the House that two weeks ago the Canadian High Commissioner to London made the following report:

Pym repeated again and again that that Canadian measure in its anticipated form will be defeated in the Commons.

If so, why was this information withheld from Parliament and the Canadian people?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have taken the view that if the British government or parliamentarians have any views to be made, they can make them publicly.

Mr. Beatty: Madam Speaker, can the Prime Minister also confirm that the Canadian High Commissioner also reported:

He also stated very firmly that patriation with amendment procedure would pass without difficulty.

Will the Prime Minister recognize the fact that 64 per cent of Canadians have expressed their wish to see the Constitution brought home to Canada and see major amendments made here in Canada and not in Westminster? Will he now accede to the clearly expressed wish of Canadians and ensure that any substantive changes to the Constitution will be made here in Canada and not in London?

Mr. Trudeau: Madam Speaker, it seems to me the hon. member is making an argument. We know his position. We know the position of his party is that they would like a charter for the Canadian people. They would like a Canadian Constitution, but they are not prepared to take the means to achieve it. They should take their responsibilities.

● (1120)

ROLE OF WESTMINSTER PARLIAMENT IN DEALING WITH CANADIAN RESOLUTION

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. Considering that reports of the past few days have indicated that a number of Tory backbenchers in England may not support a constitutional resolution coming from Canada which included a charter of rights, would the Prime Minister make it unequivocally clear to the House that the role of Westminster is not to decide whether or not Canada is to have a charter of rights, and that this decision is to be made here in the Canadian Parliament?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, yes, I can tell the Leader of the New Democratic Party that that is actually the view of my party and of the government, that the role of Westminster is not to look through or behind any resolution presented to it by the Canadian Parliament. The role of Westminster is not to judge whether a resolution is acceptable or unacceptable. Their role is to deal with the matter as a resolution from the Canadian Parliament, and whether or not the Canadian Parliament has been wise is not for them to decide but for the Canadian electorate to decide.

Some hon. Members: Hear, hear!

ADVICE GIVEN BY BRITISH HIGH COMMISSIONER TO CANADIAN PARLIAMENTARIANS

Mr. Edward Broadbent (Oshawa): Madam Speaker, in a similar vein, at a press conference yesterday the British High Commissioner made it abundantly clear that his notion of diplomatic responsibility included giving arguments to a Canadian member of Parliament for voting against a constitutional proposal which involves our constitutional independence. Considering that it is now quite clear that the British High Commissioner believes that it is his function to tell us, as parliamentarians, what to do in such a matter, would the Prime Minister tell the House what action the Government of Canada proposes to take with regard to the British High Commissioner?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I understand that this question was raised in my absence from the House yesterday and that the Secretary of State for External Affairs answered that the matter was under investigation and that, if the reports were true, he was greatly disturbed by them. I shall wait for the results of the investigation before making any comment.

Mr. Broadbent: Madam Speaker, I understand the Secretary of State for External Affairs is taking his responsibility seriously, as he did yesterday. But following the minister's statement in the House, the British High Commissioner said at a press conference:

> If you see it would be easier to get patriation through the British Parliament in a certain way rather than another way, I think it would be sensible to take that into account.

That comment clearly constitutes interference, and the advice that Canadian parliamentarians should pursue a course of action contrary to what they might be deciding on their own. Therefore it seems to me that the matter requires no further investigation, so will the Prime Minister tell the House what action the government will take with regard to the matter?

Mr. Trudeau: Madam Speaker, there are two matters here which need to be decided upon. The first is a question of fact as to what the High Commissioner has done and what representations he has made. I repeat, that this matter is under investigation by the Secretary of State for External Affairs. The second matter is to decide whether the High Commissioner is expressing the views of his government or whether he is merely commenting on his own, which would throw a different light on the matter. I hope to be able to report to the House very soon.

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ROYAL CANADIAN MOUNTED POLICE

OCTOBER, 1970 CRISIS—INSPECTION OF DOCUMENTS PERTAINING TO PROCLAMATION OF WAR MEASURES ACT

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, on Wednesday of this week the Solicitor General, in a strange but carefully worded answer to one of his colleagues, left the impression that he himself had not seen any of the documents pertaining to the FLQ crisis of October, 1970. Has the Solicitor General inspected any cabinet documents which led to the decision to proclaim the War Measures Act? Has he seen the communications and representations received at that time from the then Bourassa government? Does he know of the basis upon which the then minister, who is now the Speaker in the other place, publicly and grossly overestimated the size of the membership of the terrorist organization?

● (1125)

Has he seen, for instance, the evaluation reports done since then on the whole operation by the Department of National Defence and the RCMP and, finally, has he been made aware of a report that was at one time in the hands of another police force which concluded that the use of the army in such circumstances was "un désastre monumental"?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have not seen the last document referred to by the hon. member but I have seen many documents relating to the FLQ crisis. They are matters of public record. The documents that I was commenting on in the answer I gave a few days ago, were certainly not meant to say, nor did I say, that I had not looked at any documents relating to the FLQ crisis. The point I wanted to make was that I was unaware of any of the type that the hon. member referred to, and that if he felt constrained by rules of cabinet secrecy or confidentiality, or his oath as a privy councillor, from making those documents public, he should come and tell me which ones they were and explain to me, if there were documents other than those which he and the Clark government turned over to the McDonald commission. What documents is he talking about? That is what I should like to know.

Mr. Lawrence: Madam Speaker, as a result of one of the Solicitor General's previous answers to me in the House the implication was clearly left—

Mr. Trudeau: What documents are you talking about?

Mr. Lawrence: —that the Solicitor General himself received a report either from the present director of the security services—

Mr. Trudeau: You have invented the document.

Mr. Lawrence: —or the Commissioner of the RCMP that one Nigel Barry Hamer had never been an RCMP informant. Neither of these two officers, of course, could possibly have based that report to the solicitor general on their own recollections or their own experience or their own knowledge. I ask the Solicitor General now if he has seen the documentation on which such an assurance to him and to his predecessors, could possibly have been based?

Mr. Kaplan: Madam Speaker, I asked the force that direct question and the answer that I was given, and I have no reason

to disbelieve it, was that that individual, Mr. Hamer, was not a source of the RCMP.

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THE CONSTITUTION

CALL FOR DISSOLUTION OF PARLIAMENT

Mr. Tom Cossitt (Leeds-Grenville): Madam Speaker, my question is directed to the Prime Minister. If the Prime Minister is so certain, contrary to what appear to be absolutely all indications, that people prefer dealing with this paranoid patriation program, rather than coming to grips with high inflation, high interest rates and our other serious economic problems, will he forthwith put his theory to the test by dissolving this House and permitting the Canadian people, by means of a general election, to pass judgment on his government and on their NDP appendage?

An hon. Member: Right on!

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am surprised that the hon. member of the Conservative Party would describe as a paranoid interest in patriation a measure that was moved last May by a member of his own party, the hon. member for Edmonton East, and which had the unanimous consent of this House. If that is being paranoid, then the whole House is being paranoid. I think the hon. member is perhaps touched by paranoia.

Mr. Cossitt: Madam Speaker, I assumed that perhaps the Prime Minister would realize I was not talking against patriation in itself—

Some hon. Members: Oh, oh!

Mr. Cossitt: —but against his paranoid obsession—

Some hon. Members: Oh, oh!

An hon. Member: You just don't want to do it, that's all. You are against the principle.

Mr. Cossitt: —against his, to quote his own words, "touched paranoid obsession".

My supplementary question is this. If the Prime Minister is going to continue to ram this through the House, as he appears to be doing in his last, final attempt to get into the history books, will he give a firm guarantee now, to all members in this House who have not had an opportunity to speak on the constitutional question or resolution, that they will be given a chance to speak when the resolution comes back to the House? Would he tell us yes or no?

• (1130)

Mr. Trudeau: Madam Speaker, the hon. member as usual is a bit surprising. First he argues the matter is not important, that it should not be dealt with, that we should be dealing with economic matters, and then he wants everyone to speak on it. Let him make up his mind.

Some hon. Members: Oh, oh!

Mr. Cossitt: The trouble is you do not listen to the question.

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RAILWAYS

REQUEST FOR INVESTIGATION OF CN-CP VIA RAIL SERVICE CONTRACTS

Mr. Charles Turner (London East): Madam Speaker, my question is addressed to the Minister of Transport.

Some hon. Members: Oh, oh!

An hon. Member: Whisper in his ear, Charlie.

Mr. Turner: The minister is aware that VIA Rail is currently renegotiating its service contracts with CN and CP.

An hon. Member: Just ask the question.

Some hon. Members: Oh, oh!

An hon. Member: Louder, Charlie.

Mr. Turner: In view of reports that the railways have been overcharging VIA Rail by using compensation figures which applied when the old 80 per cent passenger subsidy deficit was still in effect, would the minister ask the Auditor General to carry out a full investigation of the current VIA-CN and VIA-CP agreements to see if our passenger rail corporation is the victim of a gigantic rip-off?

Some hon. Members: Hear, hear!

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that is the best question I have had in a long, long time.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Pepin: My hon. friend from London East is asking this question probably because of the $30 million in the supplementary estimates resulting from added costs to the operation of VIA. I want to remind him, and he knows this better than I do, that the services of the railways to VIA are sold under costing order R-6313 or the Canadian Transport Commission. VIA has no choice but to pay the bill and we have no choice but to reimburse VIA for having paid it.

Costing order 6313 is not universally accepted—not by the member particularly, I presume. The procedure is being reviewed now so as to improve it. Second, as the hon. member for London East indicates, the president of VIA is presently negotiating with the railways for fixed prices so that they will

not be faced at the end of the year with added costs, and I am supporting him very much in this effort.

Mr. Lawrence: Is that a yes or a no?

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THE ECONOMY

INCREASE IN UNEMPLOYMENT—PROGRAMS TO ALLEVIATE

Mr. David Orlikow (Winnipeg North): Madam Speaker, in the absence of the Minister of Finance I would like to direct my question to the Minister of Employment and Immigration. Given the employment figures released today by Statistics Canada which show that 945,000 people are out of work, an increase in the last month of 135,000, what programs, if any, does the government propose to implement to deal with this disastrous situation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think the hon. member should take a look at the full report on the employment statistics for this month. They show there has been a substantial increase in employment in Canada. In the last month 57,000 jobs were created. The rates of unemployment are down from the same time last year. That is contrary to expectations of all the wise observers who said we were going into a disastrous unemployment situation. In fact the situation in the unemployment rate has improved over this time last year. We still think there is a lot of work to be done. There is a budget in place. There are a lot of investments coming forward. We have announced a number of new employment programs. I think we can take some satisfaction in that we are not experiencing the same drastic downfall which all of the Cassandras of this world expected us to experience.

Mr. Orlikow: Madam Speaker, my supplementary question is to the same minister. Last month 55,000 more people were unemployed in the province of Ontario than there were in the month before.

Mr. Lawrence: They are not all Cassandras either.

Mr. Orlikow: The rate of unemployment in Quebec is now 11 per cent. The rate in Newfoundland is now almost 16 per cent. For the last two years we have had a million people unemployed. Is the minister telling the people of Canada that under this government we will continue to have a million people unemployed in the future?

Mr. Axworthy: Madam Speaker, I am not saying that at all. What I am saying is that at a time when all of the industrialized countries are experiencing very serious downturns—for example, in Great Britain the unemployment rate has gone up substantially—our unemployment rate is coming down. That is something in which we can take some small satisfaction, but we are not satisfied that enough is being done. We do expect the full impact of the budget measures announced by my colleague, the Minister of Finance, to have some effect. Many of the incentives which are being offered under the energy program to provide further stimulation will bear fruit.

We will continue to work to see that we can concentrate our resources on those who are hardest hit by unemployment. That is why we announced a $350 million program two months ago to help those communities which are affected by lay-offs or closings. We are putting in place a package of government instruments to complement the workings of the private economy and to provide for cushions for those who are hurt by some of the downturns which they are experiencing.

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PUBLIC WORKS

CANCELLATION OF COMMUNITY SERVICES CONTRIBUTION PROGRAM

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is for the Minister of Public Works. It deals with the cancellation, without reasonable and adequate notice, of the community services contribution program. The manner in which this program was terminated resulted in a rush of applications from many communities for inclusion in the program at the invitation of the minister. This, in turn, resulted in a shortfall of some $13 million in federal funds to assist some Ontario communities that qualify for the community services contribution program. Does the minister propose to honour his commitment to Ontario and provide funds to cover this shortfall?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I do not think the hon. member has really had the advantage of researching the facts on the history of recommending the termination of the community services program. For example, it was first recommended in a report authored by the former minister and advice given to the former government in the fall of 1979. I understand that officials at all levels of provincial ministries and the federal ministry discussed that report in the fall of 1979. Early in 1980 I met with all of the ministers, including the ministers affected in the province of Ontario. I alerted them to the fact that we were considering not continuing that program. If the hon. member considers a year and a half's notice as a sudden rush to a decision, then I guess I would have to agree with his definition.

Mr. Scott (Victoria-Haliburton): Madam Speaker, the provinces were misled by the federal government. They thought that the community services program would be extended by one year.

Would the minister enter into serious negotiations with the government of Ontario to resolve this problem which was a direct result of his abrupt termination of the community services contribution program without consultation with the provinces?

Mr. Cosgrove: Madam Speaker, I would have to repeat in my answer again that I alerted officials in personal discussions with all of the ministers from every province of a possible

non-continuation of that program. I would have to say that if there was any misleading—if anyone was taken down the garden path—it was the fact that the municipalities were not advised. Certificates of continuation under those provincial programs were issued by the provinces notwithstanding that they were alerted the program would not be continued.

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THE CONSTITUTION

AMENDING FORMULA RESPECTING CHARTER OF RIGHTS

Mr. John Gamble (York North): Madam Speaker, my question is for the Right Hon. Prime Minister. It arises from some of the answers he has given in the House today with respect to the Constitution. My question is very simple. If it is appropriate that this House enact a charter of rights and freedoms for Canadians, why is it not appropriate that subsequent parliaments alter a charter of rights and freedoms for Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the constitution is brought back with an amending formula, then we will have a way of amending our Constitution in Canada without going to the United Kingdom. If this House, and particularly if the Tory party wants to campaign, for instance, in a general election on the platform that it would take the charter out of the Canadian Constitution, and if it is elected on that basis, and if it has the support of, say, six provinces, then the charter will be out. But I doubt whether the hon. member would personally campaign against the charter—maybe the hon. member for Leeds would—but, if that is the test they want, I am sure we would be happy to meet them in a general election.

Mr. Gamble: Madam Speaker, the Prime Minister will recognize that he did not campaign in the last election on a charter of rights and freedoms which is now before this Parliament. The Prime Minister will also recognize that at no time has it ever been suggested that this charter in fact not be the law of Canada. What I would like to ask the Prime Minister by way of a supplementary question, however, is this. Is not the sum and substance of what he is proposing that the charter of rights and freedoms which is to apply to Canadians shall be enacted in a foreign jurisdiction with a foreign government, precluding any subsequent Parliament of Canada on its own, as this Parliament of Canada is now doing, from amending this Charter of Rights and Freedoms? Is that not in fact what the Prime Minister is doing?

● (1140)

Mr. Trudeau: Yes, that is what we are doing, and that is because the Constitution has no amending formula. Somehow the British forgot to put it in in 1867.

An hon. Member: That's nonsense.

Some hon. Members: Oh, oh!

Mr. Trudeau: I hear a lot of grumblings over there Madam Speaker.

Some hon. Members: Oh, oh!

Mr. Trudeau: I am sorry, the British did not forget to put it in, they left it out deliberately.

An hon. Member: That's right.

Some hon. Members: Oh, oh!

Mr. Trudeau: The hon. member opposite says "that's right", so what is the argument? They left it out deliberately because Canadians could not make up their minds, and that has been true for 114 years. Now Parliament is making up its mind. The hon. member's party says it is in favour of a charter of rights; the hon. member for Provencher on behalf of his party said unequivocally a couple of weeks ago that the Canadian people wanted a charter of rights and that the Tory party wanted a charter of rights. If they want it, why do they not vote for it?

Some hon. Members: Hear, hear!

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[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF VENEZUELAN MINISTER OF EXTERNAL AFFAIRS, HIS EXCELLENCY JOSÉ ALBERTO ZAMBRANO-VELASCO

Madam Speaker: I wish to draw the attention of the House to the presence in our gallery of His Excellency José Alberto Zambrano-Velasco, the Minister of Foreign Affairs of Venezuela.

Some hon. Members: Hear, hear!

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TRANSPORT

INQUIRY WHETHER GOVERNMENT WILL CONTRIBUTE TO FINANCING OF INTEGRATED TRANSPORT SYSTEM IN MONTREAL

Mr. David Berger (Laurier): Madam Speaker, my question is directed to the Minister of Transport. On Wednesday of this week, the Quebec government announced that agreement had been reached to carry out the integrated transportation project on the island of Montreal. The agreement provides for the integration of commuter trains into the MUCTC network but does not mention federal government assistance under UTAP, the Urban Transportation Assistance Program. Can the minister give us some details concerning the federal contribution to integrated transport in the Montreal area?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the terms used by the hon. member are revealing.

The first stage will consist in merging the suburban transportation system with the city of Montreal's own urban transit system. It was a matter of integrating those two elements. Yesterday's agreement is an integration agreement.

The second stage, which in fact is parallel, will consist in upgrading commuter trains, and that is where the federal government comes in. I announced recently that the Quebec government and the federal government had reached formal agreement about a special program, a special contribution partly under UTAP, which is aimed at upgrading commuter trains possibly to the tune of $80 million. The formal agreement has been achieved and its provisions are now being drafted. I expect to make a final announcement about it within two or three weeks.

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[*English*]

NUCLEAR ARMAMENTS

REQUEST CANADA OPPOSE DEPLOYMENT OF NEUTRON BOMB

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, in the absence of the Minister of National Defence and the Secretary of State for External Affairs I should like to direct my question to the Prime Minister.

In light of statements this week by the United States Secretary of Defence that the U.S. is now planning the development of the neutron bomb and deployment of that weapon in Europe, and in light of the Dutch parliament vote just a couple of days ago to oppose deployment of the neutron bomb in Europe, will the Prime Minister tell the House that Canada too is opposed to the development of the neutron bomb, and will he seek a vote comparable to that conducted in the Dutch parliament, and being conducted in other parliaments in Europe, expressing our opposition to the deployment of this weapon?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member knows the government's position on atomic weapons of any kind and we have stated that we would not use them and they would not be deployed on our soil. But, I do not believe it is for us to tell the Europeans who are debating this matter whether they would want to deploy the neutron bomb on their soil. I am prepared to take notice on behalf of the Secretary of State for External Affairs of the present situation in this regard. I confess I am not aware of the vote in the Dutch parliament, but it would seem to me, as a general proposition, that it is a matter for Europeans to decide rather than for Canadians.

Miss Jewett: Madam Speaker, as the Prime Minister knows, the deployment of this bomb would be in the context of the NATO alliance and, indeed, it is in that context that I asked the question. In other words, let me put it this way; would the Prime Minister in concert with other members of the NATO alliance consider protesting vigorously with them, the partners of Canada in NATO, the deployment of the neutron bomb, and vigorously protest it to the United States as well?

Mr. Trudeau: Madam Speaker, I just stated the position of this government as far as Canada is concerned. But Canada belongs to an alliance which includes the United States and which very heavily relies on the United States, and we know that the nuclear deterrent is part of the strength of that alliance. We have never condemned the United States for having the nuclear weapon so long as the Warsaw Pact countries have the nuclear weapon. We have urged both sides to engage in the strategic arms limitation talks and hopefully reduce the number and eventually the necessity for those weapons. Until that happens, Madam Speaker, we have no objection, on the contrary, to a member of the alliance having the nuclear weapon.

Miss Jewett: The neutron bomb?

Mr. Trudeau: The neutron bomb is one of the nuclear weapons. The question of its deployment is one that has not been raised to my knowledge with the Canadian government. If the European governments want to have the neutron bomb as part of their defence, as they have nuclear weapons on their soil now, it would seem to me that is a matter for them to decide. I would be prepared to listen to the arguments and test them in a meeting of NATO.

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ENERGY

COST OF HOME HEATING FUELS IN YUKON

Hon. Erik Nielsen (Yukon): Madam Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources based on the effects of last October's budget.

Has he received a telegram from the B.C. tugboat industry council president, Alistair Pollock, complaining that the marine industry world price for fuel consumed in international trade is unreasonable and unjustified, and is he aware of the effect the tax legislation of last October is going to have on heating fuels soon in the Yukon since, under that legislation of last October, Yukon would have to be deemed as a foreign country and that tax would apply, as 83 per cent of the fuel used in the Yukon comes through United States ports? Is he aware of that quirk in the budget?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have not received nor have I yet seen the telegram to which the hon. member refers. However, I am acquainted, obviously, with the decision in the budget to charge world prices for marine bunker fuel used in international transportation. I am surprised at the concern expressed by the hon. member when his party is pushing so strongly to have higher prices for oil, even in Canada. In this case it is oil used in international travel. As he knows, the overwhelming share of it goes to foreign ship owners who

operate in international maritime trade. This is the reason why we have decided to charge the maximum price for that oil.

● (1150)

As far as Yukon is concerned, heating oil in Yukon will be charged on the basis of the Canadian price for Canadian heating oil and Canadian gasoline. The announcement in the budget had to do with marine bunker oil used in international transportation, not heating oil for homes.

Mr. Nielsen: Madam Speaker, I think I can take an assurance from the minister's remarks that home heating fuels in Yukon will not fall afoul of this quirk, as the Canadian Press story calls it, in the budget, but I ask the minister to look specifically into this in view of the fact that the CP story seems to indicate that the home heating fuels delivered through foreign ports—83 per cent of the home heating fuel used in Yukon is foreign—are caught by that taxing regulation. If that is a fact, home heating fuel costs in Yukon will rise by 56 per cent, and this would result in consumers in Yukon, who consume twice the national average with respect to home heating fuels, paying in some instances $2 and $3 a gallon for home heating fuels. Will the minister look into that and, if he finds it is a fact, will he take immediate action to exempt Yukon consumers from that provision in the budget or provide some sort of shelter or remedy which would prevent that effect on April 1 next?

Mr. Lalonde: Madam Speaker, I can immediately give the assurance to the hon. member that there is no question about charging world prices for heating oil in Yukon. There must be a misunderstanding on the part of the newspaper man who wrote this article. This has never even been considered. The only thing for which a high price will be charged is the marine bunker used in the operation of ships involved in international transportation. What they carry is something else, and as far as the price of home heating fuel oil is concerned, the present practice of having basically a single price for Canada, including Yukon, will continue to apply. I can assure the hon. member of that. Obviously prices vary across the country according to costs of transportation, but the basic price will remain the same across Canada.

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COMBINES

INVESTIGATION OF RELATIONSHIP BETWEEN BELL TELEPHONE AND NORTHERN TELECOM

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs about an issue with which I am sure he is very familiar and concerned, that is, the relationship between Bell Telephone and Northern Telecom, its subsidiary.

I want to ask the minister if he has any plans under consideration for measures, in addition to those available under the Combines Investigation Act, to investigate the incestuous relationship between these two corporations—perhaps under the Inquiries Act—before any major increases or, indeed, any further rate increases are granted by the CRTC to Bell Canada.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, as the hon. member knows, the bureau of competition has intervened before the CRTC to make representations about telephone rates with respect to the matter before the CRTC on this question. I have no reason to believe that in the future the director of combines will not pursue his activities along this line to assure total security for consumers across Canada.

Mr. MacKay: Madam Speaker, I welcome the minister's reply. He is aware of the contrast between Northern Telecom's operations in the United States, where it has competition and where it lost $185 million, and in Canada, where it has a sweetheart deal with Bell. I want to say to the minister briefly that this situation leads to the same kind of extra charges per telephone call which consumers will be paying as those they may pay for every litre of gas in order to acquire Petro-Canada. The difference is that there is nothing involving Canadianization here. Rather, it is a reverse subsidization whereby Bell Telephone users are subsidizing the losing operations of Northern Telecom in the United States.

Does the minister agree that this matter ought to be considered very carefully now, particularly in view of the increasing evidence of wasteful and prolifigate management practices, particularly in Northern Telecom, which are affecting telephone consumers because of its relationship with Bell?

[*Translation*]

Mr. Ouellet: Madam Speaker, of course that is a matter of judgment and evaluation. The hon. member appears to be categorical in his interpretation of the facts. I would suggest that qualified officials are appointed to weigh these facts and make appropriate recommendations. Rather than personally drawing conclusions, I would leave that task to those whose responsibility it is to do so.

* * *

[*English*]

NATIONAL ENERGY PROGRAM

INQUIRY RESPECTING EAST COAST EXPLORATION

Mr. Eymard Corbin (Madawaska-Victoria): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Coming, as I do, from one of the four Atlantic provinces, I wonder if the minister can give this House the assurance that the National Energy Program is in fact a vigorous exploration program, especially off the east coast, that both domestic and foreign companies are or will be involved in a meaningful way, and that the program is more than, as has been suggested left and right in recent weeks, just a mumble jumble of wishy-washy words whispered down a wishing well.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I want to assure my hon. friend that under the National Energy Program, Canada lands, and particularly the east coast offshore, will see a very, very vigorous exploration program this year and in the next few years.

In this regard I was particularly pleased by the announcement made yesterday by Shell Oil, a foreign-owned company, that it will launch a major program to search for oil and gas off the east coast of Canada. This was in spite of the fact that this is a foreign-owned company which will receive smaller grants than Canadian-owned companies for carrying out that search.

I was also very happy that Shell Oil indicated that it is looking for Canadian partners to carry out this exploration, thereby achieving our goal of having much greater Canadian participation in the development of the oil and gas industry in this country.

* * *

NUCLEAR ARMAMENTS

REMOVAL OF WEAPONS FROM CANADIAN TERRITORY

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I would like to ask the Prime Minister a question which is supplementary to the one asked by the hon. member for New Westminster-Coquitlam. In reply to her first question, the Prime Minister said that it is well known that the position of the government is that we are opposed to atomic weapons of all kinds and do not have them on our soil. Does this mean that nuclear weapons have been removed from Comox, where they have been on our soil for over a decade?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I thought the policy was made clear when we were discussing the F-18. The F-18 will be the new fighter aircraft in Canada, and it is not designed to carry nuclear weapons.

Mr. McKinnon: Madam Speaker, the Prime Minister has given a nice answer, but it does not bear on the question I asked. Is he now informing the House, or did he a few minutes ago, that the nuclear weapons which are on site in Comox at the present time have been removed?

Mr. Trudeau: Madam Speaker, the hon. member knows the answer to that. We have stated repeatedly that our policy is to remove the nuclear weapons, but until the F-18 is in place they will not be removed.

INDUSTRY

MASSEY-FERGUSON—STATE OF NEGOTIATIONS ON REFINANCING

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Has he any statement to make with respect to the present negotiations involving the Massey-Ferguson situation and, if so, could he tell us what form the statement will take? Will he be making a statement on motions, or how will this House first be informed as to what his conclusions are?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, I have no statement to make at this time, but the matter is under active review.

Mr. Stevens: To the minister's knowledge during these negotiations has the government of the United States or the government of the United Kingdom been asked for any assistance with respect to Massey-Ferguson similar to what the Canadian government was asked for in the case of Chrysler?

Mr. Gray: Madam Speaker, I think that question would be easier to deal with when we are in a position to announce the results of the considerations we are undertaking at this time.

* * *

● (1200)

STATUS OF WOMEN

FEBRUARY CONFERENCE—REQUEST THAT GOVERNMENT ASSIST IN MEETING TRAVEL EXPENSES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the Minister of Employment and Immigration who is also responsible for the status of women.

An hon. Member: So far.

Mrs. Mitchell: I am sure the minister is aware that a broad cross-section of Canadian women from across Canada are determined to carry on with the conference on February 14 and 15 to discuss constitutional matters and other matters of concern to Canadian women. I assure him that every effort is being made to make this a non-partisan event.

Since the minister indicated that he wanted wide participation of Canadian women in the process of developing a renewed advisory council, and since this conference will be pursuing other aspects of constitutional reform as it affects women and in fact would not be politically embarrassing, will he make the same provision for travel expenses to assist women to come here from across Canada as was provided, for example, for aboriginal groups? Will he support the women in their efforts to have an independent conference, which indeed will assist the process?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am always pleased to see any group in this country that wants to talk about the Constitution;

it is a very important topic. The Advisory Council on the Status of Women is organizing a major conference on the constitution and, as a government agency, it will be receiving the full support of the Government of Canada.

An hon. Member: It had better not be a government agency.

Mrs. Mitchell: Madam Speaker, I think the minister is fully aware that while the group is meeting, I believe, on the Monday of that week, certainly the views of a much wider group of women from across Canada, from all economic spheres and walks of life, must be part of the process. It will cost some women $400 to come from remote parts of Canada; they need assistance. Is the minister saying that he is refusing this assistance to women attending the weekend conference?

Mr. Axworthy: Madam Speaker, not having had any involvement with the organizing of the conference, as I am sure the hon. member has had—

Some hon. Members: Oh, oh!

Mr. Axworthy: —I will not be able to.

Some hon. Members: Hear, hear!

Mr. Axworthy: Considering the particular objectives of hon. members of the NDP and the Conservative Party in that particular conference, I leave it up to their own devices to find ways of supporting them.

* * *

GRAIN

INQUIRY RESPECTING MOVEMENT OF BARLEY IN NORTHEASTERN SASKATCHEWAN

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, my question is directed to the minister responsible for the Canadian Wheat Board. Is the minister aware in northeastern Saskatchewan, particularly in the White Fox subdivision, that the Wheat Board increased the quota to 20 bushels for barley but failed to provide boxcars at the same time, thereby making it impossible for farmers to deliver grain or to take cash advances? Is the minister aware of this situation? What does he intend to do about it?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will see to it immediately and, if an irregularity exists, I will ensure it is corrected.

ROUTINE PROCEEDINGS

[*Translation*]

ENERGY

TABLING OF CORRESPONDENCE BETWEEN DOME PETROLEUM AND MINISTER OF ENERGY, MINES AND RESOURCES

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to table, in both official languages, copies of an exchange of correspondence between the chairman of Dome Petroleum, Mr. J. P. Gallager, and myself about the agreement made between this company and the Government of Canada concerning exploration on Canada lands.

[*English*]

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I was wondering whether the Minister of Energy, Mines and Resources (Mr. Lalonde) could indicate to the House if the documentation he is tabling is the documentation that appeared in the Dome Canada Limited prospectus which included a letter signed by the minister?

[*Translation*]

Mr. Lalonde: Yes, Madam Speaker.

* * *

[*English*]

PETITIONS

CONSTITUTIONAL AMENDING FORMULA

Mr. Jim Hawkes (Calgary West): Madam Speaker, with your kind permission I should like to present to the House a petition signed by 32,571 Canadians from coast to coast, and from north to south. It began with a small group of Calgarians who were concerned about the actions taken by the House in relation to the constitution. It speaks to the fact that many Canadians from all parts of Canada now live in Calgary and have seen that this petition was passed through friends and relatives to all parts of this land.

The petitioners seek to have their grievance redressed by the House, and to have the House deal with the resolution in a manner which will involve bringing the Constitution of Canada home to Canada, with an amending formula agreed to by the provinces, and all further amendments to take place in Canada.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following

questions will be answered today: Nos. 1,465, 1,466, 1,467, 1,468, 1,471 and 1,475.

[*Text*]

WALTER TRUCKS

Question No. 1,465—**Mr. Deans:**

1. From 1965 to June 1980, how many orders in council were issued affecting Walter Trucks operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Walter Trucks?

3. What were the commitments from Walter Trucks in exchange for remitting each customs duty?

4. Did Walter Trucks meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concered: 1. Copy of the Specified Commercial Vehicles Walter Trucks Remission Order PC 1965-1143 is shown below. Under the original Remission Order (Motor Vehicles Tariff Order 1965, (MVTO 1965)), there are four conditions to meet to qualify as a manufacturer, these conditions are set out in paragraph 2(1)(e) of the MVTO 1965. Failure to meet any one of these conditions disqualifies the company under the order. This company did not produce vehicles in the base year of the MVTO 1965 (paragraph 2(1)(e)(i)), therefore they were disqualified as a manufacturer under it. Order in council PC 1965-1143 created a base year which allowed Walter Trucks the same duty-free privileges as those companies qualifying under the MVTO 1965.

2, 3 and 4. As in the case of the MVTO 1965, the amount of duty on an individual company base is not known. However, the conditions as set out in PC 1965-1143 have been met by this company. See also question 1,457 tabled this day.

PC 1965-1143
AT THE GOVERNMENT HOUSE AT OTTAWA
MONDAY, the 21st day of JUNE, 1965.
PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL.

His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and the Minister of Industry, pursuant to section 22 of the Financial Administration Act and section 273 of the Customs Act, is pleased hereby to make the annexed "Specified Commercial Vehicles, Walter Trucks, Remission Order".

ORDER RESPECTING THE REMISSION OF CUSTOMS DUTY ON CERTAIN MOTOR VEHICLES, PARTS AND ACCESSORIES AND PARTS THEREFOR.

1. This order may be cited as the Specified Commercial Vehicles, Walter Trucks, Remission Order.

2. (1) In this order all words and expression have the meanings assigned to them by the Tariff Item 950 Regulations.

(2) In this order "Walter Trucks" means Walter Motor Trucks of Canada Limited.

3. Remission is hereby granted of all duty specified in Schedule A of the Customs tariff that is payable in respect of vehicles of the following class, namely, specified commercial vehicles, and in respect of all parts and accessories and parts thereof, for such vehicles, except tires, tubes and machines or other articles required by Tariff Item 438a to be valued separately under the tariff items regularly applicable thereto, on condition that

(a) a claim is made to the Minister of National Revenue for the remission;

(b) in the case of parts and accessories and parts thereof, they are -

(i) imported for use as original equipment in vehicles of that class to be produced in Canada by Walter Trucks, and

(ii) imported or taken out of warehouse during the period commencing on the 18th day of January, 1965, and ending on the 31st day of July, 1968;

(c) in the case of vehicles, they are imported or taken out of warehouse by Walter Trucks during the period commencing on the 18th day of January, 1965, and ending on the 31st day of July, 1968;

(d) Walter Trucks produces vehicles of that class in Canada in the period of twelve months ending on the 31st day of July, in which the importation is made

(i) the ratio of the net sales value of which to the net sales value of all vehicles of that class sold for consumption in Canada by Walter Trucks in that period in not lower than seventy-five to one hundred, and

(ii) the Canadian value added of which is equal to or greater than twenty thousand dollars; and

(e) in the case of a vehicle imported or taken out of warehouse after the 31st day of July, 1965, the claim for remission is made at the time the vehicle is entered for consumption in Canada.

4. Remission is hereby granted of sales tax on each vehicle for which Customs duty is remitted by this order in the amount of the difference between the sales tax calculated on the duty paid value of the vehicle and the sales tax calculated on the value for duty of the vehicle.

5. For the purpose of paragraph (d) of section 3, in computing the net sales value of vehicles sold for consumption in Canada by Walter Trucks,

(a) in the period of twelve months ending on the 31st day of July, 1965, there shall be deducted an amount equal to one and one-half times the net sales value of all vehicles of that class so sold by Walter Trucks in that

period that were imported into Canada or taken out of warehouse for consumption on or after January 18th, 1965, and for which no remission of duty is granted by this order; and

(b) in any subsequent period of twelve months ending on the 31st day of July, there shall be deducted an amount equal to the net sales value of all vehicles of that class so sold by Walter Trucks in that subsequent period that were imported into Canada or taken out of warehouse for consumption on or after January 18th, 1965, and for which no remission of duty is granted by this order.

6. The Minister of National Revenue may take a guarantee bond or other security for the performance by Walter Trucks of the conditions on which remission is granted by this order in the amount of the lesser of the Customs duty payable on the vehicles, parts and accessories and parts thereof described in section 3 that are likely to be imported or taken out of warehouse by Walter Trucks during any twelve month period ending on the 31st day of July, as estimated by the Minister of National Revenue, or ten thousand dollars.

MOTOR COACH INDUSTRIES LTD.

Question No. 1,466—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Motor Coach Industries Ltd. operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Motor Coach Industries Ltd.?

3. What were the commitments from Motor Coach Industries Ltd. in exchange for remitting each customs duty?

4. Did Motor Coach Industries Ltd. meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Copy of the Buses, Motor Coach Industries Ltd. PC 1967-489 is shown below. Under the original Remission Order (Motor Vehicles Tariff Order 1965, (MVTO 1965)), there are four conditions to meet to qualify as a manufacturer, these conditions are set out in paragraph 2(1) (e) of the MVTO 1965. Failure to meet any one of these conditions disqualifies the company under the order. This company does not produce complete vehicles, but produces bus bodies for the North American Market. Accordingly, they were disqualified as a manufacturer under the original order. Order in council PC 1967-489 allows Motor Coach Industries Ltd. the same duty-free privileges as those companies qualifying under the MVTO 1965.

2, 3 and 4. As in the case of the MVTO 1965, the amount of duty on an individual base is not known. However, the conditions as set out in PC 1967-489 have been met by this company. See also question 1,457 tabled this day.

PC 1967-489
AT THE GOVERNMENT HOUSE AT OTTAWA
THURSDAY, the 16th day of MARCH, 1967
PRESENT:

HIS EXCELLENCY
THE ADMINISTRATOR IN COUNCIL.

His Excellency the Administrator in Council, on the recommendation of the Minister of Finance, the Minister of Industry and the Treasury Board, pursuant to section 22 of the Financial Administration Act and section 273 of the Customs Act, is pleased hereby to make the annexed Order Respecting the Remission of Customs Duty on certain Motor Vehicles, Parts and Accessories and Parts thereof.

ORDER RESPECTING THE REMISSION OF CUSTOMS DUTY ON CERTAIN MOTOR VEHICLES, PARTS AND ACCESSORIES AND PARTS THEREOF.

1. This order may be cited as the Buses, Motor Coach Industries Limited, Remission Order.

2. (1) In this order all words and expressions have the meanings assigned to them by the Tariff Item 950 Regulations.

(2) In this order "Motor Coach" means Motor Coach Industries Limited.

3. Remission is hereby granted of all duty specified in Schedule A of the Customs Tariff that is payable in respect of buses and in respect of all parts and accessories and parts thereof for use in the manufacture of bodies for buses, on condition that

(a) a claim is made to the Minister of National Revenue for the remission;

(b) in the case of buses, they are

(i) imported or taken out of warehouse by Motor Coach during the period commencing on the 1st day of August, 1966 and ending on the 31st day of July, 1968, and

(ii) produced from bodies manufactured in Canada by Motor Coach;

(c) in the case of parts and accessories and parts thereof, they are

(i) imported for use as original equipment in bus bodies to be produced in Canada by Motor Coach, and

(ii) imported or taken out of warehouse during the period commencing on the 1st day of August, 1966 and ending on the 31st day of July, 1968;

(d) in the case of

(i) buses that are imported or taken out of warehouse by Motor Coach, and

(ii) parts and accessories and parts thereof that are imported or taken out of warehouse for Motor Coach bus bodies,

in any period of twelve months ending on the 31st day of July in a year subsequent to 1966, Motor Coach produced bodies for buses in Canada in that twelve-month period, the Canadian value added of which is equal to or greater than the Canadian value added of

all bodies for buses produced in Canada by Motor Coach in the twelve-month period commencing on the 1st day of August, 1965 and ending on the 31st day of July, 1966.

4. Remission is hereby granted of sales tax on each bus for which Customs duty is remitted by this order in the amount of the difference between the sales tax calculated on the duty paid value of the bus and the sales tax calculated on the value for duty of the bus.

5. The Minister of National Revenue may take a guarantee bond or other security for the performance by Motor Coach of the conditions on which remission is granted by this order in the amount of the lesser of the Customs duty payable on the buses, parts and accessories and parts thereof described in section 3 that are likely to be imported or taken out of warehouse by Motor Coach during any period of twelve months ending on the 31st day of July, as estimated by the Minister of National Revenue, or ten thousand dollars.

ÉQUIPEMENT UNIVERSEL NAPIERVILLE INC.

Question No. 1,467—**Mr. Deans:**

1. From 1965 to June 1980, how many orders in council were issued affecting Équipement Universel Napierville Inc. operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Équipement Universel Napierville Inc.?

3. What were the commitments from Équipement Universel Napierville Inc. in exchange for remitting each customs duty?

4. Did Équipement Universel Napierville Inc. meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Copy of the Buses, Équipement Universel Napierville Inc. Remission Order PC 1967-760 is shown below. Under the original Remission Order (Motor Vehicles Tariff Order 1965, (MVTO 1965)), there are four conditions to meet to qualify as a manufacturer, there conditions are set out in paragraph 2(2)(e) of the MVTO 1965. Failure to meet any one of these conditions disqualifies the company under the order. This company did not produce vehicles in the base year of the MVTO 1965 (paragraph 2(1)(e)(i)), therefore they were disqualified as a manufacturer under the original order. Order in council PC 1967-760 created a base year which allowed Équipement Universel Napierville Inc. the same duty free privileges as those companies qualifying under the MVTO 1965.

2, 3 and 4. As in the case of the MVTO 1965, the amount of duty on an individual company base is not known. However, the conditions as set out in PC 1967-760 have been met by this company. This company is no longer in business. See also question 1,457 tabled this day.

PC 1967-760
AT THE GOVERNMENT HOUSE AT OTTAWA
THURSDAY, the 20th day of APRIL, 1967
PRESENT:

HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL.

His Excellency the Governor General in Council, on the recommendation of the Minister of Finance, the Minister of Industry and the Treasury Board, pursuant to section 22 of the Financial Administration Act and section 273 of the Customs Act, is pleased hereby to make the annexed Order respecting the Remission of Customs Duty on Certain Motor Vehicles, Parts and Accessories and Parts Thereof.

ORDER RESPECTING THE REMISSION OF CUSTOMS DUTY ON CERTAIN MOTOR VEHICLES, PARTS AND ACCESSORIES AND PARTS THEREOF.

1. This order may be cited as the Buses, Équipement Universel Napierville Inc., Remission Order.

2. (1) In this order all words and expressions have the meanings assigned to them by the Tariff Item 950 Regulations.

(2) In this order, "Universel" means Équipement Universel Napierville Inc.

3. Remission is hereby granted of all duty specified in Schedule A of the Customs Tariff that is payable in respect of buses, and in respect of all parts and accessories and parts thereof for buses, except tires and tubes, on condition that

(a) a claim is made to the Minister of National Revenue for the remission;

(b) in the case of parts and accessories and parts thereof, they are

(i) imported for use as original equipment in buses to be produced in Canada by Universel, and

(ii) imported or taken out of warehouse during the period commencing on the 1st day of January, 1966 and ending on the 31st day of July, 1968;

(c) in the case of buses, they are imported or taken out of warehouse by Universel during the period commencing on the 1st day of August, 1966 and ending on the 31st day of July, 1968;

(d) in the case of

(i) buses, parts and accessories and parts thereof that are imported or taken our of warehouse by Universel, and

(ii) parts and accessories and parts thereof that are imported or taken out of warehouse for buses of Universel,

in the period commencing on the 1st day of August, 1966, and ending on the 31st day of July, 1967, Universel produces buses in Canada in that period,

(iii) the ratio of the net sales value of which to the net sales value of all buses sold for consumption in Canada by Universel in that period is not lower than seventy-five to one hundred, and

(iv) the Canadian value added of which is equal to or greater than four hundred and sixty thousand dollars;

(e) in the case of

(i) buses, parts and accessories and parts thereof that are imported or taken out of warehouse by Universel, and

(ii) parts and accessories and parts thereof that are imported or taken out of warehouse for buses of Universel,

in any period of twelve months ending on the 31st day of July in a year subsequent to 1967, Universel produces buses in Canada in that twelve-month period,

(iii) the ratio of the net sales value of which to the net sales value of all buses sold for consumption in Canada by Universel in that period is not lower than seventy-five to one hundred, and

(iv) the Canadian value added of which is equal to or greater than the Canadian value added of all buses produced by Universel in the twelve-month period ending on the 31st day of July, 1967; and

(f) in the case of buses imported or taken out of warehouse after the 28th day of February, 1967, the claim for remission is made at the time the bus is entered for consumption in Canada.

4. Remission is hereby granted of sales tax on each bus for which Customs duty is remitted by this Order in the amount of the difference between the sales tax calculated on the duty paid value of the bus and the sales tax calculated on the value for duty of the bus.

5. For the purpose of paragraphs (d) and (e) of section 3, in computing the net sales value of buses sold for consumption in Canada by Universel, in any period of twelve months ending on the 31st day of July, 1967, or a year subsequent thereto, there shall be deducted an amount equal to the net sales value of all buses so sold by Universel in that period that were imported into Canada or taken out of warehouse for consumption on or after the 1st day of August, 1966, and for which no remission of duty or sales tax is granted by this order.

6. The Minister of National Revenue may take a guarantee bond or other security for the performance by Universel of the conditions on which remission is granted by this order in the amount of the lesser of the Customs duty payable on the buses, parts and accessories and parts thereof described in section 3 that are likely to be imported or taken out of warehouse by Universel during any 12-month period ending on the 31st day of July, as estimated by the Minister of National Revenue, or ten thousand dollars.

ATLANTIC TRUCK & TRAILER LIMITED

Question No. 1,468—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Atlantic Truck & Trailer operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Atlantic Truck & Trailer?

3. What were the commitments from Atlantic Truck & Trailer in exchange for remitting each customs duty?

4. Did Atlantic Truck & Trailer meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Copy of the Atlantic Truck & Trailer Remission Order PC 1968-2109 is shown below. Under the original Remission Order (Motor Vehicles Tariff Order 1965, (MVTO 1965)), there are four conditions to meet to qualify as a manufacturer, these conditions are set out in paragraph 2(1)(e) of the MVTO 1965. Failure to meet any one of these conditions disqualifies the company under the order. This company did not produce vehicles in the base year of MVTO 1965 (paragraph 2 (1)(e)(i)), therefore they were disqualified as a manufacturer under it. Order in council PC 1968-2109 created a base year which allowed Atlantic Truck & Trailer the same duty free privileges as those companies qualifying under the MVTO 1965.

2, 3 and 4. As in the case of the MVTO 1965, the amount of duty on an individual company base is not known. However, the conditions as set out in PC 1968-2109 have been met by this company. This company is no longer in business. See also question 1,457 tabled this day.

PC 1968-2109
AT THE GOVERNMENT HOUSE AT OTTAWA
TUESDAY, the 19th day of NOVEMBER, 1968
PRESENT:

HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL.

His Excellency the Governor General in Council, on the recommendation of the Minister of Finance, the Minister of Industry and the Treasury Board, pursuant to Section 22 of the Financial Administration Act and section 273 of the Customs Act, is pleased hereby to make the annexed order respecting the Remission of Customs Duty on Certain Motor Vehicles, Parts and Accessories and Parts Thereof.

ORDER RESPECTING THE REMISSION OF CUSTONS DUTY ON CERTAIN MOTOR VEHICLES, PARTS AND ACCESSORIES AND PARTS THEREOF.

1. This order may be cited as the Atlantic Truck & Trailer Remission Order.

2. (1) In this order all words and expressions have the meanings assigned to them by the Tariff Item 950 Regulations.

(2) In this order, "Atlantic Truck & Trailer" means Atlantic Truck & Trailer Limited.

3. Remission is hereby granted of all duty specified in Schedule A of the Customs tariff that is payable in respect of buses and in respect of all parts and accessories and parts thereof for buses, except tires and tubes, on condition that

(a) a claim is made to the Minister of National Revenue for the remission;

(b) in the case of parts and accessories and parts thereof, they are

(i) imported for use as original equipment in buses to be produced in Canada by Atlantic Truck & Trailer, and

(ii) imported or taken out of warehouse during the period commencing on the 1st day of May, 1968 and ending on the 31st day of July, 1969;

(c) in the case of buses, they are imported or taken out of warehouse by Atlantic Truck & Trailer during the period commencing on the 1st day of May, 1968, and ending on the 31st day of July, 1969;

(d) in the case of

(i) buses, parts and accessories and parts thereof that are imported or taken out of warehouse by Atlantic Truck & Trailer, and

(ii) parts and accessories and parts thereof that are imported or taken out of warehouse for buses of Atlantic Truck & Trailer,

in the period commencing on the 1st day of August, 1968 and ending on the 31st day of July, 1969, Atlantic Truck & Trailer produces buses in Canada in that period,

(iii) the ratio of the net sales value of which to the net sales value of all buses sold for consumption in Canada by Atlantic Truck & Trailer in that period is not lower than seventy-five to one hundred, and

(iv) the Canadian value added of which is equal to or greater than one hundred and twenty thousand dollars; and

(e) in the case of buses imported or taken out of warehouse after the first day of November, 1968 the claim for remission is made at the time the vehicle is entered for consumption in Canada.

4. Remission is hereby granted of sales tax on each bus for which Customs duty is remitted by this order in the amount of the difference between the sales tax calculated on the duty paid value of the bus and the sales tax calculated on the value for duty of the bus.

5. For the purpose of paragraph (d) of section 3, in computing the net sales value of buses sold for consumption in Canada by Atlantic Truck & Trailer, there shall be deducted an amount equal to the net sales value of all buses so sold by Atlantic Truck & Trailer in that period that were imported into Canada or taken out of warehouse for consumption after the 31st day of July, 1968 and for which no remission of duty or sales tax is granted by this order.

6. The Minister of National Revenue may take a guarantee bond or other security for the performance by Atlantic Truck & Trailer of the conditions on which remission is granted by this order in the amount of the lesser of the Customs duty payable on the buses, parts and accessories and parts thereof described in section 3 that are likely to be imported or taken out of warehouse by Atlantic Truck & Trailer during any 12 month period ending on the 31st day of July in a year subsequent to 1967, as estimated by the Minister of National Revenue, or ten thousand dollars.

BRICKLIN CANADA LIMITED

Question No. 1,471—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Bricklin operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Bricklin?

3. What were the commitments from Bricklin in exchange for remitting each customs duty?

4. Did Bricklin meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Copy of the Bricklin Canada Limited Remission Order PC 1975-1843 is shown below. Under the original Remission Order (Motor Vehicles Tariff Order 1965, (MVTO 1965)), there are four conditions to meet to qualify as a manufacturer; these conditions are set out in paragraph 2(1)(e) of the MVTO 1965. Failure to meet any one of these conditions disqualifies the company under that order. This company did not produce vehicles in the base year of MVTO 1965 (paragraph 2(1)(e)(i)), therefore they were disqualified as a manufacturer under it. Order in council PC 1975-1843 created a base year which allowed Bricklin Canada Limited the same duty-free privileges as those companies qualifying under the MVTO 1965.

2, 3 and 4. As in the case of the MVTO 1965, the amount of duty on an individual company base is not known. However, the conditions as set out in PC 1975-1843 have been met by this company. This company is no longer in business. See also question 1,457 tabled this day.

PC 1975-1843 31 July, 1975

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL, on the recommendation of the Minister of Industry, Trade and Commerce, the Minister of Finance, and the Treasury Board, pursuant to section 17 of the Financial Administration Act, is pleased hereby to make the annexed order respecting the remission of Customs Duty on parts and accessories and parts thereof for automobiles.

Order Paper Questions

ORDER RESPECTING THE REMISSION OF CUSTOMS DUTY ON PARTS AND ACCESSORIES AND PARTS THEREOF FOR AUTOMOBILES.

Short Title

1. This order may be cited as the Bricklin Canada Limited Remission Order.

Interpretation

2. (1) In this order, "Bricklin" means Bricklin Canada Limited.

(2) In this order, all words and expressions have the meanings assigned to them by the Tariff Item 950 Regulations.

Remission of Customs Duty

3. Remission is hereby granted of all duty specified in schedule A to the Customs Tariff that is payable in respect of all parts and accessories and parts thereof for automobiles, except tires and tubes, on condition that

(a) a claim is made to the Minister of National Revenue for the remission;

(b) in the case of parts and accessories and parts thereof, they were or are imported for use as original equipment in automobiles to be produced in Canada by Bricklin during the period commencing August 1, 1973, and ending on the 31st day of July, 1974, or any subsequent twelve-month period beginning on August 1st and ending on July 31st; and

(c) in each twelve-month period

(i) in which the parts and accessories and parts thereof were or are used as described in paragraph (b), and

(ii) for which a claim is made pursuant to paragraph (a),

Bricklin produced or produces in Canada automobiles the Canadian value added of which is not less than forty per cent of the cost of production.

Bond

4. The Minister of National Revenue may take a guarantee bond or other security for the performance by Bricklin of the conditions on which remission is granted by this order in the amount of the lesser of the Customs duty payable on the parts and accessories and parts thereof described in section 3 that are likely to be imported or taken out of warehouse by Bricklin during any 12-month period commencing on the 1st day of August as estimated by the Minister of National Revenue and ten thousand dollars.

Reports

5. Bricklin shall submit to the Minister of National Revenue and to the Minister of Industry, Trade and Commerce such reports as may be required by those Ministers respecting the production and sales by Bricklin of automobiles and parts thereof.

CANADIAN MOTOR INDUSTRIES LIMITED

Question No. 1,475—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Canadian Motor Industries Ltd. operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Canadian Motor Industries Ltd.?

3. What were the commitments from Canadian Motor Industries Ltd. in exchange for remitting each customs duty?

4. Did Canadian Motor Industries Ltd. meet each commitment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Copy of the Canadian Motor Industries Ltd. Remission Order PC 1967-1995 is attached. Under the original Remission Order (Motor Vehicles Tariff Order 1965, (MVTO 1965)), there are four conditions to meet to qualify as a manufacturer; these conditions are set out in paragraph 2(1)(e) of the MVTO 1965. Failure to meet any one of these conditions disqualifies the company under that order. This company did not produce vehicles in the base year of MVTO 1965 (paragraph 2(1)(e)(i), therefore they were disqualified as a manufacturer under it. Order in council 1967-1995 created a base year which allowed Canadian Motor Industries Ltd. the same duty free privileges as those companies qualifying under the MVTO 1965.

2, 3 and 4. As in the case of the MVTO 1965, the amount of duty on an individual company base is not known. However, the conditions as set out in PC 1967-1995 have been met by this company. This company is no longer in business. See also question 1,457 tabled this day.

PC 1967-1995
AT THE GOVERNMENT HOUSE AT OTTAWA
THURSDAY, the 19th day of OCTOBER, 1967
PRESENT:

HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL.

His Excellency the Governor General in Council, on the recommendation of the Minister of Finance, the Minister of Industry and the Treasury Board, pursuant to section 22 of the Financial Administration Act and section 273 of the Customs Act, is pleased hereby to make the annexed order respecting the Remission of Customs Duty on Certain Motor Vehicles, Parts and Accessories and Parts Thereof.

ORDER RESPECTING THE REMISSION OF CUSTOMS DUTY ON CERTAIN MOTOR VEHICLES, PARTS AND ACCESSORIES AND PARTS THEREOF.

1. This order may be cited as the Canadian Motor Industries Limited Remission Order.

2. (1) In this order all words and expressions have the meanings assigned to them by the Tariff Item 950 Regulations.

(2) In this order "CMI Limited" means Canadian Motor Industries Limited of Scarborough, Ontario.

3. Remission is hereby granted of all duty specified in Schedule A of the Customs Tariff that is payable in respect of automobiles, and in respect of all parts and accessories and parts thereof for automobiles, except tires and tubes, on condition that

(a) a claim is made to the Minister of National Revenue for the remission;

(b) in the case of parts and accessories and parts thereof, they are

(i) imported for use as original equipment in automobiles to be produced in Canada by CMI Limited, and

(ii) imported or taken out of warehouse during the period commencing on the 1st day of June, 1967 and ending on the 31st day of July, 1968;

(c) in the case of automobiles, they are imported or taken out of warehouse by CMI Limited during the period commencing on the 1st day of August, 1967 and ending on the 31st day of July, 1968;

(d) in the case of

(i) automobiles, parts and accessories and parts thereof that are imported or taken out of warehouse by CMI Limited, and

(ii) parts and accessories and parts thereof that are imported or taken out of warehouse for automobiles of CMI Limited,

in the period commencing on the 1st day of August, 1967, and ending on the 31st day of July, 1968 CMI Limited produces automobiles in Canada in that period,

(iii) the ratio of the net sales value of which to the net sales value of all automobiles sold for consumption in Canada by CMI Limited in that period is not lower than seventy-five to one hundred, and

(iv) the Canadian value added of which is equal to or greater than $550,000; and

(e) in the case of an automobile imported or taken out of warehouse on or after the 1st day of December, 1967, the claim for remission is made at the time the automobile is entered for consumption in Canada.

4. Remission is hereby granted of special or dumping duty, imposed by subsection (1) of section 6 of the Customs Tariff, on each automobile for which Customs duty is remitted by this order that was or is imported on or after the 1st day of August, 1967.

5. Remission is hereby granted of sales tax on each automobile for which Customs duty is remitted by this order in the amount of the difference between the sales tax calculated on the duty paid value of the automobile and the sales tax calculated on the value for duty of the automobile.

6. For the purpose of paragraphs (d) and (e) of section 3, in computing the net sales value of automobiles sold for consumption in Canada by CMI Limited, in the period commencing on the 1st day of August, 1967 and ending on the 31st day of July, 1968, there shall be deducted an amount equal to the net sales value of all automobiles so sold by CMI Limited in that period that are imported into Canada or taken out of warehouse for consumption on or after the 1st day of August, 1967 and for which no remission of duty and sales tax is granted by this order.

7. The Minister of National Revenue may take a guarantee bond or other security for the performance by CMI Limited of the conditions on wich remission is granted by this Order in the amount of the lesser of the customs duty payable on the automobiles, parts and accessories and parts thereof described in Section 3 that are likely to be imported or taken out of warehouse by CMI Limited during any 12-month period ending on the 31st day of July, as estimated by the Minister of National Revenue, or ten thousand dollars.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if questions Nos. 1,457, 1,463, 1,464, 1,469, 1,470, 1,473, 1,474 and 1,495 could be made orders for return, those returns could be tabled immediately.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that the questions enumerated be deemed to have been made orders for returns?

Some hon. Members: Agreed.

Madam Speaker: The returns are then tabled immediately.

[*Text*]

MOTOR VEHICLE GENERAL REMISSIONS ORDERS

Question No. 1,457—**Mr. Deans:**

1. What are the details of each motor vehicle general remissions order granted to the automotive industry between 1965 and June, 1980?

2. Since the inception of the Auto Pact in 1965, what were the details of each order in council issued regarding the performance requirements of the automotive agreement?

Return tabled.

Order Paper Questions

MACK TRUCK

Question No. 1,463—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Mack Truck and its subsidiaries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Mack Truck and its subsidiaries?

3. What were the commitments from Mack Truck and its subsidiaries in exchange for remitting each customs duty?

4. Did Mack Truck and its subsidiaries meet each commitment?

Return tabled.

WHITE MOTOR CORPORATION OF CANADA

Question No. 1,464—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting White Motor Corporation of Canada Ltd. and its subsidiaries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning White Motor Corporation of Canada Ltd. and its subsidiaries?

3. What were the commitments from White Motor Corporation of Canada Ltd. and its subsidiaries in exchange for remitting each customs duty?

4. Did White Motor Corporation of Canada Ltd. and its subsidiaries meet each commitment?

Return tabled.

SHERBROOKE COACH

Question No. 1,469—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Sherbrooke Coach operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Sherbrooke Coach?

3. What were the commitments from Sherbrooke Coach in exchange for remitting each customs duty?

4. Did Sherbrooke Coach meet each commitment?

Return tabled.

CHAMPION TRUCK

Question No. 1,470—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Champion Truck operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Champion Truck?

3. What were the commitments from Champion Truck in exchange for remitting each customs duty?

4. Did Champion Truck meet each commitment?

Return tabled.

AUTOMOBILES SOMA INC.

Question No. 1,473—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Automobiles SOMA Inc. operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Automobiles SOMA Inc.?

3. What were the commitments from Automobiles SOMA Inc. in exchange for remitting each customs duty?

4. Did Automobiles SOMA Inc. meet each commitment?

Return tabled.

CENTRAL TRUCK BODY CO. LTD.

Question No. 1,474—**Mr. Deans:**

1. From 1965 to June, 1980, how many orders in council were issued affecting, Central Truck Body Co. Ltd. operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Central Truck Body Co. Ltd.?

3. What were the commitments from Central Truck Body Co. Ltd. in exchange for remitting each customs duty?

4. Did Central Truck Body Co. Ltd. meet each commitment?

Return tabled.

FORD MOTOR CO.

Question No. 1,495—**Mr. Young:**

1. From 1965 to June, 1980, how many orders in council were issued affecting Ford Motor Co. and its subsidiaries operating in Canada and what was the actual wording of each order in council?

2. What amount of customs duty was remitted for each order submitted concerning Ford Motor Co. and its subsidiaries?

3. What were the commitments from Ford Motor Co. and its subsidiaries in exchange for remitting each customs duty?

4. Did Ford Motor Co. and its subsidiaries meet each commitment?

Return tabled.

[*Translation*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—ALLEGED FAILURE OF GOVERNMENT'S INDUSTRIAL POLICY

Hon. Sinclair Stevens (York-Peel) moved:

That this House condemns the government, and in particular the Minister of Industry, Trade and Commerce, for concentrating unduly on the bailing out of big, foreign corporations instead of on the implementation of a desperately needed industrial development policy, and for the resulting devastation of our small business sector, the absence of direction or support for industrial innovation, the surrender of domestic markets in manufactured goods to foreign

competitors, the crippling of the construction and other productive sectors through high interest rates, and the resulting loss of tens of thousands of jobs.

He said: Madam Speaker, in speaking to the motion before the House I think it is important to acknowledge what I would regard as the high points in the motion itself. First of all we are saying that we believe the government has been unduly concentrating on the bailing out of big foreign corporation at the expense of settling a proper industrial development policy for the nation. We believe the government is dealing with immediate problems, as opposed to solving some of the longer-range problems which must be solved in the country.

As a result of this approach we have witnessed the devastation of the Canadian small business sector. We have seen that industrial innovation is not progressing satisfactorily and that research and development are not being funded by the provincial levels, by the federal level, and certainly not by the private sector, to the extent they should be. As a result of the impasse which is developing, we have seen that in virtually all instances the domestic market in Canada is being surrendered to foreign manufacturers. In short, we are in a stage where the economy is becoming more and more stagnant.

● (1210)

Foreign competitors are gaining greater access to our market than they ever have. The result is a crippling of the construction and other productive sectors in our economy due, in part, to the high interest structure which has been inflicted upon the nation by this government.

All of this has led us to the unfortunate unemployment situation which we have in this country and, as we express in the motion, the increase of tens of thousands on the unemployed lists over the last few months. This month alone we learned that unemployment jumped on a non-adjusted basis—an actual basis—by 135,000 Canadians, reaching 945,000 people out of work in Canada.

I would like to deal more specifically with the points I have touched upon. For example, what do we mean when we say that we believe the government has been concentrating unduly on the bailing out of big corporations? I would like to give two or three examples. What else can you call the situation in which the government only last November decided to advance $40 million to Imperial Oil Limited because it had created, if you like, a problem for Imperial which resulted in the first place from the federal budget ramifications and, in the second place, by the rather difficult conditions which the government inflicted on the oil industry through their National Energy Program? I would regard that as a typical example of where this Trudeau government tends to create problems through budgetary measures, through the inflicting of a National Energy Program on an industry. Then it turns around and starts bailing it out, in this case to the tune of $40 million.

I would like to give another illustration of the bail-outs of these large corporations. Michelin is another example. Here is a case where the government decided to give Michelin Tires (Canada) Limited $42 million in an attempt, if you like, to have Michelin rekindle the fires of its plant operations in Canada. There may be instances where we must help such plants or industries, but in the absence of an over-all approach one can see difficulties are bound to ensue.

With respect to the Michelin situation, as most of us in this House know, certainly we have been approached on the question, others which must compete in the rubber industry are now stating that to subsidize Michelin in this way is grossly unfair. Let us say Firestone in Hamilton or Goodyear in the Toronto area are saying that they find it difficult enough to remain viable without the federal government going in and helping one of their competitors in a way which, somehow or other, is not a benefit open to them.

I would like to touch on a different illustration of a bail-out which I would say is terribly costly for Canadians. As we know, Petro-Canada has made an offer to purchase Petrofina. It is estimated that the total purchase price may be in the order of $1.5 billion. The bulk of those proceeds, of course, will go to the Belgian parent company. I think it is most revealing that only two days ago the founder of Petrofina, Mr. Alfredo Campo, indicated to the press that he was amazed at the offer made by the federal government for the purchase of Petrofina. He stated that as a shareholder in the company he was delighted at the suggested price of $120 per share but that—and here I use his words—"But as a Canadian citizen, I say it is absolutely incredible. No private person would buy at that price."

Mr. Speaker, how else can we come to any other conclusion than that this government, and in particular the Minister of Energy, Mines and Resources (Mr. Lalonde), the Minister of Industry, Trade and Commerce (Mr. Gray), the Minister of Finance (Mr. MacEachen) and, presumably, the Prime Minister (Mr. Trudeau) are rattling around within their cabinet in the most aimless, misdirected fashion we have ever seen? Here we have a government without an industrial plan, without any indication as to where it thinks the various sectors of our economy should be going. It has haphazardly given $40 million to Imperial, $42 million to Michelin, and it is presumably going into foreign lands to borrow $1.5 billion to pay $120 per share for a company called Petrofina, when the founder of that company turns around and says that is incredible. No private individual would be offering that kind of money for the company founded by Alfredo Campo, as he himself says.

Let us try to put this $1.5 billion in a better perspective. As we know, the interest the government will incur in the raising of that kind of money will become an ownership charge, as they call it. I suggest it should be called a nationalization charge. It will be passed on to every consumer of petroleum products in this country. As you drive up to the pump there will be that nationalization charge. I hope that every supplier will put on their pumps what the consumer is paying for Pierre Elliott Trudeau's nationalization program in this country. That is where it will be spelt out. Clearly, $1.5 billion at 10 per cent per year is $150 million which we will have to pay from coast to coast. The government will not get its money at 10 per cent, the effective cost is likely to be more like 13 per cent. So here we have possibly $200 million a year to be financed

through a national charge at the gasoline pumps. Think what $200 million would have done to help some of the small businesses in this country which are finding it difficult to live with the interest structure the government has inflicted upon them.

Speaking about that interest rate, I hope that when the minister rises to speak on this motion today he will explain why there are two standards in his mind on this question of interest. I hope he will explain why last February, when he was interviewed on TV, he felt justified in saying that if he were a member of a government with this type of interest rate structure he would resign. As we recall, the interest rate structure he was talking about was approximately 15 per cent at that time. It is now nearly 18 per cent, and he is still a member of the government. I hope today he will try to explain why he feels that in February, 1981, it is alright to be a member of a government which has inflicted upon the Canadian public an interest rate of approximately 18 per cent when in February, 1980, somehow or other he felt he should resign if he was ever a member of a government which had interest rates of 15 per cent.

I would like to dwell on the implications of what we are talking about. What is that $1.5 billion they have committed the people of Canada to spend? Look at it. For example, there are roughly 460,000 small businesses in Canada. That amount of money represents approximately $3,260 for each one of those small businesses. If the government is eager to go out and raise $1.5 billion to buy Petrofina, and hon. members should bear in mind the fact that the proceeds of that money will go into foreign hands, we in this House must contemplate what those proceeds could do to help some of those small businesses. Let us say that one in three small businesses decides to take advantage of a relatively low interest rate loan from the Canadian government. If all the applications of those businesses were accepted, it would mean roughly $10,000 for these average small businessmen.

● (1220)

Let us view the matter in another way. Last year 6,500 businesses did not survive. Most individuals find it difficult to survive in Trudeau land and many businesses find it impossible to survive in Trudeau land. Let us say that the government brings in a program worth $150 million to help small businesses and forgets about that 10 per cent which it has committed to the purchase of Petrofina. As the result of such a program those 6,500 businesses would have received help in the amount of approximately $25,000 and would have made it into 1981.

The reason I am highlighting these points is I believe that, if the government knows no better than to govern by drift and indecision, it is time we in the House of Commons, who are told day in and day out that the Constitution is supreme, say, "Emperor, you are no longer running a government which is satisfactory to this country. You have allowed us to drift into an economic morass that we in Parliament must insist you correct".

It is no longer acceptable to the Canadian public to have two ministers within the cabinet, the minister of so-called economic development and the Minister of Industry, Trade and Commerce, at each other's throat. It is no longer acceptable to have the one known interventionist in the form of the Minister of Industry, Trade and Commerce, constantly warring with the other minister who is known as the non-interventionist. This Janus-like situation where one minister looks one way and the other minister looks the other way, cannot continue. The result is stagnation and indecision which are causing the nation to drift into circumstances which are uncomfortable at the present time and which will become even more uncomfortable as the months go by.

Let us look at some of the stark facts. I have already indicated that, according to today's Statistics Canada figures, the unemployment rate has now touched 945,000. Why is the Minister of Industry, Trade and Commerce happy with that unemployment rate? Can the minister tell us why he believes that he has done a great job, or explain to the people of his own town of Windsor why the unemployment rate in that town has gone from 16.7 per cent in January, 1980, to 18.9 per cent at the present time. Is he proud? Surely the minister cannot pretend that there is no cabinet influence involved. There are three ministers within the cabinet who come from the Windsor area. I ask hon. members to think what would happen to that poor city if there were six ministers from that area in the cabinet.

While the Minister of Industry, Trade and Commerce may have done the worst, or the best—depending on how one looks at it—job for his home town, he has dealt crippling blows to other towns. I do not know whether he even goes to Montreal these days, but it had an unemployment level of 8.8 per cent last January. Today the unemployment rate in that city is 10.3 per cent. The unemployment rate in the Chicoutimi area was 9.9 per cent shortly before this minister took office, and today it is over 14 per cent. Regina, one of the cities which is normally looked upon as a relatively unemployment-free area, has seen its unemployment level, as the result of actions which are partly the responsibility of this government, jump from 3.4 per cent in January, 1980, to 7.4 per cent in 1981.

That is an example of the government in action and of the emperor ruling the country. Hopefully we will hear today the rationalization of the Minister of Industry, Trade and Commerce with regard to these problems. What can he tell us about his frustrations within cabinet and about the various plans which he has leaked to the press from time to time as to what he hopes to do on behalf of Canadian industry, trade and commerce?

Whatever happened to the overhaul legislation for the Foreign Investment Review Agency? It is almost one year since we were told that there would be significant changes with respect to the foreign investment situation in Canada in terms of government controls. I hope the minister will let us in on some of those internal secrets. I hope the minister will also be able to tell us why he feels satisfied with the low investment rate in Canada. For example, worker output declined by 3.5

per cent in 1980. This decline occurred after a 1.2 per cent decline in worker output in 1979. Is that why the minister virtually pleaded with the Prime Minister to make him Minister of Industry, Trade and Commerce?

The trade deficit in manufactured goods is accelerating at an ever-increasing rate. Recent figures show that our trading position on manufactured goods with the rest of the world has reached a deficit of close to $18 billion. I hope the minister will tell the House why he feels that is satisfactory or will let us into the secret of what happened in cabinet that prevented him from doing something about it.

● (1230)

Perhaps we will hear an explanation for the negative real growth of last year, a condition that has probably not occurred in this country since World War II. We had a negative per capita real growth for four years but now in gross terms we find ourselves in a negative position. In other words, if we take away that artificial inflation that the government has thrust upon the nation, we find that the man who works for what he thinks is a decent wage, has really lost buying power in each of the last four years. That is what happened under the rule of this emperor and of the Minister of Industry, Trade and Commerce.

I hope the minister will take the opportunity that we have given to him today—I stress that it is us giving the government the opportunity to tell us what it intends to do—

Miss Jewett: We, not us.

Mr. Knowles: Mind your grammar.

Mr. Stevens: I will make no comment on that. In short, Mr. Speaker, the government has lived by outworn philosophies. Too many members on the other side attended the London school of economics and are tied up with this thing called Keynesianism. They are still drifting in that dreamy world—

An hon. Member: What about Freedman.

Mr. Stevens: Mr. Speaker, the lefties always like to speak from their seats. I hear one of them saying that Keynes came from Cambridge. If she were to go through the roster of those who pretend to be cabinet ministers in this country, she would find that they and some of their staff are disciples of the London School of Economics and at the time they were being taught there, Keynesianism was regarded as something next to the eleventh commandment.

That order is no longer in style in the western world, Mr. Speaker. The so-called demand management type of theory is archaic. What we must concentrate on is supply-management, which means a greater intensification and encouragement of investment, a greater concern that the plant, the tools, the equipment be supplied to workers so that they can compete not only for the domestic market but for the world market. The notion that you can spend your way into prosperity by artificially triggering demand is not effective in the eighties.

I would suggest that this government, drunken as it has been in the way it has run the country, could get away with that drunkenness only if most of the nations with which we compete were equally irresponsible. Traditionally Japan has run a good economy; traditionally Germany has run a good economy; traditionally the Swiss have also run a sound economy. Canada is the only country that persists in running an economy based upon unsound principles. There has been a tremendous change of direction in Britain. It is attempting to tighten its fiscal and monetary position in the hope of regaining its productive position in the world.

Our neighbours to the south have elected a new president. His cabinet is going to change the priorities of that country dramatically. As a result, the United States will have less government, not more government as is the case in this country. The United States will have less spending, not more; a smaller deficit, not a larger one such as this government persists in inflicting upon Canadians, and there will be deregulation of the private sector in the United States, not "the" regulation of the private sector.

This government can no longer persist in the reckless, careless, spending, interventionist approaches it has been using when its main trading partner is dramatically going the other way. The government can make certain changes, of course, or it can keep on artificially steering the country onside by allowing the dollar to fall in relation to the United States dollar. That cannot go on forever, however.

I hope that we will learn today that the government will offer a better program than the pitiful one offered by the Minister of State for Science and Technology (Mr. Roberts). When he tabled it in this House he said it would encourage spending on research and development to the level of 1.5 per cent of the GNP. There was so little information in the package, however, that the so-called program was meaningless.

I hope the Minister of Industry, Trade and Commerce will tell us about something that is more impressive than the $350 million program for industrial restructuring and labour adjustment which he announced recently. The best thing about that program was the advertising that appeared before it was announced. A study of the glossy, neat publications reveals that the program was not designed so much for the restructuring or stimulation of industry as for picking up some of the corporate corpses the government left lying around the country.

I hope the minister will have something to say about the very telling arguments put forward by the Science Council of Canada and why he believes their suggestions cannot be implemented quickly.

The time has come when we in this House must insist that the government focus on the true problems which face Canadians. These are economic. It must realize that the three-ring circus known as the constitutional debate can no longer be in the spotlight, attracting its attention and time.

At a time when this country needs a sense of destiny and confidence it is incredible that it is being led by a man known

as the emperor, who feels that the greatest issue we face is the technical argument about the patriation of the Constitution. Nobody disagrees with patriation, Mr. Speaker. But the Prime Minister tends to divide the country at a time when it should be united, when it should be gaining confidence in its destiny so that business and the private sector can bring prosperity back. Instead, the country is in a downward economic drift.

I will conclude, Mr. Speaker, because some of my colleagues will speak later. They will deal first with the position of this party on science and technology; second, our position on international trade, and third, some of the things that should be done for the clothing, textile and related industries. If there is time another colleague will deal with questions that particularly affect Atlantic Canada.

The government must come to its senses, Mr. Speaker. It must realize the serious economic deterioration that is occurring in the country. The time to act is now.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Mr. Speaker, I welcome the opportunity to take part in this debate which enables me to describe to the House and the people of Canada some of the efforts of the government to deal with the severe economic and industrial challenges that have emerged in the country and in the world in the context of the difficulties of Canada's major market, the United States, and other markets throughout the world. The efforts of this government involve creating a solid framework for a future of economic stability and growth.

● (1240)

The hon. member opened his remarks by attacking and criticizing a number of specific projects. In doing so he first attacked the regional development program of this government. This is a program aimed at lessening regional disparities in regions such as Nova Scotia. In fact he specifically criticized a program very strongly supported by the Conservative government of that province. He also attacked the National Energy Program which is aimed not only at creating self-sufficiency in energy in Canada, but at ensuring that Canadians have more than they do at present of the long-term benefits in the development of our own energy resources.

In the hon. member's motion, not so much in his speech, he completely overlooked that the well-being, if not the very existence of thousands and thousands of small and medium-sized businesses in Canada and their employees, depend on the well-being and the existence of larger firms, in some cases foreign-owned. For these smaller and medium-sized companies, the continued ability to sell their goods and services to these larger firms is crucial to their own survival. From time to time, if the federal government acts with respect to larger companies, it is because it must be mindful of the role they play in the well-being of the thousands of smaller companies, their employees, as well as the employees of the larger companies and of the well-being of the communities where they live.

The hon. member claims to be concerned about the well-being of small and medium-sized businesses. But in ignoring in his motion the important reality that I have mentioned, he shows the shallowness of his approach. This government believes it has a role to play in co-operation with the private sector to help all Canadians, everywhere in our country, to share in the benefits of prosperity and economic growth.

There is another aspect of the hon. member's motion which I think Canadians would look upon as being disturbing. It shows an amazing lack of knowledge about what the government has been doing in the area of industrial development in a relatively brief period. Take support for industrial innovation, for example. Just this morning my colleague, the Minister of Communications (Mr. Fox), announced a $27 million increase in the federal government's funding of the joint industry-government Telidon program. Telidon is a highly advanced product of Canadian communications technology which was described in a recent editorial as "the most sophisticated videotext system in the world." This very substantial increase in federal funds for a program which is jointly administered by the Department of Communications and the Department of Industry, Trade and Commerce comes on top of the more than $12 million already committed. It constitutes a major contribution toward-making the new industry self-sustaining nationally and in demonstrating the commercial competitiveness of Telidon in world markets.

There should not be any doubt about the multiple benefits of public support through the development of technologies such as Telidon which, to the hon. member who introduced this motion, would be undue government interference. I suppose one could take from what he said that the government should not be in this area. I do not think Canadians would agree with that. Telidon has already had impressive accomplishments in closing sales in Washington, D.C., Venezuela and Switzerland, and has other international sales pending.

Mr. Stevens: Tell us about Imperial Oil.

Mr. Gray: Telidon is gaining tentative acceptance as an international standard and it is leading to the creation of a whole new service industry for the provision of information for the Telidon system. Smaller Canadian companies such as Infomart and Hempton have invested more than $6 million in the research and development necessary to develop and market the data base essential to the Telidon concept. This concept will be important to thousands of workers and to smaller Canadian companies and the entire Canadian economy over time. But Telidon is just one example of the government's commitment to spur research and development and industrial innovation at higher levels than in the past, levels necessary to the enhancement of Canada's place in the world's economy. I believe there have been very substantial accomplishments in the past eleven months in this area.

For example, in April I announced the implementation of the special fund under the enterprise development program of my department to foster expansion in Canada of the already highly successful electronics industry. One example of the use of this fund is the very substantial expansion recently

announced by a Canadian company called Mitel, already a world leader in the electronics industry.

Mr. Stevens: How come they are going to Wales?

Mr. Gray: Mitel has announced an expansion in the Ottawa area and in Bromont involving some 1,000 jobs, something which would not have happened if my hon. friend had stayed in office to the misfortune of the Canadian economy.

Mr. Stevens: Herbie, tell us about Wales.

Mr. Pepin: What is wrong with going to Wales?

Mr. Gray: In November we introduced a new federal office communications program. This is a program to support the office of the future concept and is aimed at capturing by 1985 a significant share of the burgeoning domestic and international markets for electronic equipment for the office of the future. These are just some examples of recent federal measures to encourage innovation and growth of more advanced technology in Canadian industries.

I want to single out one example for special attention. Just last week I announced that the government will provide $450 million in loan guarantees to The de Havilland Aircraft company to develop the Dash-8, an entirely new STOL aircraft which promises to entrench for the future the place that Canada has already established as the world leader in this type of aviation technology.

Following closely on the heels of the remarkable success of the Dash-7, the Dash-8 has already attracted 93 purchase offers, and de Havilland predicts the sales of the plane will exceed $3 billion by 1996 as well as create 3,000 new jobs at the company. I wonder whether the hon. member for York-Peel (Mr. Stevens) would now like to try to convince his many constituents who work at de Havilland that the federal government should not offer support for this kind of advanced technology industry. I wonder also whether any members opposite, including the member for York-Peel who in years past advocated the withdrawal of government support from Canadair and de Havilland, in light of the successes of these two great companies under public ownership, involving the employment of 10,000 people and world leadership in their field, will now at least have the decency to admit they are wrong and to change their minds about this.

Mr. Stevens: You have got to be kidding.

Mr. Gray: I cannot mention the Dash-8 program without also reminding this House that the government will, as well, be providing $50 million through the defence industry productivity program to Pratt & Whitney Aircraft Services of Canada. This assistance will help Pratt & Whitney to design and develop the PT-7, a new advanced turbo-prop engine to be installed in the Dash-8 and to be used successfully, I think, in similar aircraft around the world. Production of the new engine will begin in 1983 in Longueuil, Quebec. It will create 1,000 new jobs at Pratt & Whitney. These will be new high-technology jobs based on research and development, which this government has made possible through its commitment to industrial innovation.

● (1250)

Do not forget, Mr. Speaker, that over $1.3 billion, some 40 per cent of the Dash-8 project, will be available for subcontracting to companies across Canada, and some $400 million, some 40 per cent of the PT project, will also be available to subcontracting companies across Canada. These spin-offs will help hundreds if not thousands of smaller and medium-sized companies and help create, likely, thousands of jobs in addition to those created directly by these projects.

The Acting Speaker (Mr. Blaker): Order, please. The hon. member for Ontario (Mr. Fennell) rises on a point of order.

Mr. Fennell: Mr. Speaker, I would like to point out to the minister that he better check up on the Challenger and Canadair's success. Apparently they have had to add so much weight the plane won't—

The Acting Speaker (Mr. Blaker): Order, please. If the hon. member wants to make a point of order I will, of course, continue to recognize him and hear him, but he should try to tie his remarks to whatever point of order he wants to make.

Mr. Gray: Mr. Speaker, I just want to say this about my hon. friend's spurious point of order. What he says really proves my point. They have no commitment to the type of support which has led to the burgeoning of thousands of jobs in Canadair and de Havilland. He has proved my point by his spurious point of order.

I note that my hon. friend in his motion did not speak about the very important area of export promotion. Perhaps that implies that at least in this area he agrees we are doing a good job.

I want to draw to the attention of the House in this connection an announcement I made earlier this week in conjunction with the Council of Forest Product Industries of British Columbia and the government of British Columbia, in Vancouver. Specifically I announced that the Government of Canada would contribute up to $10.5 million over the next five years to develop new offshore market opportunities for the forest products industry of British Columbia, and the other parties to the agreement will contribute matching amounts.

This is an extension and expansion of a program that has already increased the exports of B.C. forest products to markets other than the United States from some $200 million to $1 billion in the past ten years. This program is important because it will further increase sales of these forest products, open up and diversify new markets, and create many thousands of new jobs. It is also important because it is indicative of this government's effort and ability to work co-operatively with the private sector and provincial governments as a basis for an effective and co-ordinated approach to economic development.

In this case we are speaking of the co-operative approach of the federal government, the British Columbia government and the forest products companies, with the active encouragement and support of the International Woodworkers Union. We have joined forces to improve and expand a sector of the Canadian economy which has always been very important and on whose future the livelihoods and prosperity of a great many Canadians, a great many companies, large and small, depend.

The very great emphasis this government places on developing the economy through expanding and diversifying our exports was, I think, again demonstrated in the recent announcement of my colleague, the Minister of State for Trade (Mr. Lumley), that the Government of Canada will provide funds to Canadian firms to match credit mixte terms being offered by foreign governments. We want to be able to match this where necessary to enable Canadian firms to meet more effectively international competition in export markets.

I seem to recall and I stand to be corrected about this, that it was not too long ago a Liberal government introduced a bill to increase the lending and insurance levels of the Export Development Corporation, the Crown agency which is now administering the new credit mixte as well as our other export financing program. I stand to be corrected, but did not the hon. member opposite cry loud and long that the activities of the EDC should not expand, but rather that they should be curtailed? Fortunately for Canadian business and Canadian workers those arguments were not accepted, and the Export Development Corporation is able to operate as a result of our recent announcement even more effectively in the interests of Canadian exports.

The same is the case with our other programs, the program for Export Market Development and the Trade Fairs and Missions Program, the funding for which we announced a few weeks ago would be substantially increased over the next three years so that more than $50 million will be made available to assist Canadian companies in their export efforts. For the most part these will be small and medium-size companies taking their first steps toward export.

Of course the other side of the export development coin, and equally important to a successful industrial development strategy, is what many people call import replacement.

I think of pre-eminent importance in this regard are the various funded programs we administer to assist Canadian businesses to develop new products, to expand production of products for which there is a growing domestic and foreign demand, to introduce new production technologies and, over all, to enhance the capacity of our manufacturing sector to produce the high quality, competitively priced goods Canadians want to buy, as well as to improve our efforts in export markets.

Let me give the House some idea of the extent of the government's effort in this area. I recall that in answer to a question last fall by an hon. member belonging to the official opposition, I pointed out that in 1979 close to 30,000 projects involving mostly smaller and medium-sized businesses were provided with assistance in excess of $1 billion through programs administered by the Department of Industry, Trade and Commerce, like the Federal Business Development Bank, the Small Business Loans program, and the Enterprise Development Program. These programs are operating at similar levels this year in the interests of thousands of smaller and medium-sized Canadian businesses and their employees.

Yet there is still a great deal more we are doing to help companies expand the quantity and range of their products and so in many cases replace imports. For instance, as part of the new $350 million Special Industry and Labour Adjustment Program, there will be a new panel of the Enterprise Development Program through which expanded assistance will be made available for new industrial initiatives that do not fall under the existing programs I have outlined. Aside from funded programs, we also intend to use other policy and administrative mechanisms in increasingly innovative ways for the achievement of these kinds of important industrial goals.

One of the best recent examples of this is a program that has not received much fanfare, but is important all the same, the Front End Loader Duty Remission Program. This will result in several major manufacturers of this important type of construction machinery establishing plants in Canada which will not only exclusively supply the Canadian market but overseas markets as well. We estimate some 1,200 new jobs will be created. Although essentially administrative programs such as this do not always receive the kind of attention they deserve, I believe they can be very important instruments for securing world product mandates, reducing our relative dependence on imports, and fostering new economic activity.

There are other things I could talk about to show what we are doing with regard to our comprehensive and realistic approach to stimulating a dynamic and regionally balanced national economy.

There are fundamental elements, such as the sound framework announced in the budget of October 28 and the commitment then made to increasing federal expenditures on economic development over the next four years by some 22 per cent, quite apart from the restructuring program I have been talking about. There are policy elements such as the government's oil pricing policy which will keep domestic oil prices sufficiently below world levels to assure a sustained competitive edge to Canadian manufacturers. There are program elements such as our new Special Industry and Labour Adjustment Program, all measures aimed at enabling the industrial benefits of major projects development to accrue to companies and workers in Canada. Also, I think we have to work to develop measures to ensure the compatibility of the performance of major private sector entities with our economic goals as well as action to enhance the ability of government to use its purchasing power in ways that bring real industrial benefits.

I want to conclude by dealing briefly for a minute or two with the main element of my hon. friend's motion. I want to say that I believe there are times when the combination of the enormous costs of a business failure to workers, the communities in which they live and the entire economy, as well as the very real prospect that temporary and limited assistance from

government can restore within a reasonable period of time an enterprise to full participation in the economy on a healthy and profitable basis, are such that serious consideration must be given by the government from time to time to providing limited and specific measures of temporary help.

● (1300)

I need about a minute more, Mr. Speaker, and I wonder if I could have the permission of the House to conclude my remarks.

Some hon. Members: Agreed.

Mr. Gray: In each situation the government's evaluation and decision should be made in the light of the unique facts of that particular situation. However, at all times I believe a major criterion must be whether through its assistance a company can be restructured to supply the kinds of products that will be demanded in the 1980s and 1990s and to provide the kinds of jobs Canadians want and deserve.

In addition, as distinct from the simplistic and, I might say, foolish approach implied in the hon. member's motion, I do not believe federal and provincial governments should always ignore companies simply because, even though their employees are Canadians, their suppliers are Canadian businesses and their production takes place in Canada, they are not at a particular point in time Canadian controlled.

Mr. Stevens: What is the Toronto *Star* going to say now?

Mr. Gray: Along with almost everyone else in this country, I believe we have to be concerned primarily about Canadian production and Canadian jobs and, because of this concern, direct our efforts to building a strong and healthy Canadian economy. We are doing this in the context of the development of a comprehensive industrial policy framework. I am confident that our objectives and our efforts will result in solid achievements in the interests of all Canadians in all parts of Canada.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. It being one o'clock, I do now leave the chair until two o'clock at which time, I might indicate to hon. members, it would certainly be a great relief to the Chair if I could come back either as "Madam Speaker" or "Mr. Speaker", but not both.

At 1.02 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I read the motion put forward this morning with some considerable interest. I could not help thinking, as I listened to the debate by members on both sides, of the inconsistency of the Conservative position and the lack of understanding on the government's behalf. I think the minister has reached a point where he no longer serves a useful purpose. Not only does he stand in his place and make inane comments about the economy and the way in which it might or might not develop, but he does not even have the common courtesy to come back to the House and listen to other members' comments. It is typical of the minister that he holds for himself all truth and virtue while he never recognizes that other people may have something of value to say. I am speaking not only of myself but other members who have participated in this debate.

● (1410)

I wish to begin by saying to you, Mr. Speaker, that it concerns me when people speak with such gloom and doom about the future of Canada. I happen to believe that Canada is probably the best country in the world. We have available to us what almost every country in the world would gladly give anything to possess. Yet, for reasons which have escaped me over the years, we have managed to mismanage all of the natural attributes of Canada. Other nations which come to us to obtain natural resources, or which go to the Middle East for energy, are able to cope in a much more progressive way.

I can only assume that one of our difficulties is the way in which this government approaches the problem of industrial development, the proper utilization of our resource base, the deployment of our manpower base, the way we would like to see our secondary manufacturing develop, our commitment to export and the understanding that we should be meeting the domestic market requirements of this country from within this country.

When I listened to the minister respond, all I heard him talk about was more expenditure by the government, more handouts and more involvement. I do not object to the involvement, but I think concurrent with government involvement in the economy must surely be some commitment in the public and private sectors toward working in a co-operative fashion. They must work toward some goals. I think a goal which might be useful to establish for Canada would be the goal of full employment. People say to me that you cannot have full employment, but that is absolute nonsense. Of course you can have full employment. Of course you can have jobs for everyone. But first you must determine that it is your primary goal.

To this point in time we seem to have established goals based on carrying a significant number of Canadians on the unemployment rolls as a matter of principle. I suggest the government would do well to reconsider that principle and to begin a process of analysis. First of all, there is no analysis. There is no indication of an analysis of the problems which confront this country. There has been no analysis of our potential. There has been no clear identification of our strengths and our weaknesses. There has not been any plan of action developed in order to utilize and harness the potential of Canada for the common good. There have been no attempts to try and make this the kind of country which will be the envy of the world, both in economic and in social terms.

Since there has been no such action taken, and since everything we hear of is piecemeal, ad hoc and meeting immediate problems of an emergency nature rather than planning for a better future, all I can assume is that the government has neither the will nor the desire to see in place the kinds of co-operative undertaking which I believe can be realized in this country.

Initially, I think we must stress a sense of responsibility, both in terms of government and the corporate sector. We must say that this country demands of all its component parts a commitment to it. I suspect that has been one of the main stumbling blocks which we have faced. There has been very little in the way of commitment to Canada and its future.

What we are talking about in this debate is an industrial strategy and the development of such a policy. I know this means different things to different people, but one thing I am sure about is that it ought to have been implemented ten years ago. Since it was not implemented then, that should not stand in the way of implementing it now. We should establish some short-term goals. We all understand that short-term goals to meet emergency situations are expensive, but they must be seen to be and understood to be short term. It must be seen that they are bridging a gap which has been created, in part, by world economic downturn and in part by a lack of adequate management and responsibility right here at home.

We must then overlay that concept with some long-term goals so that we avoid falling into the same pits we are digging ourselves out of today. Long-term goals would enable us to avoid the problems of having to bail out companies and providing short-term assistance year after year so as to derive some long-term benefit from the natural assets we have in this country.

We must first identify our strengths. One of our main strengths is that we have somewhere between eight million and nine million households in this country. By most standards that is a large domestic market. It is a market which must be served by Canadians. It must be nurtured and maintained so that the Canadian manufacturer can put his products into the marketplace for sale to Canadians. Then we must look at the export markets of the world and identify clearly those areas where we want to assist in the growth of those markets, in trading with them and providing for them, from our expertise, and buying from them in accordance with their expertise. I know the minister of trade has been working on this process.

I want to make it clear that I have absolutely no objection—in fact, I agree, unlike the mover of the motion—to there being public sector involvement. I also want to make it clear that public sector involvement cannot simply be the public sector underwriting the risk for the private sector. It cannot simply be handouts for the sake of maintaining something which is, in itself, not able to sustain itself in the marketplace.

If the public sector is to become involved, I think it must become involved in the same way that anyone else would become involved, through an equity position for the use of public funds. We would take the risk but we would also derive the benefit, where there is one. I suggest if the government were serious about its approach to this problem then that is where it should begin. That is where it would have started with Chrysler, as I suggested a year ago. That is where it would be going with Massey-Ferguson, as I suggested not long ago. That is the government's role, encouraging public involvement, but in a way which guarantees the taxpayers that if there is to be success, then that success will yield benefits to the Canadian taxpayer beyond simply the jobs which would flow therefrom.

As I said when I started, Canada is second to none in the world. We have everything available to us. It is mind-boggling that we should be looking with envy at Japan, West Germany or other parts of the world and saying, "My God, don't we wish we could be like that." I don't want to be like that. I want to see us take what we have here and build on that. I want to see us create an industrial environment here which will utilize all of the strengths we have. That is where industrial development starts. We have natural resources, depletable, non-depletable, non-renewable and renewable. We have them available to us.

• (1420)

We should be using these resources to build our society rather than shipping them out of the country. We have energy available in all its various and many sources which is capable of meeting our needs now and in the future. We should be using that energy to build the base upon which future generations will survive. The manpower of Canada is well educated, trained and capable and, contrary to what is said by some, is the equal, if not better than the manpower of many countries of the world. If only there were jobs and markets for the goods they manufacture which would utilize the full productive capacity of the companies at which they work, rather than operating at 80 per cent and 75 per cent capacity.

We have educational facilities to train and retrain people, to educate people to live together harmoniously and co-operatively. We have a financial structure, albeit conservative, which is strong. There is no need to borrow outside this country in order to make ends meet. We can do it on our own if we feel the urge and the necessity.

With those characteristics and others, there is no explanation why Canada does not have in place an industrial development strategy which reaches from coast to coast and gives opportunity to Canadians, no matter where they live, to take the very valuable resources of this country and develop them in Canada for the use of Canadians both now and in the future.

What are the problems now that we have looked at the attributes and benefits which are naturally ours? The problems are many. We face interest rates which are much too high because they are dictated by outside influences. We face a lack of direction in energy policy. Canada is spending hundreds of billions of dollars to find the last drop of oil. I wonder what that last drop of oil will be worth when it is finally found. Instead of using significant numbers of these dollars to develop renewable energy resources and instead of

spending money to remove our current dependency on oil, what does the government do?

Perhaps the largest drawback to the development of an industrial strategy for Canada is foreign control over our industrial sector. The government cannot really get into exporting or directing, even with an industrial strategy, the growth of this country as long as the major decisions are made outside Canada. We must change this situation. We must insist that, even though the companies are foreign owned, the control and decision-making processes be conducted in Canada for Canadians while at the same time the companies are free and at arm's length in order that they can seek world markets for their products, thereby utilizing Canadian expertise.

We have an auto industry which is without a parts manufacturing sector. Why; because the government has failed to take action over the years to insist that the component parts be manufactured here in Canada. We have a farm community which is suffering at the hands of the banks and the other financial institutions to the point where bankruptcies are at an all-time high. We have a small business sector which cannot afford to carry the kind of inventory which it requires in order to be competitive in the large business sector. Why; because interest rates and carrying charges are too high and small businesses cannot afford to pass on the cost to the consumer. Therefore, the small business either absorbs it or cuts back on inventory, thereby becoming less competitive.

The average income earner in Canada can no longer afford the cost of housing. We no longer build houses for average people, although the material and labour are available to do so. The common thread which runs through all these problems is interest rates. They drag one down. Average house prices and mortgages today are too high. The carrying charge for interest alone ranges upwards from $8,000 a year, and the average income earner who takes home $14,000 a year cannot afford it.

We are faced with the situation of government renegotiating GATT with its adverse effects on many of the fledgling industries which are attempting to develop. We must be careful that we do not give away everything just to be the nice guys in the international community, which displays a set of rules by which it supposedly works. There are the rules which apply behind the scenes. While on the one hand Canada has many positive features which can be used to develop this country, there are a number of negative features. However, none of them are unmanageable. The problems can all be dealt with in an appropriate and careful fashion if one takes the initiative.

We do not need miracles; we need desire. We can build houses. In so doing, we create employment, not only in the housing industry, but through the building of those components in machine shops and factories which are necessary to make a house a home. We can stimulate consumer demand in such a way that the product which we are capable of manufacturing is purchased in the marketplace. Although it is difficult, we can control interest rates to Canada's benefit if we desire to do so. We can take steps to ensure Canadian control over foreign subsidiaries.

As a matter of practice, the government should canvass our industries for purchasing purposes. Not only can we find and develop alternative sources of energy, but the government can spend what must be spent to ensure that we have proper insulation programs. Considering all the work which would flow across the country from such programs, it is hard to imagine the extent to which we can go. We can produce our own mining equipment. There are so many things we can do, if the government thinks they are worth while.

We can create an atmosphere for corporations, small businesses and people which speak positively about the future and building of Canada based on its strengths. All this takes government direction, government commitment and a sense of co-operation which to this point in time has been lacking. It takes an understanding of the strengths and weaknesses of the country in order to utilize those strengths and to eliminate those weaknesses. We do not need this piecemeal attitude of the minister or the shrug and throw-up-your-hands attitude of the Prime Minister (Mr. Trudeau) when he says, "I can do nothing about it. We have to carry on the way it is."

If all the sectors of this country work together, we can create a much better Canada and a much better industrial strategy. The government must become involved, and that is why it is important to take part in this debate today. I still hope to see the government develop a sense of what is important about this country and its future.

• (1430)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I am very pleased to be able to participate in this debate today. I think we will learn in a very real way what the major distinctions are in the economic policies of the three parties in this House. I do not say that in any partisan or pejorative way; I just say that we will see the differences in them. After listening to what was said by members of the opposition parties and by my colleagues about economic policy, the things that are wrong in our country, and what needs to be done to put them right, I think I can say that we have finally reached a point of recognizing the differences in the philosophies of the three parties.

I suggest that the differences can be summed up in this way: the Conservative party says, effectively, "Go out and do it yourself"; the Liberal party says, "Can we give you a hand to get the job done?" and the NDP says, "Get out of the way, we are going to do it for you." It seems to me that those are the distinctions.

If hon. members will listen to what is being said today and mark the distinctions made by the Conservative Party and the NDP, I think they will agree that the foregoing is not a bad summation of the differences between the three parties.

Mr. Stevens: What about Petrofina? Is that what you mean by helping?

Mr. Evans: I must be saying the right things, Mr. Speaker, because they are riled up.

The motion stands in the name of the hon. member for York-Peel (Mr. Stevens). I have worked with the hon. member on economic and financial matters for some time and have come to like him although I do not necessarily agree with everything he says. At an economic conference I attended once I heard someone say, "I agree 95 per cent with half of what you say and 105 per cent with the other half of what you say but that in no way implies that I agree 100 per cent with everything you say."

Now, I should like to go through the motion in an effort to understand precisely what is being said by the hon. member. In all honesty, I must say that I think it is one of the most outstanding pieces of rhetoric ever put before this House in the almost two years I have been here. Let me take it one point at a time. It begins:

> That this House condemns the government, and in particular the Minister of Industry, Trade and Commerce, for concentrating unduly on the bailing out of big, foreign corporations instead of on the implementation of a desperately needed industrial development policy,—

I listened carefully to the hon. member's intervention at the outset of the debate and I had a hard time understanding his definition of an industrial strategy. I think it was, "Go out and do it yourself. Get the government out of your way. Don't let the government intervene in any way, shape or form." Is that an industrial strategy? I do not know if I am correct, but from what I heard today and from what I have heard in the past, I think that is what the hon. member was putting forward as an "industrial strategy".

The first point the hon. member raised was "bailing out". He mentioned the case of Michelin and said it was a bail-out of $45 million. He can nod his head to indicate yes or no, but I think he implied that was something we should not have done. He indicated that because we bailed out Michelin—and I do not agree with his definition of bailing out, but we will use it for the moment—the Ontario tire industry was having a great deal of difficulty. I suggest that is not entirely correct, Mr. Speaker.

The reason the Ontario tire industry is having difficulty is that it has not made a conversion to radial tires and the demand for the product being produced has simply evaporated. Michelin has produced radial tires for many years and is retooling and expanding its plant in the maritimes in order to produce more tires, not only for Canada but also to meet the demand in the world market. It is meeting a market need. It was not the bail-out that caused difficulty; rather, it established an industrial structure in the maritimes and enabled Michelin to compete worldwide.

I find it strange that such government intervention should be condemned. It seems to me that government intervention in the industrial sector should help industries that have a future to structure for that future so that they will be competitive in domestic and world markets. Certainly the funds provided in the Michelin case enabled a company to expand and become competitive in the world market by any standards. We hope that the same kinds of industrial restructuring will occur in the tire industry in Ontario and that it, too, will compete on the world market. I disagree with the hon. member's remarks about Michelin being a gross, unfair, unrealistic and stupid bailout. It was not.

Mr. Rose: It was not a bailout; it was a handout.

Mr. Evans: The other matter that the hon. member for York-Peel referred to was the $40 million given to Imperial Oil. That was a very interesting case. We all know of the difficult situation that exists between the province of Alberta and the federal government and the negotiations that are going on. We all know as well that Imperial Oil has plans to move on the tar sands development. We also know that if we had not put up that $40 million, there could have been a deterioration in Imperial Oil's ability to go ahead with the tar sands project once the political difficulties were ironed out. If that investment will ensure that the project can go ahead when the political negotiations are completed, then it was a wise investment and I think the future will show that it was.

Now we are being condemned because Petro-Canada has bought Petrofina. We have heard this time and time again. When Pacific Pete was purchased we heard exactly the same thing, yet I doubt if any financial analyst would tell this House or any other place today that Petro-Canada's purchase of Pacific Petroleum was a mistake.

If those hon. members who know something about financial analysis examine the takeovers and mergers that have occurred in the last four or five years, they will find that an average premium over market value prior to takeover was in the range of 30 per cent to 35 per cent. The price of Petrofina prior to the takeover, not last summer but after a great many events had occurred—

Mr. Stevens: Forty-two dollars.

Mr. Evans: The hon. member says $42. The price was $87.50.

Mr. Stevens: After the run-up.

Mr. Evans: The price was $87.50 so a 30 per cent or 35 per cent mark-up would bring it to around $120. The hon. member for York-Peel is an astute financial man, so he will understand that if you are going to buy a firm and get control of it, you have to pay a premium. I will let history be the judge of whether Petrofina is a good investment for Petro-Canada and the people of Canada. I am convinced that it is. History will show it was a very wise investment of Petro-Canada on behalf of the people of Canada.

• (1440)

There are other areas where the federal government has played a role in the restructuring of industry which the hon. member did not mention. For instance, the Canadian forest industry mentioned earlier by the Minister of Industry, Trade and Commerce (Mr. Gray). The Canadian government was involved heavily in providing capital for the restructuring and

revitalization of the Canadian forest products industry. That industry is now in a position to compete effectively worldwide. I did not hear the hon. member decry and condemn that particular government intervention.

What about the intervention and the incentives given by the federal government to the Canadian steel industry? By anyone's estimation, we have one of the most competitive steel industries in the entire world, including Japan. It is much more competitive than the American steel industry. Ours is highly efficient with all of the new technology which is partially a result of government intervention and incentives. I did not hear the hon. member for York-Peel decry that as a bailout. Perhaps at the time that is exactly what it would have been called, a bailout of the steel industry.

Mr. Deans: When did you do that?

Mr. Stevens: Specifically, what are you getting at?

Mr. Evans: By putting forward those incentives over the years it has allowed the industry to restructure itself and become competitive on a world scale.

Mr. Deans: That was available to all industry.

Mr. Evans: The hon. member says that was available to all industry. I think he is effectively making my point for me. The hon. member for York-Peel, if he calls bailouts more than just cash, or if he talks about tax incentives as a bailout or any kind of economic incentive—in other words, the taxpayers of Canada participating with industry—has to admit that those kinds of incentives provided by the government have led to some spectacular improvements in industrial efficiency.

With respect to high technology, the minister spoke earlier about the $27 million grant in increased assistance which has been given to Telidon. He spoke about the incentives given to Mitel. I believe the figure for Mitel was $40 million. Correct me if I am wrong.

Mr. Stevens: And they are going to Wales.

Mr. Evans: The hon. member says, "they are going to Wales". The company is going to Wales to break into a very large and lucrative market in Britain, but it will be a Canadian company.

Mr. Stevens: Employing the Welsh.

Mr. Evans: I would have to question the hon. member's motives. Is he saying that our companies should not compete worldwide? If they should not compete worldwide, then would he say that we should not have foreign corporations in Canada? If that is the case, is he going to support FIRA holus-bolus and unequivocably?

Mr. Stevens: Margaret Thatcher thanks you.

Mr. Evans: I think the hon. member makes his own case when he needs to make his case, and denies everything that relates or flows from that case when someone else points out the holes in his logic. In the motion which the hon. member has put forward, we see the contention that the government's action has led to the devastation of small business. I would like to see evidence of that.

Mr. Stevens: Six thousand, five hundred small businesses went under last year.

Mr. Evans: The hon. member says "Six thousand, five hundred small businesses went under last year". But 20,000 new ones were started, Mr. Speaker.

Let us get serious about this. Mr. Bulloch, the head of the Canadian Federation of Independent Businessmen, has said with regard to the extension of the Small Business Development Bond that this is a very good move for small business in Canada. Mr. Bulloch has not been putting forth comments that government policies have devastated small business. With regard to the energy program, Mr. Bulloch has indicated that energy prices should go up faster, implying perhaps that the National Energy Program is protecting his constituents—small business—too much. I do not see the evidence of the devastation of the small business community, which is mentioned in the motion put forward by the hon. member.

The hon. member made the point that there is no direction of thought for industrial innovation. I would suggest that that is not true either. I would suggest there are other kinds of problems in the area of research and development and innovation in this country which do not relate to the level of government incentives.

I just had a study completed for me relating to international research and development incentives. In other words, I wanted to find out what other countries do to promote research and development and innovation in their countries. My thoughts before the fact were that we would find other countries had large tax incentives, that there were major grants being given to research facilities and private firms. However, we found just the opposite.

Mr. Stevens: Take a look at Ireland.

Mr. Evans: The hon. member says take a look at Ireland. I would suggest that there are probably other countries which have more effective R and D than the one he has just mentioned. Let me point out a few things perhaps for the edification of my colleagues. In the concluding remarks of the study we find:

> Other European and Scandinavian countries have less intense programs of R and D, but share many of the basic instruments for its promotion, chiefly, in the government sector, large agencies and institutes—

That is government intervention. The conclusion continues:

> —of concentrated research and programs of subcontracting R and D work to private laboratories; and, in the private sector, each country has its own high-technology export industries—

That is government supported. The Minister of Industry, Trade and Commerce mentioned the Export Development Corporation. I think he also mentioned, quite correctly, that the hon. member for York-Peel disapproved of that when

export incentive programs were put forward. To continue with the conclusion in the report, it reads:

—for which the market has rewarded high levels of industrial R and D.

In the first part, it is very interesting to point out that none of the high performance countries—and I should direct this to my hon. friend for Hamilton Mountain (Mr. Deans)—in the area of research and development has worries or policies regarding the location where multinational firms choose to undertake their research. We do, or we should have because of the branch plant nature of our economy. There are countries, some with populations as small as Canada and some smaller that do not use those policies.

Mr. Deans: They do not live immediately adjacent to the head office.

Mr. Evans: The hon. member is pointing out some things I am sure we will want to hear about either from his colleagues or at the end of my speech, if he wishes, he can raise some questions.

Another interesting point raised in the study is this:

Conspicuous by their absence among foreign incentives for invention and innovation are significant tax measures designed to have a major effect on the level of R and D undertaken in each country.

In other words, the kinds of policies we hear being called for in the House by some hon. members, such as for major tax incentives to stimulate R and D and innovation, are policies simply not adopted in the rest of the world.

The French government was very concerned about the level of R and D and innovation. It examined tax incentives and other things. In fact, the French government rejected tax incentives because the French came to Canada to look at the very generous tax incentives that we have here for R and D, and returned having decided they would not work.

There has to be much more fundamentally wrong with R and D and innovation in this country than simply the existence, or lack thereof, of government tax incentives. We have a very good incentive system for R and D.

I have a few points that I want to put on the record for hon. members' consideration. First, the countries leading the world in R and D generally have educational systems where science is vigorously promoted even at the primary school level and through high school years. We all have to admit that is not the case in Canada. I think all members will have to agree that it certainly is not an area where the federal government can do very much, unless we would like to see a constitutional intervention into an area of provincial jurisdiction. We have to work on that. That is a problem which we all have to work on together, federally and provincially. It is a problem which I think we will have to come to grips with very quickly.

● (1450)

Secondly, most of these countries have large scale programs for the diffusion and transfer of information ranging from data banks to institutes where basic innovations are developed for commercial use. Again I think the innovation and research and development area is an area where the Liberal philosophy has been a philosophy of saying: Let us give you a hand, let us work together, and it is the one that will work, because the evidence seems to indicate that that philosophy and approach is working throughout the entire world. These are the things we are putting forward, and the things I believe the Minister of Industry, Trade and Commerce will be putting forward as an industrial strategy. This will be a co-operative strategy, not a full-fledged private sector strategy by itself, and not one that suggests the private sector should get out of the way and let the government do it. It will be one that shows co-operation and one in which there is some hope of success in light of what we have seen in other parts of the world. Thank you very much, Mr. Speaker.

Mr. Gordon Gilchrist (Scarborough East): Mr. Speaker, I will not say I am happy to be taking part in today's debate of condemnation of government policy on research spending. I do not suppose any concerned citizen would be happy to be condemning the government in which he has put his trust, but I am content to take part in it, and I am intrigued to follow the hon. member for Ottawa Centre (Mr. Evans), having listened to his definition of the philosophies of the three parties, and how they would help Canadians to accomplish even more than they accomplish today. We do accomplish a great deal today and we would not stand in the way of anyone who wants to endorse the announcement of the government of help for Telidon. That is the kind of thing that perhaps could have happened earlier, before Telidon ran into marketing problems in the United States. Comparing the $27 million to the $100 million France is putting into their project, I think this may be another case of too little and perhaps too late, but we will hope for the best.

The philosophy the hon. member espoused was one in respect of which I noticed that two of the parties would have government involvement in the private sector. "A helping hand", he said of the Liberal philosophy, and a "government takeover" if it was the NDP. Perhaps government involvement would be good in the private sector, as the hon. member says. Perhaps he can get the Post Office people to take their expertise into the private sector and we can then really get this country bunged up tight.

Another point he mentioned was the value of Canadian Petrofina prior to the government's intervention and helping hand in the oil industry, something which should make a good joke out west. Let me point out to the member that a year ago the value of Petrofina shares was $50. That is about the level the public thought the value should be. It has not done anything as a company since then to greatly enhance that value. The only thing that has changed has been the federal government's interest in acquiring it. Everyone who owned shares, of course, got interested and excited. The value went up to $60 last September, and to a $70 range in December, and that is less than one quarter of a year ago. In January shares were $87, but our government saw fit to offer $120, more than double the value of the company's shares. Whether you agree with that or not, I expect soon to hear the Belgian

government giving its Belgian croix de guerre to our Minister of Energy for having retired their national debt while he added to ours.

Some hon. Members: Oh, oh!

Mr. Gilchrist: The last point the hon. member made was that the federal government could do nothing to help the educational aspects of science policy and that, of course, is a complete cop-out. I will get to that later.

There was an interesting article in the Ottawa *Citizen* today to which perhaps the hon. member will allow me to refer. Let me get to what I really wanted to talk about.

I have no difficulty in supporting my colleague, the hon. member for York-Peel (Mr. Stevens) in his motion condemning the government on its research, science and industrial policies. Nor would any concerned Canadian who has taken the time to look at the facts; absolute unassailable facts, Mr. Speaker, of the economic decline of this nation and the inept government of the past 13 years, to be specific. That is the time at which research spending levelled off. Up till then we were doing a pretty creditable job, when Mr. Trudeau came on the scene.

My problem in trying to support the motion is to find out which issues to talk about and which ones to leave alone, there is such a plethora. I could deal with the most serious consequence to the Canadian people, the loss of jobs about which we have talked at some length here today. I could talk about high unemployment and the relative high unemployment of this government in a year of office compared to only six months of the past government which virtually doubled the rate of job creation.

Another aspect of Liberal neglect and mixed up priority which could be discussed at great length is the second-class status given to the small Canadian-owned businesses by government which offers millions of dollars a day to giant corporations like Chrysler and Esso, but fails to recognize the needs of the small business community which does not have the clout or the votes, and I guess thereby does not get the gentle helping hand of this Liberal government. Even now, a year after taking over, the small business loan legislation brought forward by the Conservative government has not been passed by this government but which has finally and maybe reluctantly agreed to extend in order to help small business. Of course we would applaud that.

The motion of censure really mentions the innovative capacity of our industrial sector being starved due to lack of policy, and it mentions the trade deficit in manufactured goods and brings to our attention the surrender of our domestic markets to foreign competitors. Inasmuch as that is my main bailiwick as science and technology critic, I think I will deal mostly with those.

All of the things mentioned in the condemnation are true. The trade figures which were so proudly released earlier this week showing a $7.9 billion surplus fail to tell the true story. Certainly the export figures are up, but they are off in manufactured goods, the kind of export product which has created jobs for Canadians. They are down $700 million, a deficit in total in manufactured goods of $17.75 billion. That represents $17.75 billion of foreign-produced goods bought in Canada more than we sold them, and that is the same number of dollars in lost Canadian jobs; jobs lost because of the blindness of Trudeau governments in the past 13 years which have failed the people of Canada whose trust they had. Those governments failed to invest the sums of money needed to develop the skills and technology which would have put Canada in the forefront of international trade. They failed to create real jobs in the goods-producing sector which would have earned foreign dollars. Instead, they have squandered the same number of dollars on LIP and FLIP, short-term artificial job-creation programs which are still continuing today but which will quickly vanish like Liberal campaign promises.

Do you think the government will ever come to its senses? Do you think it will ever listen to the concerted and unanimous voices of the science community, the academic community, the industrial community, all those people whose business it is to innovate, create, educate and develop the skills which produce the goods that pay for the jobs that raise the standard of living and develop the pride of accomplishment of a nation which has the resources, as my NDP friend said, and has the usable energy and the people with the intelligence to make this country great?

Do you think this government will ever listen to its own knowledgeable people like Dr. Larkin Kerwin, president of the National Research Council, who outlined a financial analysis of research projects completed by the National Research Council? Dr. Kerwin, like many other concerned scientists, knows that value of research in the creation of valuable, high technology jobs and in the generation of real wealth to the citizens and governments of Canada through the production of internationally competitive high-value exportable goods. He has described the benefits to Canada of modest investment in research returning three and fourfold the number of dollars in value, and in short order.

• (1500)

According to Dr. Kerwin, who analysed the years 1973 to 1977, during that period the National Research Council had undertaken about 450 industrial projects with about 230 Canadian companies. Ninety-three million dollars was spent or invested by the council on these projects. The industries concerned experienced, in short order, profits of $1.8 billion which, of course, were used largely to pay for Canadian jobs. They also paid out $350 million in corporate taxes on that money, and this gave the Government of Canada a return of $350 million within four years on an investment of $93 million. It was not only an excellent investment, but also a first-class means of stimulating the economy.

When hon. members opposite say we are doing things with Challenger jets, STOL aircraft, the Mitels and the Telidons, they simply make our case for us. They only fail by not doing enough. I believe this illustrates some of the gigantic pay-offs a

country receives from government investment in research and development.

New foreign sales cut into spiralling trade deficits. What a lesson we might take from that! Technologies, instead of non-renewable resources, are explored, and new jobs are created. Local and secondary industry grows and diversifies. Increased government revenues reduce hideous federal fiscal deficits. Depressed regions in Canada receive vibrant new incentives which release federal compensation funds for even more research and development, and more Canadians find jobs.

My New Democratic Party colleague talked about jobs. He talked about full employment for all Canadians being possible, and I agree with him.

Mr. Deans: Thank you.

Mr. Gilchrist: It is not only possible but also highly desirable. It is probably the highest political objective we could have.

Again I refer to the National Research Council on this matter. Dr. Kerwin has unequivocally stated that the spending of .5 per cent of the gross national product more on research and development would create 400,000 new jobs. That would mean the elimination of half the unemployment in this country. Just think of what could be accomplished if we spent 1.5 per cent or 2 per cent more on research and development. We would have no unemployment. We would be giving no gold watches at 65. We would be asking people to hang on for another two or three years. There would be too many jobs for Canadians to handle.

Research and development are part of the dual portfolio of the minister responsible. He has a second responsibility. Therefore, instead of getting the high priority it deserves, the research and development portfolio is getting only part-time action from a minister, who is not able to give his full attention to it because of his other portfolio, the environment, which is also important. To add insult to injury, the same minister is not even a member of the powerful cabinet committee on priorities and planning, so what chance does the desperately needed research and industrial development strategy have? What chance do young Canadians have for jobs or for years in active, dynamic Canadian businesses when we have ineffective ministers of industry, trade and commerce and science and technology? They are ineffectual and invisible. They are buried. They are lost under the smokescreen of constitutional clap-trap which, for a year now, has hidden hopeless ministers under hopeful flag-waving.

The kids who do not find jobs in careers will discover what really lies under that smoke, and the jobless waiting for Uncle Sam to cast a few crumbs our way and put a few Canadians back to work in factories which cannot compete with the United States factories will one day wise up to the dereliction of this Liberal government.

The Concise Oxford Dictionary has a word for the breach of faith shown by this government to the people of Canada through the huge and increasing annual deficits which this government has run up, the $15 billion or so a year right about now; the breach of faith to senior citizens, who retired with modest savings and who have watched those savings erode under 10 per cent or more annual inflation; and the breach of faith of the Minister of State for Science and Technology (Mr. Roberts), who made the greatest non-announcement of the year a couple of weeks ago with great pomp and circumstance at the board of trade news conference with a pathetic regurgitation of that old promise to increase research spending to 1.5 per cent of the gross national product by 1985, a figure which will not be met and which, even if it was, would be totally inadequate. There has been a breach of faith by a minister who manipulated words to imply greater effort and striving by the government but who did not admit until the next breath that the government's share would be less as a percentage of expenditures and that the private business sector, which gets that helping hand from the hon. member for Ottawa Centre, will get no help from the government to increase its research spending.

Then to reduce the government's credibility further, there is not the slightest mention of how all this was to come about. There was no mention of tax incentives. There was no mention of tax penalties for non-performance by foreign companies which like to keep their research and good jobs at home. There was no mention of grants. There were just hollow words. There were the same hollow Liberal words we have heard for 13 Trudeau years and which have turned this wonderfully potentially rich jewel of a country into the world's richest banana republic.

To get back to the point of the hon. member for Ottawa Centre about education, let me quote from this very day's Ottawa *Citizen*, which reports the betrayal of the entire scientific community of Canada by the scuttling of the five-year research funding program brought in by the previous Conservative government which this government and this minister said earlier in their term of office they would support and enhance. I would just like to read a little bit of today's item. It is headed "Scientists blast federal government for double-cross". It reads as follows:

> In what scientists consider the ultimate double-cross, the federal government has scuttled a major program for revitalization of university research and scientific training programs.
>
> The five-year program, run by the Natural Sciences and Engineering Research Council, was approved in principle last May amid applause from university, government and industry officials across the country.
>
> Designed to get Canadian researchers back to work and offset severe shortages of young engineers and scientists, the plan called for significant budget increases for the council until 1985. Despite reassurances the five-year plan would continue this year, however, it has been quietly sabotaged.

The last sentence says:

> "Never before have I seen a government announce with so much fanfare, a policy that it canned a month before," says Cowan.

What kind of government would treat its citizens like that? What kind of Member of Parliament would sit mute and sphinx-like while the Trudeau, MacEachen, Lalonde triumvirate, the three musketeers who cavalierly direct the affairs of

this country, are cutting and slashing the country into several parts? Is there no Liberal member with the courage to speak up for the economic reunification of Canada, instead of the constitutional severing of its parts?

Perhaps that is unfair. Even the Liberal member for Etobicoke-Lakeshore (Mr. Robinson) on December 18 last in this House called on his own minister to accelerate government investment in research to the 1.5 per cent it claims it will get to by 1985, and to do it right away. Is there no other Liberal conscience which rebels at the thought that it voted and lied about an 18-cent gasoline tax but now condones a 10-cent or 12-cent tax, which will go on forever, to pay for the purchase of what must be the dingiest collection of gas stations in the country? This will now allow the bureaucracy of the Government of Canada to get out of the offices and into the streets to compete with and put out of business the small retail gasoline station owners. Will nobody on the other side of the House rise in his place and deplore the spending of a billion and a half Canadian dollars, almost double the value of the company whose shares it bought? All that money is being sent to Belgium, when it could be used to create more Canadian jobs and find more Canadian oil.

● (1510)

It is clear that no one on that side will speak for all Canada, and that is a shame. With a government which is all speech and no action, with a Minister of Science and Technology and Minister of the Environment who speaks about increased research funding and job-creating while cutting back on the government's share, with a Minister of Industry, Trade and Commerce (Mr. Gray) who speaks of industrial growth and job creation while unemployment in industry continues to climb, even in his own constituency, one would think that a government which only speaks would at least speak for all Canadians. Is it any wonder my colleague moved to condemn this well-speaking, smokescreening and underachieving Liberal government, and I unreservedly supported the motion on behalf of all Canadians whose faith in their government has been breached? The word I looked up in the dictionary to explain the phrase I used earlier was "treason".

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased to take part in this debate on an industrial development policy. Of course, these words mean different things to different people. It seems to mean to some from whom we have heard today—let the private sector do as it wishes. But, this kind of laissez-faire economy ceased to be viable a very long time ago. To some rather trendy economists talking about industrial strategies, it seems to mean some kind of economic engineering. We have heard talk of picking the winning industries and dropping the losers, which often sounds as harsh as it sounds impractical, because a losing industry means unemployed people and, as the Prime Minister (Mr. Trudeau) once said, unemployed people are not a series of statistics but a series of individual tragedies.

In much of the talk we hear about developing high-technology industries, there is a remarkable lack of sensitivity to the many people who would be left unemployed and to the fact that many of these people are women with children and households who cannot—if a textile industry in Quebec or Ontario should close down, for example—easily move to Alberta or become employed in a high-technology industry.

When I talk about an industrial strategy, I think of a set of policies, of an orderly and integrated way of co-ordinating government policies and, above all, of a human approach with care for the ideals of social justice, for individual dignity, for safety in the workplace and for industrial democracy. Occupational health and safety must be a particular concern at the present time, because we are still losing far more days of work and industrial productivity as a result of illness or injury on the job than as a result of strikes. Unless there is a progressive sharing of the material wealth of society, unless there is active participation in decision-making by the workers who produce that wealth, we will not succeed and, perhaps, we would not deserve to succeed.

I should like to refer to one of the more promising initiatives which arose out of the study the government initiated a few years ago on various industrial sectors when government, industry and labour worked together in partnership. As one might have expected, the report indicated that umbrella organizations in industry and labour were less successful in relating to each other. For example, a meeting of the Canadian Manufacturers Association and the Canadian Labour Congress was not always terribly productive. But given a situation in which people with similar interests, such as workers and management from a particular sector of industry, got together to discuss the problems of that industry, ways of making it more productive and more prosperous, the members reported that they found more about which to agree than to disagree. Obviously this was because people in the same industry have similar knowledge and interests. A union leader can read a balance sheet as well as anyone else; he knows the product and he knows its possibilities.

The more formalized European type of three-way participation—industry, labour and government—may not necessarily be for us at this time. But it is quite clear that there is very active participation in a less formal way and that this can certainly be enhanced. The moneys which the federal government made available to the labour field some time ago for continued education are certainly being well used. This is increasingly resulting in well-informed and sophisticated labour leaders who have much to contribute to our future industrial development.

These people-oriented initiatives may not sound as glamorous as economists' talk of industrial restructuring and technological innovation, but nevertheless they can help turn the economy around.

I would like to refer to some other elements which I consider to be very important in a set of co-ordinated industrial strategies. The first element is energy, which has already been addressed by a number of speakers today. It is obvious that Canada has not only possibilities but reasonable assurances of security of supply for a long time ahead, which will attract

investors and will give us a competitive edge, as long as we make the best use of it.

The measures of the National Energy Program are designed to increase Canadian ownership and Canadian control. While we want to do this humanly, reasonably and responsibly, I do not think we need apologize for any of it.

Obviously the question of research and development is important, as is the entire question of supporting our high-technology industries which are the wave of the future. Telidon has been mentioned a number of times today and some of the measures the government has taken to assist Telidon, both domestically and internationally. For example, the Telidon service will be used in information programs of the Canadian government and in demonstration programs partially funded by the government. This type of demonstration, domestically, is important as a base for international sales, and we have seen recently one large international sale with the assistance of the Department of Industry, Trade and Commerce.

Among the best producers of jobs, perhaps now and in the future, are the small innovative high-technology businesses, the kinds which demonstrate evidence of entrepreneurship, while being small enough and local enough to use local labour and facilities. Our small business policy can assist organizations of this kind with loans and grants. Also the Foreign Investment Review Agency has a special policy for small businesses, which wish to invest in Canada, to reduce paperwork and to make simpler the process of approval or non-approval.

● (1520)

Obviously the question of export assistance is extremely important. Our overseas officials are becoming more involved in this issue so that our Canadian businesses have sophisticated assistance to penetrate overseas markets.

The whole question of infrastructure is a very important part of industrial strategy. With our large country, when one talks of infrastructure one immediately thinks of transportation and communication.

The question of the use of government purchasing power to assist Canadian industries is one which I raised as long ago as 1977 in committee. Since 1977 we have seen a tremendous number of innovations in this area. For example, we have seen government purchasing power used to help domestic industries by specifying two or three examples of office furniture or typewriters so that the company could have a longer production line and make economies of scale. With this base some of these companies have then been able to expand into overseas sales. There are a number of ways in which government purchasing power, which is quite considerable, can be used to aggregate the market and provide a domestic base which then allows a company to do other things overseas.

On the domestic front, one severe and continuing problem is in interprovincial regulations which effectively prohibit free trade across Canada. The federal government raised this matter in constitutional talks with the provinces, since we cannot have a strong Canadian economy without a national domestic market. We can only build a strong export trade from a unified domestic base. I am one of those who had hoped that in our Constitution we would have enshrined the principle of a common market across Canada. I am not without hope that, even if it is not enshrined in the Constitution, it will come into practice if we continue our negotiations.

When we do buy overseas, the area of industrial offsets is also one in which tremendous progress has been made. Ten years ago, if the government made a major purchase overseas, we did not seem to be able to organize an effective exchange, other than having some parts made here. But there has been a tremendous change since then. I was the parliamentary secretary to the minister of supply and services when the negotiations were ongoing about the offset program in relation to fighter aircraft. As recent announcements show, this is a much more sophisticated arrangement. In return for placing a large contract overseas, we receive, not a simple contract for making parts, but a transfer of technology so that jobs can be created in Canada and remain in this country long after the ordered item has ceased to be useful.

Increasing Canadian ownership is basic to all these things and crucial to our development. Unless we have more control of our economy we will again be watching profits drain off to other countries. I say this not in any spirit of recommending wholesale nationalization or attacks on our partners—we want investment in Canada and we need it; we want friendly relations with our allies and neighbours. But we also want investment in Canada to benefit Canada and not only benefit multinational companies which have no particular commitment to Canada. When a multinational company shows itself to be a good corporate citizen, when it is willing to do research and development in Canada and create jobs, it must always be welcome. We must not be afraid to be firm with companies which do not show any commitment to Canada. We have a long tradition of being fair and reasonable in our negotiations. I know that will continue. I think to that fairness and reasonableness must be added increasing firmness to protect our resources and our jobs.

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, I welcome this opportunity to discuss various important topics concerning industry, trade and commerce. Among other things, the Department of Industry, Trade and Commerce has the overall responsibility to further the growth, productivity, employment opportunity and prosperity of the Canadian economy. In light of the present condition of the Canadian economy and after more than a decade under a Trudeau government, the minister has his work cut out for him.

Canada is one of the few countries in the world which has the potential for energy self-sufficiency. This is an enormous plus for any country, but the energy policy put forward by the present government seems to be doing much to harm the goal of energy self-sufficiency in Canada. Business needs a sensible, stable and long term energy plan so that it can better provide for the future.

Canada is also very fortunate to have an abundant supply of resources in terms of both a variety of raw materials and human resources. In theory, we should have a strong economy second to none, yet this does not seem to be the case.

Countries such as Germany and Japan, which import substantial amounts of raw materials and petroleum for energy needs, have vibrant economies. Canadians ask themselves why. The answer is effective policy and planning and a desire by governments to look after their own countries and their own people first.

People respect hard-earned success and action in the face of challenge. Perhaps that is why more and more Canadians are losing respect for the present government, which has had more than enough time to design and implement some sort of effective and far-reaching industrial development strategy for Canada. We cannot afford to surrender our domestic markets to foreign competitors.

We see unacceptable rates of unemployment and inflation and crippling interest rates in Canada today. Nothing is more demeaning for a person who is able to work, who wants to work and who has a family to support than to be unable to find a job. The government should make the creation of jobs and a comprehensive industrial policy its highest priority, and it must not forget the importance of small business to Canada's economy. When our people are working and our plants are at capacity, then perhaps the government can direct its talents to other measures.

Canada is one of the largest countries in the world. We can go a long way in a north-south or east-west direction without ever crossing our borders. The government must start within Canada to solve the real problems affecting Canadians before it goes off looking for others. We need to ensure that industry and business in Canada survive, grow and compete to serve markets both in Canada and abroad. This goal is vital and basic. It requires immediate government attention. Small business needs help now, as it is a vital contributor to employment and the Canadian economy.

● (1530)

We must maintain and strengthen our domestic market in Canada so that Canadians have access to a variety of Canadian goods. The Canadian textile industry has some 1,000 plants located in most parts of the country and employs some 90,000 men and women. Together with the clothing industry, these two industries create total direct employment for some 185,000 people and add to the total indirect employment of another 300,000 people, accounting for total employment of some 485,000 people.

The textile and clothing industries are the largest manufacturing industries and employers of production workers in Canada. One out of every eight jobs in Canada, one out of every four jobs in Quebec and one out of every seven jobs in Manitoba are in these industries. Canada's textile and clothing industries shipped over $8 billion worth of goods in 1979.

In the primary textile industry the average establishment employed some 80 people and had average shipments of $3.7 million in 1977. Establishments vary in size, from a large number of small establishments, some 400 employing fewer than 20 people, to a couple of dozen establishments employing more than 500 people. Statistics for 1977 indicate that over 70 per cent of textile establishments had fewer than 50 employees and that some .6 per cent had more than 1,000 employees. The bulk of the industry's output is produced in establishments located in non-metropolitan areas with populations of less than 100,000. For example, the Celanese textile plant located in my riding of Hastings-Frontenac-Lennox and Addington employs some 900 people and is located in an area with an approximate population of some 80,000 people.

Over 60 per cent of clothing manufacturing establishments in 1977 had fewer than 50 employees, with only .5 per cent having employees in the 500 to 1,000 range. The bulk of the industry is in Montreal, Toronto and Winnipeg, with other smaller companies in small and medium-sized communities in Ontario and Quebec.

The textile and clothing industry is a very important source of employment for Canadians and a very important input to our economy. We must ensure that this industry survives and grows. The government must create a comprehensive industrial policy that looks hard at the needs and concerns of the textile and clothing industry.

We have heard stories to the effect that souvenirs such as plastic miniature Canadian mounties purchased at well-known tourist attractions are produced in countries other than Canada. I suppose if we carry this further and the Canadian textile and clothing industry is not given the support it deserves and requires, in the future it may be possible to see real mounties on Parliament Hill wearing real uniforms which are made in a country other than Canada.

Due to the external pressures of world trade and politics foreign suppliers could decide to turn off supply. We all know how cold the winters are in Ottawa. The point I am trying to make is that it is not healthy to allow Canadian industry to disappear. Canadian industry employs Canadians. The problem with increasing dependence on foreign goods is that without proper controls we could be signing the death warrant for our own industries. We may not notice this happening if it is gradual, but the fact remains that if it happens, we run the risk of being held to ransom by a monopoly of foreign suppliers. When all aspects of production, quality and quantity reside with others whose first interest is not the Canadian interest, that makes us economic prisoners and reduces our standard of living.

The government must ensure that Canadian industry is protected now and for the future. This will involve hard work and long-term planning. The Minister of Industry, Trade and Commerce (Mr. Gray) must show leadership, direction and support in getting Canada on its feet and on its way to restoration to a position of respect and strength, not on its way down the garden path where the government has been leading us in the past.

The textile and clothing industry is attempting to strengthen its position in Canada in order to prepare itself for the future.

This is a big job. The industry is becoming more capital intensive. For example, new equipment in the textile and clothing industry can require investments in the hundreds of thousands of dollars per production worker. To spend this kind of money to grow for the future, industry must be aware of and part of a long-range industrial strategy. The government must get into the act by providing the support and assurance necessary for this long-term planning.

Of major concern to the textile and clothing industry is the threat of low-cost imports from other countries. Total imports of textiles and clothing in 1979 amounted to some $2.5 billion. While 70 per cent of clothing imports are affected by quotas, Canada still imported some 170 million garments in 1979, which works out to some eight garments for every man, woman and child. Measured by weight, only some 41 per cent of Canada's 1979 consumption of textiles and clothing was produced by Canadian workers, while at the same time United States workers produced some 89 per cent of the consumed products in that country. Canada is one of the world's most open markets to imports of textiles and clothing from developed and developing sources.

Canada lags well behind the United States and the EEC in taking advantage of the international agreement which permits the limiting of textile and clothing imports from developing countries. Only some 7 per cent by volume of textiles are covered by these restraints.

Bilateral restraint agreements are international agreements between countries like Canada and "low wage" countries which set quotas on the import of certain textiles and clothing into Canada from those countries. Most industrialized nations such as the European countries and the United States have such agreements. Canada's existing bilateral restraint agreements are due to expire on December 31, 1981. This is of great importance to the textile and clothing industry in Canada since necessary high cost capital expenditures must be justified on reasonable expectations of continuing protection against "low cost" imports as well as an appropriate rate of return. Industry has generally been prepared to make such expenditures with an eye to whether or not the pay-back period on such costs does not extend beyond the import restraint period. Industry requires support and certainty for long-term planning. The government must listen to the concerns of business in order to foster necessary growth.

The federal government established the textile and clothing board in 1970. Its mandate was essentially to advise and make recommendations to the government on matters affecting the textile and clothing industries. The board's latest report was made public in the summer of 1980 after a very extensive review of the industry. Evidence was presented in the form of 150 briefs, and the board also held 132 private and public hearings across Canada. The board states in its report:

> Canada cannot continue to accept increasing quantities of textiles and clothing from "low cost" and state-trading sources. Such an approach would destroy government and industry efforts to maintain in Canada a modern, efficient and competitive textile and clothing industry.

In general terms the principal recommendations of the textile and clothing board in its latest report were that bilateral agreements and quotas should be extended to cover the period from January 1, 1982, to December 31, 1990, that there should be better administrative controls on imports from all countries, and that growth rates of imports of clothing from low-wage and state-trading countries be no higher than the growth rate of the Canadian market.

I urge the minister and his government to announce its decision on the board's report no later than March 31, 1981, so business can look with more certainty and support to the future and get on with needed investment and growth.

The textile and clothing industry is composed of small and medium-sized firms which are all vital to the continuation and vitality of the industry. The innovative capability of business and industry looks to the minister and his government for proper direction and support, which I hope will be forthcoming soon. Time is of the essence.

• (1540)

The Canadian Apparel Manufacturers Institute has reported that the Canadian shirt industry is in a desperate situation. Over 700 shirt workers in Quebec have been laid off or lost their jobs in the last year. This disclosure calls for quick government action on the textile and clothing board report and stresses the need for proper direction and support for an industrial strategy for Canada. The government should help Canadian business through any advantageous procedures available under the General Agreement on Tariffs and Trade and other international agreements. Someone has to stand up for the Canadian interest. Surely it is not too much to ask the Canadian government to do this.

I have been advised by the Canadian Apparel Manufacturers Institute that it is not asking for money to bail out its industry. It is asking that our elected representatives act in a manner consistent with Canada's international rights and obligations to support the continued existence of the industry.

The industry needs the help of the minister and hopes it will be forthcoming. The industry is not asking for the shirt off his back, but if the government continues with its present lack of direction and support, the shirt on the minister's back may not be made in Canada in the future.

I had the opportunity to visit with the plant manager and union representatives at the Celanese plant at Millhaven in Ernestown township and was encouraged to see the understanding and co-operation that exists between management and employees in their effort to expand their textile plant operations for the future.

I ask that the minister and his government show the understanding and co-operation that will support and encourage the industry to grow for the future and thus prevent further loss of jobs.

Canada cannot be allowed to sink gradually deeper and deeper into foreign control of our domestic market. Canadians must provide for Canadians so that we are in the driver's seat

for our future, and the government must help us drive forward, not backward. Its past and present lack of direction has turned us around.

The recently announced community program for economic development does not address the serious problems with which the textile and clothing industry is faced, but it cannot and must not be phased out because of the job implications. We need action on the part of government now in order to avert another Chrysler situation in Canada, where massive government financial aid is required. We need a proper climate in which to update and modernize.

Investment in new plant and equipment requires a proper climate in which to update or modernize, and only the proper attitude on the part of this government can provide it. The whole question of renewal of the textile and clothing sectors is one of the basic issues that should be addressed in an industrial development policy.

Textile companies are capital and technology intensive, factors that have created good working conditions and better productivity. Productivity has to be encouraged in any operation, especially in government.

Protection of our small domestic market is essential to our standard of living, and it is not too much to expect from our government.

I share the concern of many textile workers in my constituency that the recommendations made by the textile and clothing board should be implemented fully in order to ensure that Canada continues to have a healthy textile and clothing industry. Failure to act will result in massive unemployment in Ontario and Quebec and will have an extremely serious effect on the economy in the Kingston area.

Mr. Speaker, I ask the Minister of Industry, Trade and Commerce to support the recommendations of the textile and clothing board and implement them as soon as possible.

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of State (Trade)): Mr. Speaker, this is a rather long and somewhat complicated title to say out loud. In my opinion, trade, and especially foreign trade, is an essential part of an industrial strategy, and it is in this context that I rise today to give an admittedly brief but detailed outline of the initiatives taken in the last few months by the government to promote Canadian trade and Canadian export of manufactured products. Canadians may not always realize this, Mr. Speaker, but Canada is an exporting country. In fact, Canada's percentage of its gross national product allocated to export is the highest, or one of the highest, among our trading partners in the OECD. Mr. Speaker, Canadian exports represent 30 per cent of our total economic activity. And in spite of extremely difficult economic conditions in the last few years and on almost zero growth in real terms experienced by our trading partners in the OECD, it was reassuring to learn a few days ago that our economic performance as concerns exports had enabled Canada to increase the value of its exports by over $10.9 billion to $76.1 billion. Not only have we increased the value of our exports, but we have done so in nearly all sectors of economic activity. For instance, there has been an increase of $1.6 million in wheat export, an increase of $1.2 million in pulp and paper and newsprint export, and even an increase of $400 million in equipment export.

We can go even further by pointing out that, because of our privileged relationship with our neighbour to the south, our trade with the United States has accounted in the past for 70 per cent of our trade. It is therefore extremely comforting that more than two thirds of the increase in our exports, for a value of about $7 billion, during the year 1980 over the previous year can be attributed to our efforts to develop new markets or markets where our penetration was not as effective in the past, such as Japan, the Pacific rim countries and western Europe.

I refer to this because, although this privileged relationship with the American giant to the south must and will be maintained, it is healthy for Canada to find new markets, if only to take advantage of the major economic growth which the countries that I mentioned earlier will know during the eighties at a time when, according to the economic forecasts of international experts and agencies involved in this area, our more traditional markets will experience some stagnation or a very slight economic growth in the coming years. Thus, if Canada wants to continue to increase its exports and keep its traditional share of the international world trade, it will have to do so in new markets. Well, opening new markets is not as easy as it may seem, especially for Canada's small and medium-size businesses which are used to supply local or national markets and occasionally expand into the United States where conditions are similar to ours when it comes to trade practices, market trends and consumer habits. They feel it is very costly, complicated and seldom very motivating to fly across oceans and go knocking on doors of tradesmen in Hong Kong, Singapore, Kuala Lumpur or elsewhere where trade practices are different, where costs are very high and where the amount of time spent doing business prevents industry leaders from looking after their own operations back home.

● (1550)

That is why the Canadian government has offered incentives, and here I have in mind the program for Export Market Development which makes it possible for a small Canadian business to avail itself of a kind of prospection insurance, to travel abroad, and explore markets in an attempt to pick up sales orders. Trade being what it is, a businessman may or may not succeed, but should he fail he can at least hope that the Canadian government will repay him part of his expenses. I will be told that any businessman who wants to export should be able to pay his own way to secure new markets and, in principle, that is correct.

But unfortunately, because of traditions or through force of habit, small and medium-size Canadian businesses have been

reluctant in the past to jump into the unknown whereas, for instance, the great majority of exports from the federal Republic of Germany are channelled through such businesses. Other countries like Canada or France have shown a tendency to let the giants operate and to let major companies—often Canadian branches of multinationals—use their markets or their information facilities. Our companies would rather act as subcontractors or, as I said earlier, fill the needs of local markets. When economic activities elsewhere are such that each year they record a growth rate of 5 per cent 6 per cent or 7 per cent a businessman may be satisfied with that approach if he considers stagnant conditions back home. If any Canadian business, big or small, is to survive it must seek out markets to boost its sales.

So, Mr. Speaker, it may be correct to say that Canadian businesses ought to be able to open markets on their own, but reality is such that measures like the program for Export Market Development have been fully endorsed by the Canadian business community, most particularly by small and medium-size businesses. So much so that at the end of 1980 all funds had been spent and there was a mini-revolt among Canadian businessmen. Two or three months after the money was gone we had to get more for this program and that shows how popular it is, but what is a lot more significant is the fact that small and medium-size businesses have begun to show interest in export markets.

In reply to this request, the Minister of State for Trade (Mr. Lumley) announced on January 5 that the government would double the funds made available under this program as well as those made available for exhibitions and missions. What about exhibitions and missions? This is another program which provides assistance to small and medium-size Canadian businesses by increasing their exposure and showing their goods abroad without having to travel, to contact local agents, to move in line like a travelling circus loading and unloading their products, since it is the government which takes charge most of the time of the logistics when Canadian products of competitive quality are being displayed abroad. These programs make the export markets more accessible to the corporations which want to take advantage of them. They are quite popular. Even if we are not used to international trade fairs, and although a number have been held, there is one in Ontario for spare parts for cars. As far as I know, it is an approach which is largely used in Europe, especially in Germany and Great Britain. As I said earlier, this program is a tremendous success, so much so in fact that we have also doubled the funds for this program.

Third, an important aspect of Canadian exports deals with capital intensive projects. A parliamentary committee, and I shall come back to this in my closing remarks, is looking into that matter. However, outside the work of that parliamentary committee, Canadian businesses have had occasion in the past to explore the possibilities for Canada to export for capital intensive projects or what is commonly known as turnkey projects. According to their findings, whether they were dealing with turnkey or capital intensive projects, or big projects involving huge amounts of money, when otherwise competitive Canadian companies which had availed themselves of the advantages and services offered by the Export Development Corporation went abroad to offer their services, competing companies from other countries, especially France and Japan, enjoyed credit facilities through their governments that were so much better than ours, in the sense that all things being equal, or even occasionally the Canadian offer being superior, the credit terms offered by the buyer country were such that French or Japanese companies were awarded the contracts. What technique was used? That is known as a credit mix. What, then is a credit mix? I shall try to explain in a few words, Mr. Speaker.

Rates of interest are not the same in all industrialized countries. In Canada, they are, as we know, around 15 per cent; in the United States, 17 per cent; in Europe, depending on the country, they run from 9 to 15 per cent; in Japan, they stand around 7 or 8 per cent. So, with the case of a contract to export goods for a huge amount, since these goods often go to underdeveloped countries, or countries with insufficient funds available, part of the exports have to be financed. In most cases, government agencies do the financing; in Canada, the Export Development Corporation does it. So, in order to prevent government institutions from outbidding each other with regard to interest rates, developed countries have agreed never to offer a rate that is lower than a set percentage; at the present time that rate is 7.75 per cent. It is known as the floor rate.

Those countries with a national interest rate of 7.75 per cent do not have to grant any help to their local businesses. But a country like Canada, with higher interest rates through its Export Development Corporation, does have to provide guarantees to Canadian financial companies in order to bring down the interest rate to a level near the consensual rate. But there are always some shrewd types, Mr. Speaker, who find ways to thwart deals freely entered into by the parties. This is particularly so with the French who have developed and implemented a technique called joint credit. What is joint credit? The consensual rate is offered for the normally allowed part of the export guarantees, i.e. 85 per cent of a project.

On the other hand, a few months before, a minister has negotiated with the government of the other country a deal or a draft deal under the terms of which the French government undertakes to grant financial assistance to stimulate that country's economic development. Then what happens? For a given project, the French government will say: "If you accept the submission of the French compamy, we will provide the consensual rate of 85 per cent. And for the remaining 15 per cent, we will offer a preferential rate, either an interest-free loan or a loan with a minimal 2.5 per cent or 3 per cent

interest rate with such repayment conditions, say over a 20 to 25-year period, that the financing is brought down to 4 per cent or 4.5 per cent." That is how it is possible to overtake competitors offering 7.75 per cent.

Canada has been fighting for years—I will conclude in just a minute, Mr. Speaker—to get OECD partners to comply with consensual agreements. Unfortunately, we have not been as successful as we expected. That is why on January 5, the Minister of State for Trade announced that Canada would no longer let itself be outwitted in such a way and that where a foreign government supports in this manner a foreign company bidding for a contract for which a competitive Canadian company is also bidding, the government would meet up to a maximum of $900 million in business not in grants over the next three years, the conditions offered by the foreign government.

That provides a terrific opportunity for Canadian firms to finally compete on an equal basis and on an equal footing with foreign companies that are supported by their governments.

I see that time is flying and that I will not be able to discuss the parliamentary committee on the establishment of a national trading company. Perhaps some of my colleagues who are here today will touch upon this subject. In any event, this is one of the government's latest moves, to ask a parliamentary committee, a task force, to examine the additional technical support that could be offered to small and medium-sized businesses in order to encourage them to move onto the export market. That clearly shows, Mr. Speaker, that there is an actual willingness on the government's part to encourage Canadian business on the commercial and export levels through all available means.

• (1600)

[*English*]

Mr. John Thomson (Calgary South): Mr. Speaker, I am disappointed that the hon. member for Ottawa Centre (Mr. Evans) is just leaving as I wanted to make a remark or two about his comments concerning the acquisition of Petrofina. I thank the hon. member for returning.

Unfortunately, I did not catch all his remarks, but I gather he was trying to justify the acquisition price of $120 per share by the fact that the price was $87 per share when negotiations commenced. I would ask the hon. member, and perhaps he can give me an answer at a later date, how he can justify paying $120 per share today for a company which was selling its shares on the market one year ago at $50 per share, particularly when 60 per cent of the assets of Petrofina in Canada are comprised of service stations, the real estate on which the service stations are located and a refinery? I would like to know how he could possibly justify a premium of $120 per share over the figure of $50 a share a year ago in the improved asset value comprised of hardware such as a refinery and service stations. That certainly does not make any sense to me. There is one other matter I should like to point out to the hon. member. If he or I personally decided to buy a share of Canada Petrofina at $120 and we borrowed the money to do so from the bank, we would have to pay 20 per cent interest. In that case we would have to pay $24 in interest per year on the original $120. Canada Petrofina earned, or will have earned approximately $8 a share in the year just ended, 1980. As a result the hon. member and I would both happily or unhappily enjoy a loss on our investment of $16 per share, being the difference between the $24 interest cost and the $8 in earnings from the company. What surprises me is how PetroCan shuffled the deck or the money in order to make this a good deal for every Canadian taxpayer. That is a mystery to me.

There is one other comment I would like to make about the acquisition of Petrofina by PetroCan. This acquisition does not add one single barrel of new oil or one cubic foot of gas to the reserves of the Canadian people.

Let me return to a consideration of the matter of trade and the economic environment in which Canada finds itself today. I do not think we can look at Canada, as the Liberal government is prone to do, in isolation from the rest of the world. Things are moving at a very rapid pace; technology is changing very rapidly on a worldwide basis along with trading patterns and competitive forces. We cannot just look at what we are doing in Canada, isolating ourselves from the rest of the world.

The Liberal government has its priorities wrong. Perhaps one of the best examples of the error of its priorities can be found in the acquisition of Petrofina. I do not see how that will assist economic development in this country.

At home and abroad the competitive position of Canadian industries is being steadily eroded. Whether you like it or not, the government may be doing in its eyes all these good things for Canadian industry, but the fact of the matter is that we had a trade deficit in manufactured goods in 1980 of very close to $18 billion. That is five times the trade deficit in manufactured goods we experienced in 1970. Whether we like it or not, we are losing the game. From 1970 to 1977, and these are the latest figures I could get, the proportion of the Canadian market served by imports grew from 26 per cent to just over 31 per cent. We are continually importing more and more goods to supply the Canadian economy.

Canada's share of the world's manufactured exports dropped from 5.6 per cent in 1970 to 3.8 per cent in 1977. We are losing the game. The difficulties of the Canadian manufacturing sector are chronic and will continue to be chronic until we face up to some fundamental changes in our economy. Government tinkering is not going to solve our problems.

• (1610)

Industrial development policy in Canada is not a quick fix—all of us would agree with that—but it does require major changes in the way we view the world economy. For many years Canada has followed the comfortable approach that if it takes its lead from the United States, it will still be better off than most of the other competitors in the world economy.

The reality is that United States industry has lost a great deal of ground and is still continuing to lose ground, and while the United States may have lagged behind the world economy, Canada has languished and today stands not one step behind the leader but two or three steps back of the pack. For Canada, heavy dependence on viewing events in the industrial world through the eyes of the United States has become a liability, and I think the greatest evidence of that is the example of Chrysler. I do not think one could name a better example. We have been on the coattails of the U.S. economy and expecting to ride on the coattails of the U.S. economy, and now we find ourselves with a Chrysler situation, a Ford situation and, I might add, a Massey-Ferguson situation on our hands.

The signals Canada has been getting have often been wrong and all too often too late. That is what has happened in the case of Chrysler. That is what has happened in the case of our automobile industries. We in Canada have not adapted to the real world of automobile production.

The industrial development policy of the Liberal government is at the bottom, I suggest, of its priorities, and has been for a decade. What are the policies of the Liberal government? I suggest its policies are to nationalize industry. Another policy on which the Liberals have placed a great deal of stress—I suppose because it has great political appeal, although I am blessed if I understand why—is economic nationalism. Economic nationalism is a sickness and a disease, and it can do nothing but hurt Canadian industry and drive jobs out of our country.

I suppose the other major thrust of Liberal policy for the last decade has been a preoccupation with government intervention. I suppose that mentality is most clearly demonstrated by the National Energy Program.

I suggest that these policies, nationalizing industries, economic nationalism and government intervention, have left the Canadian manufacturing industry in serious jeopardy. I said earlier that Canada cannot isolate itself from the world. We should be encouraging foreign investment to come here and participate in the development of our country, under our rules, and we should be encouraging Canadians to venture abroad and participate in the development of the free world.

Liberal industrial policy focuses on increasing the role of the government in the economy and diminishing the role of the private sector. This government is more concerned about creating bureaucracies than creating wealth and growth. This government wants to bail out the losers. That is Liberal policy. Instead of building on our strength, the Liberal government focuses on our weaknesses and a national policy of helping the big corporations which cannot compete and ignoring our small and medium-sized businesses.

The government says, "Let's help Imperial Oil, let's help Chrysler, let's help Massey-Ferguson, but let us not pay any attention to our small and medium-sized businesses." These latter businesses are truly the opportunity area for Canada's future. Those are the companies which today will build the opportunities for tomorrow for Canadians and build opportunities for our children to have work and to have jobs.

Government trade policies have led us to selling our non-renewable resources to finance an enormous balance of payments deficit, which is growing at a staggering rate. While research is recognized as the cornerstone of improving our manufacturing industry, the Liberal government has completely failed in its policies to encourage adequate research by Canadian industry. I say that in spite of what has been said this afternoon.

I just do not believe, and I do not think any other Canadian or Canadian company believes, that if the government provides an incentive for research, research will not take place. The fact is that the government has never had an incentive policy for research in this country.

Canada has enormous potential to improve its export position in the area of capital projects by assisting small and medium-sized businesses, but instead of offering incentives to the private sector to improve its export position, the government focuses on interventionist policies in the belief that since the private sector is not doing the job, obviously the government can do it better.

Continued foreign borrowing to cover the trade deficit is a poor policy choice because it commits the country to pay a rising sum in interest and principal repayments. I think interest on our foreign debt this year will be approaching, if not exceed, $10 billion a year. That is a staggering sum of money.

What we have suffered from in the last decade has been an emphasis upon the redistribution of existing income rather than the generation of new growth and new income in this country. Canada is surely at a point in its economic history where more savings should be directed into new productive business investment and Canadian ownership.

The choice before Canadians should not be to take further strides in the direction of state control but, surely, to restore the balance in favour of individual enterprise. We will have to make a choice. We will have to choose between these two value systems. We will have to choose whether we will head for further state control or return the balance in favour of individual enterprise. I think that is a crucial factor in determining Canada's economic future. It is my belief that that future depends on the spirit of entrepreneurship.

Investment in plant and equipment in the last ten years has been inadequate. The result is that we have not sufficiently increased our capacity to respond to the potential downstream growth in demand for Canadian goods, either domestic or foreign. We desperately need capital investment in this country to modernize and bring our factories up to a competitive position.

Instead of allowing for a free flow of goods, capital and human resources, the Liberal government has attempted to control these aspects of our economy in a way which completely defeats industrial growth.

For established industries in need of adjustment the Liberal government has relied on protective tariffs borne directly by

the consumers of this country instead of offering programs to industry which would enable it to restructure and modernize. For sectors with high-growth potential and outstanding opportunities, the government has avoided any selective targeting to allow these companies to compete in world markets and has instead used a scatter-gun approach to the deployment of government funds and assistance.

I do not think Canada can continue to tolerate a deficit on manufactured goods of the staggering proportions I have just mentioned, $18 billion a year, because if we do, and as we further increase this deficit, we will be forced to rely on the continuing export of our non-renewable resources. Where does this lead us?

I think it is absolutely crucial that Canada improve its export position in manufactured goods. There are 945,000 people out of work in Canada today, and as the competitive position of Canadian industry continues to be eroded, more and more people will find themselves out of work. That in itself is evidence enough to attack our problem of importing increasing amounts of manufactured goods into Canada.

If Canada is to improve its export position, we must improve our technology through research. Tax incentives or tax credits must be offered to encourage at least a doubling of our research efforts in Canada.

The other vital element of improving our export position is to lower the cost structure of our manufacturing industries. Corporate income taxes in this country represent far too high a proportion of the costs of manufacturing for us to be competitive in world markets. As I said, the Liberal government continues to focus its attention on tariff protection, training programs, taxation, punitive energy policies and an incoherent regional development program instead of encouraging the private sector to be more competitive.

● (1620)

In concluding my remarks I should like to give another result of the crazy, idiotic economic development policy of the Liberal government. To date the National Energy Program has driven 120 rigs out of our country. I am sure hon. members on the other side of the House have received copies of the estimates to which I am referring. The Canadian Association of Oilwell Drilling Contractors indicates that by May 15 a further 201 rigs will either go across the United States border or will become idle. That will mean a total of 320 rigs in Canada will be idle by virtue of the National Energy Program.

Mr. Collenette: Oh!

Mr. Thomson: The hon. member scoffs, but these are facts.

Mr. Collenette: You are rigging the facts.

Mr. Thomson: I am quoting these figures from a letter which was sent to every member of Parliament by the Canadian Association of Oilwell Drilling Contractors.

Mr. Collenette: They were going to cut back before the NEP.

Mr. Thomson: No, they were not. The government does not listen.

Mr. Collenette: Sure they were.

Mr. Thomson: The hon. member said that they were going to cut back before the NEP. Does he think they were going to cut back by 320 rigs? The member should not be absurd.

Mr. Collenette: I do not believe you.

Mr. Thomson: The member does not know about what he is talking. He does not believe me, but these are the facts. The association indicated:

> The drilling and servicing fleet being moved from Canada in the 184 days since the NEP was issued will eliminate 7,200 jobs at the field level. The downstream effect is estimated to eliminate another 18,000 jobs, or a total of over 25,000 Canadian jobs destroyed.

With the further 201 rigs idle, in addition to the 120 rigs that have already gone across the border, the Canadian Association of Oilwell Drilling Contractors indicated:

> The drilling and servicing equipment forecast to be out of service by the NEP will affect the jobs of approximately 10,000 people at the field level.

Also the association indicated:

> If the shut down continues, the spin-off effect could cause the loss of jobs for another 25,000 Canadians.

Therefore, the loss of 320 drilling rigs will cost this country 60,000 jobs. Where are the priorities of the Liberal government? If the country is to have an effective economic development program, it is essential to scrap wasteful and production-retarding government regulations which devour capital but produce no wealth. We must restrict the over-all role of the government in the economy in order to enhance personal incentive. Above all, we must stimulate increased supply and production instead of increased demand and consumption.

Some hon. Members: Hear, hear!

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I really did not have any particular intention of speaking in the debate today, but I was sort of provoked into it. I do not have any particular objection to the motion condemning the government for bailing out foreign corporations instead of implementing a desperately-needed industrial development policy. It sounds like the industrial strategy about which my party talked for the past three or four years, especially my leader, the hon. member for Oshawa (Mr. Broadbent).

The resultant devastation of the small business sector, certainly the situation respecting bankruptcies, has been tragic. It was caused by high interest rates, the lack of support for industrial innovation and the surrender of domestic markets to manufactured goods. All of those matters are true. The foreign competitors in our local markets are crippling construction and other production sectors, there are high interest rates; tens of thousands of jobs have been lost. No one could quarrel with those facts. They are happening.

It is extremely important to ask what the Conservatives would have done differently.

Mr. Taylor: Everything.

Mr. Rose: I know what they would have done differently. They are greater ideologists than the members of my party, but we are the ones who are always accused of being ideological. What do they say? They say, "Don't intervene". I heard the former hon. member for Crowfoot say that there should not be government intervention into the agricultural sector, that the government should leave cattle ranchers alone, but that government regulations should be used to keep out competitive Australian beef and to give them land at ten cents per acre.

Another comment I heard was that the government should not regulate. The hon. member for Calgary South (Mr. Thomson) said, "Don't regulate us. Just leave us alone. We will be fine." Then many of the industries and resource companies will be using the air and water as a sewer. They will pass on their pollution and social costs to future generations. That is what they mean by "don't regulate". They do not want to be regulated because they might want to form a cartel and fix a few prices; then the government might find out what they are doing and ruin their competition.

Also they say, "don't redistribute income". Does that mean that they are opposed to medicare, which is a redistribution mechanism? Are they opposed to pensions, which is another way to redistribute wealth? What about welfare? Should we just leave it all, create a lot of capital and a lot of J. P. Morgans? Will the rest of us be well off? It is utter clap-trap, but we hear it all the time. They asked for a better balance between individual enterprise and the state and indicated that corporate taxes were too high. Approximately 25 years ago corporate taxes paid half the national revenue; today it is roughly 20 per cent. The Conservative Party is asking us to return to this. I cannot support it, and I do not think most Canadians would support it. That is one of the reasons the Conservatives lost the last election.

Mr. Collenette: Right on.

Mr. Rose: They talk about industrial growth not occurring. They ask, "Where is it occurring, where is it occurring?" It is occurring in places where industry, government and labour work together and plan for industrial growth. It does not work in non-interventionist societies at all. It works in Japan, West Germany and Sweden. There is industrial growth in those places, but not in the United States, because the fact is that there is no economic growth in many mature industrialized societies.

We kid ourselves when we say that there will be industrial growth by cutting taxes, that corporate taxes are too high or that interest rates are needed to create tight money to limit inflation. None of these things have worked. We must face that none of these things have worked.

They do not want any government intervention but they want selected targeting in certain industries. That would provide certain industries with government help, but they do not want government intervention. There is a lot of contradiction in those terms.

Also the hon. member for Calgary South said that we should not export our raw resources. From where on earth does he think the wealth of Calgary came? It was from the rape of the resources and the sell-out of one million barrels per day to the United States between 1965 and 1971, but some of them will get up and say that it was not one million barrels per day except in 1971. That is from where the wealth came. I agree the manufacturing sector is declining; no one quarrels with that. Why is it declining? Is it because Canadians are non-productive or certain government policies have hastened the decline in manufacturing? That is exactly what happened. That is why the governments which have been in power across the way for the last ten or 12 years—and it seems to me like forever—need to be severely criticized, but the solutions offered by the loyal opposition are far worse than the disease.

• (1630)

They talk about no bailouts to big foreign corporations. What about Bill Davis' $30 million to Ford? Isn't that a bailout to a big, foreign corporation? So there are only some big foreign corporations that we should not bail out. After all, Chrysler, Massey-Ferguson and some of the others are apparently no good. I would like them to go to the Chrysler dealers in their own communities and find out how they feel about the bail-out of Chrysler. Are they willing to accept the job losses because of that disruption, I suppose it is called? I have forgotten what euphemisms are used to describe people being put out of work while industries readjust. Most Canadians are not willing to accept that kind of free enterprise, nineteenth century approach to our economy. It does not work any more. It never did. It causes nothing but tragedy, so do not ask us to buy it on that ground.

What I think we need to do as far as bailouts are concerned is, if we have a foreign corporation which needs to be bailed out, to say, "Okay, we will give you $500 million out of the public purse, but we want $500 million worth of equity." "When you make all that money digging holes all over the Beaufort Sea, because we have given you $100 million, Dome Petroleum, we want part of the profits to accrue to the Canadian people."

A while ago someone here said Petrofina did not produce one drop of oil, not one cubic metre, not one inky, dinky spot of oil—none, they produce not enough oil to mark your pants and require them to be cleaned. Who does produce the oil? Exploration companies produce the oil. The big multinationals produce the oil. When we raise the price of oil, do we receive any benefit from it? No. We pay not only through incentive grants, but through higher oil prices, so they can make bigger profits to ship more money to the United States, or wherever. Since 1975 $3.5 billion in dividends, interest shares and profits have gone to the foreign multinationals.

Since the Conservatives are so anxious to bash around big foreign business I would like to know why, when they were in office for that glimpse of time—when they enjoyed that nine-month pregnancy—they did not give birth to a far more difficult and tough foreign investment review agency.

It seems to me that one of our problems is that we have a decline in manufacturing because the people who are our mid-sized manufacturers have selectively sold out to foreign interests. On the one hand we give them R and D incentives, they begin to succeed and then they look attractive to the hungry eyes of the foreign corporations. After we have given them all that money, they sell out. Over the last year, if you look at all the applications which came before FIRA, something in the order of 80 per cent to 85 per cent have been approved. When we get the kind of R and D we are talking about, if it will help—and nobody is certain that it will—there is a great big question about whether or not R and D does help. I will go into that in a moment.

The point here is that we do not have R and D in this country because we do not own our own manufacturing industry in large measure in this country. That is why we do not have the R and D here, because it is all done by the parent company in the United States, or wherever it is located. We had an example of this the other day, and we will have more of it. The hon. member for Central Nova (Mr. MacKay) raised the question having to do with the telecommunications industry.

One of the biggest growth industries in industrial democracies in the west will be the telecommunications industry. We heard about Telidon today and the $27 million over two years which the government will use for it. I congratulate the government for that. But one of the biggest industries in the United States and Canada, too—and we have a substantial lead—can be threatened if we allow foreign satellites to carry data and transmit it back and forth, to and from Canada's major cities.

There is an application now by Satellite Business Systems for permission to hook up to five Canadian cities through the Federal Communications Commission in the United States. What will that do? It will hook IBM and some of the other big giants in the United States into their subsidiaries in Canada, allowing them to do an end run around the telephone companies and various other carriers and our own Telesat, enabling that kind of information to flow back to the United States with the potential loss of thousands of jobs.

Is this the NDP, those woolly-headed, weepy-eyed, impractical dreamers saying this? Of course not. A hard-headed ex-judge of the Supreme Court, one time head of MacMillan-Bloedel, J. D. Clyne, said in his report that if we allow the communications industry and the data processing industry to escape our national borders, we would lose thousands and thousands of jobs.

Let us not talk about bailouts. Let us talk about economic nationalism for a change. Sure, we need to assist small and medium-sized businesses. Of course we do, because they create far more jobs than big businesses. Someone estimated that if every business employing over 500 were nationalized then 60 per cent to 75 per cent of the people would be working for small private business. Nobody wants to throttle small or private business in this country, but what we have allowed to happen with them is to be selectively, continuously and progressively sold out so that we do not own them any more.

If all we will be doing by aiding them through R and D, and other kinds of incentives—of course we do not want any government intrusion, but we would like some incentives for small and medium-sized business just to make them grow so they will become an attractive prospect to a foreign business because we have a gutless, toothless FIRA program in this country—then this party is not in favour of it. We will oppose that kind of thing.

Someone said we have no "Buy Canadian" policy. I believe it was the lead-off speaker who made that remark. He is right. We had an example of a dry dock slated to be built for Vancouver. Where is it to be built now? Japan. One wonders where Dome Petroleum Company, that recipient of the bounty not only of our resources but of numerous incentive grants, and the last one I heard of was for the Beaufort Sea in the range of $100 million, will buy their oil barge. They are dickering with Singapore. Do we do anything about that? Of course not, because we are loyal Canadians, we are staunch and we want to protect our local industry, since to do otherwise would be supernationalistic, even jingoistic. Of course we cannot have that. Where does Dome plan to buy its ship which will work in the Arctic? You guessed it. Louisiana.

A little while ago someone spoke about R and D. Certainly R and D has been inadequate in this country in certain areas. Dr. Kerwin, the head of the National Research Council for Canada, produced these figures based on 1968 records. According to our gross national product, the amount of money we spent on R and D is .9 per cent, or not quite 1 per cent. And we rank twelfth in the industrialized world. Those figures are with respect to government spending.

We rank eighth in the world with respect to our R and D in the energy field. Guess what we put most of it into. Do we put it into alternatives? No. Of the $157 million allocated in 1978—and I can give you later figures if you are interested—we spent $108 million on nuclear energy. With all the controversy in that area, frightening as it is, we still continue to put all our radiant eggs into the Candu basket.

Do you know what we spent in 1978 on renewables, Mr. Speaker? It was 5 per cent of our research and development money, which amounted to $8 million. When we talk conservation on the supply side, which is where we are still spending most of our money, 80 per cent of the money in the National Energy Program will go to the supply side, so we can live as we always have, as energy gluttons. How much will we spend to limit demand? How much did we spend in 1978? Some $14 million, or 9 per cent, which will be bumped up to 12 per cent, so we do not freeze in the dark. This is a ludicrous kind of arrangement for R and D. Let us look at the figures as compared with the United States.

● (1640)

Compared to the United States, Canada's rate of contribution to R and D is .9 per cent of its GNP. The industry in the United States and Canada accounts for 41 per cent of spending. The United States spends 2.3 per cent of its GNP on R and D. Industry contributes 71 per cent of that amount. This supports what I have been saying. Since a large portion of our manufacturing and resource industries are not owned and operated by Canadians, we do not have a very large contribution to R and D. The record is very discouraging.

Dr. Kerwin, head of the National Research Council, said that the contribution to R and D is not high enough, that as a result we are not developing the kind of growth and are not taking leadership in certain industries in which we excel and, therefore, must put more money into R and D. By 1985 the contribution to R and D should be at least 1.5 per cent of the GNP. Even at that rate, Canada would still be one percentage point behind the United States.

Mr. Speaker, I see that you are getting restless. Is my time just about up?

Mr. Deputy Speaker: You have about two minutes.

Mr. Rose: I was just getting warmed up, although I may have cooled off many other hon. members. I agree with the hon. member for Calgary South who said that we should have selective targets. If R and D is thrown at every industry, it does not mean that it will pay off. I have here an example given by Hazel Henderson in a paper published by Doubleday & Co. which cites that:

> —the well-known cases of the steel works in Horndal, Sweden and the textile factory in Lowell, Massachusetts, which, with no additional inputs of capital over 15 and 20 years, continuously increased productivity at an average of 2 per cent annually.

That does not necessarily mean that all industries are equally suitable and will benefit from a transfusion of R and D. Research and development is a matter of motherhood. What we should be aiming our R and D programs at are areas such as those of high technology where we have a chance of developing, maintaining and expanding the Canadian interest. Another example would be alternative energy. In this way, Canada can accomplish a great deal, which it will not accomplish, as the motion says, as long as we sit here and only react to the United States. We must act, and the time is now.

Mr. Stevens: Mr. Speaker, I would like to bring a most grave matter of privilege to the attention of the House. It centres around the absolute contempt which the Minister of Industry, Trade and Commerce (Mr. Gray) has shown for the House today. If I may, I would like to take you through certain circumstances.

This morning on the national news it was announced that there would be an announcement with respect to Massey-Ferguson. I asked the minister in the question period at approximately 11.55 this morning the following question: "Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Has he any statement to make with respect to the present negotiations involving the Massey-Ferguson situation and, if so, could he tell us what form the statement will take? Will he be making a statement on motions, or how will this House first be informed as to what his conclusions are?"

The minister replied: "Madam Speaker, I have no statement to make at this time, but the matter is under active review."

I have since learned that not only did the minister have a statement, but it was actually being typed and prepared at the time of my question, not for presentation to this House of Commons, but to a press conference which the minister chose to call by posting a notice in the press gallery which stated:

> The Honourable Herb Gray, Minister of Industry, Trade and Commerce, will be available to meet with members of the media as follows:
>
> Date: February 6, 1981
>
> Time: 3 p.m.
>
> Location: C. D. Howe Building
> 235 Queen Street
> 11th Floor
> Executive Complex
>
> Subject: Massey-Ferguson

In spite of the fact that the minister was questioned this morning on this matter, that today was an opposition day on a motion which touches on this matter and that the minister spoke in this House on that motion between 12.30 and one o'clock today, he gave absolutely no notification to this House that he intended to make an announcement today concerning Massey-Ferguson. The minister chose to hold a press conference at three o'clock to present a prepared text and a backgrounder concerning his position on Massey-Ferguson. Even after the press conference, the minister failed to return to this House to give an explanation as to what he has in mind with respect to Massey-Ferguson.

I intend to go into more detail on my question of privilege, but I would merely like to give notice at this point. If my question of privilege is not found to be valid on the point I am raising, then this chamber becomes redundant. It is absolutely immaterial as to what we wish to debate or what questions we wish to put to the minister, if he is allowed to be so contemptuous of what is the supreme body of this nation.

I give formal notice of my intention to raise a question of privilege on this matter. I hope we will at least be given the opportunity to debate the matter fully before a decision is taken as to whether a minister of the Crown can treat this House as contemptuously as we have witnessed today.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, you have given the hon. member for York-Peel (Mr. Stevens) latitude to develop his question of privilege this afternoon. I realize that these questions are usually dealt with in the normal way following question period, but I would like to respond to the hon. member since he has outlined his case. The hon. member has given more than mere notice, and if he is allowed to make his arguments this afternoon and raise them again on Monday, then he is having two kicks at the can, to use a colloquial expression, and I resent that very much.

The hon. member should know that there is no obligation whatsoever on a minister to make a statement inside the House as opposed to outside the House. In fact, it says in Beauchesne's at page 264—

[*Translation*]

This is what Beauchesne says, and I quote:

The option of a minister to make a statement either in the House or outside it may be the subject of comment, but is not the subject of a question of privilege.

Mr. Speaker, this is absolutely clear according to Beauchesne's citation.

[*English*]

I resent very much that the hon. member has chosen at this point on a Friday afternoon, after having almost completed an opposition debate in which the minister took part—and while there are only two Conservative members left in the House—to raise this matter. It is an opposition motion, and yet we have this ridiculous scene with only two Conservative members in the House.

Mr. Stevens: There are four.

Mr. Collenette: Four, then.

Mr. Deputy Speaker: Order.

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say a brief word about the question of privilege raised by the hon. member for York-Peel (Mr. Stevens). As the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette) has said, there is no legal or procedural obligation on a minister to make a statement in the House. However, I must say that when I heard the minister answer the hon. member during question period this morning by saying that he had no statement, I concluded that what we heard on the radio this morning was wrong and that no statement would be made today.

● (1650)

For the minister to make that statement outside the House this afternoon is, I think, pretty close to contempt for the House.

While I am on my feet, I may say to the hon. member for York-Peel that he should make sure he has the right to raise a question of privilege on Monday. I hope he will not rely on the notice he has now given but will send Madam Speaker written notice on Monday morning.

Mr. Deputy Speaker: I think we have heard enough on this point for the moment. As has been indicated by the hon. member for Winnipeg North Centre (Mr. Knowles), there is a procedure by which notice can be sent to the Speaker. I presume this will be done if the hon. member intends to pursue the point further.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, in the short time left in this debate I should like to touch on one or two matters. I am always interested in what the hon. member for York-Peel (Mr. Stevens) has to say. One or two points he made in the early part of his speech caught my attention. When the government bought Pacific Petroleums, he was one of those who made a lot of noise and claimed it was a bad deal. Now, two years later, I am told that Pacific Petroleums is worth two or three times what was paid for it.

Any purchase that can double in value after two or three years is certainly a good deal. In 1976 $340 million was paid for Atlantic Richfield, and now the company is worth over $1 billion. These companies have shown pretty nice profits, and they indicate what has happened in the oil industry. When we bought Petrofina, we thought it was a good investment. Sales at the pumps for Pacific Pete increased by 15 per cent overnight, and there was a tenfold increase in credit card sales.

When private industry buys something, it expects to receive a return on the investment, but we do not hear anything about this when the government makes a purchase. It is almost as if the government spent that $1.5 billion, not that it invested the money and expects a considerable return in the years ahead.

The minister read a list of cities where unemployment has increased in the last year. I should like to list some cities where things have gone the other way. In St. John's, unemployment decreased from 13.5 per cent to 11.1 per cent; in Halifax, from 9.1 per cent to 7.5; Quebec City, from 9.8 per cent to 8.9 per cent; Sudbury, from 10.3 per cent to 8.3 per cent; Toronto, from 5.6 per cent to 5.3 per cent; Vancouver, 8.8 per cent to 4.4 per cent; and in Victoria, from 8.6 per cent to 7.3 per cent. It goes both ways, and to present just one list does not give the whole picture.

I have been disappointed that there has been so little discussion in this House over the years about the theories that govern world economics, so I was very pleased that the hon. member for York-Peel injected that into the discussion. Max Saltsman, a former NDP member of this House, used to bring this sort of thing up, but I have not heard any discussion along these lines recently.

The hon. member for York-Peel said that Keynesian theories no longer prevail. I expect that he never accepted the Keynesian theories, although they seemed to work fairly well for many years. Several times over the last four or five years when the subject has come up in the House I have said that the Keynesian theories do not work when there is stagflation. The hon. member spoke of supply side economics and a sort of "new approach", but I wish he had defined his terms a little better. I assume he was referring to supply side economics or the Milton Friedman monetarist viewpoint of the University of Chicago as contrasted to the Keynes-Cambridge theory. Friedman's view is that all one has to do is control the money supply and allow total freedom in the market, and the market will solve all the problems.

The hon. member for York-Peel has left the chamber, so I cannot debate this with him, but I hope to return to it on another occasion.

There is another point with respect to the supply side theory that deals with a fairly strong interventionist policy. When we deal with the energy situation, we are really dealing with

supply side economics or interventionism as opposed to the monetarist, open market theory Milton Friedman tends to support and the hon. member and his party tend to support. It seems to me that we have moved a long way toward intervening on the supply side.

When we speak of an industrial strategy, I think we are really speaking of a lot of things that were in the budget.

Inflation is highly structured. The major inflating factors are energy and food. A great deal of the cost of the food component is determined by increases in energy prices. We have a very selective, structured type of inflation. The hon. member's supply side economics would ignore that kind of inflation and let the market govern itself, even though there is no longer a simple, open food market. It is a very structured market today. We must examine multinational corporations involved in farming in order to determine whether with respect to farm marketing and the grain industry, particularly in the United States, another structure must be dealt with.

The perfect market some people talk about just does not exist. I wonder why people who believe the Milton Friedman theories about supply side do not take that into consideration.

When we talk about an industrial strategy, we are really talking about structuring something. If we take a structured inflationary factor like energy seriously, we are recognizing it as the major component in inflation.

People claim that we must do something about the supply of energy in order to combat inflation. That is precisely what was done in the budget and the National Energy Program. The government was saying that the way to reduce inflation is to do something about energy in a structured way. That could be called an industrial strategy.

In the two or three minutes I have left I would like to talk about the government's industrial and labour adjustment program and the $350 million allocated for it. This program is really a stopgap in a total industrial program. It is very important because in the last two years two mines have shut down in Atikokan which is in my constituency. There is only one other small industry and the rest of the business community is service industries. Of a population of 6,500 people, 1,200 are out of work.

This community fits into the $350 million program in every way. I submit to the minister that it is really an ideal candidate for the program because the structures are already in place for the development of a new industry.

I believe the community will be designated under the program because it meets the requirements. This would provide support for people who have been thrown out of work and whose unemployment insurance benefits have run out. There would be support for long-term employment and earlier pensions. The program would put a community such as this one back on its feet and give the people who have been resident there for 20 or 30 years some real hope for the future. I commend the program to the House, and I hope Atikokan and other communities will be designated under the program.

Mr. Deputy Speaker: Order, please. It being five o'clock, it is my duty to inform the House, pursuant to Standing Order 58(11), that proceedings on the motion have expired. The House stands adjourned until Monday next at 2 p.m.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 9, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE CONSTITUTION

SUGGESTED MERGER OF POLITICAL PARTIES—MOTION UNDER S.O. 43

Mr. Arnold Malone (Crowfoot): Madam Speaker, under the provisions of Standing Order 43 I should like to propose a motion. When asked on a recent CBC radio program if the Prime Minister's truthfulness, or lack of it, in informing Canadians on constitutional matters affected the NDP's determination to support the Liberal government, the NDP leader was quoted as saying, and I quote: "His particular honesty on this question, frankly, is irrelevant to the constitutional essence of the case", I move, therefore, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That since, in a choice between truth or Trudeau, the NDP leader prefers Trudeau, therefore the party should formalize their relationship and have Liberals and NDPs conduct all their affairs jointly from now on.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ENERGY PROGRAM

CALL FOR DISCONTINUATION—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The fact that the Liberal National Energy Program is counterproductive to Canada reaching energy self-sufficiency by 1990, and given the fact that under this program Canada will require 500,000 barrels of oil imports a day by 1990, at a cost of $23 billion annually to Canadian taxpayers, I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That the government scrap its National Energy Program and that the whole question of energy self-sufficiency and energy policy be referred to the Standing Committee on National Resources and Public Works and that they formulate a sensible and realistic energy policy for Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL UNITY

UNANIMOUS SUPPORT FOR ALBERTA FEDERATION OF LABOUR IN FIGHT AGAINST WESTERN SEPARATISM—MOTION UNDER S.O. 43

Mr. Peter Lang (Kitchener): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the Alberta Federation of Labour unanimously endorsed a resolution to fight western separatism, and I quote: "With all our means and resources to keep Canada strong and united from sea to sea", and in view of the fact that the federation stated that small farmers, business people, working people and pensioners would suffer in the event of separation, I move, seconded by the hon. member for Willowdale (Mr. Peterson):

That this House lend its support to the Alberta labour movement's commitment to Canadian national unity.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Mr. Clark: That means they withdraw the National Energy Program.

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

• (1410)

Madam Speaker: Does the hon. member for Kitchener (Mr. Lang) want to speak to the motion?

Mr. Lang: Yes, Madam Speaker.

Mr. Nielsen: On a point of order, Madam Speaker—

S.O. 43

Mr. Lang: Madam Speaker, I think we are at a crossroads in Canadian history at this time—

Some hon. Members: It is too late.

Madam Speaker: Order, please. I am awfully sorry that I did not see the hon. member rising before the motion was passed. Once it is passed, of course there is no point in debating it. So, I recognize the hon. member for Regina East (Mr. de Jong).

* * *

DISARMAMENT

SUGGESTION UNITED NATIONS HOLD GLOBAL REFERENDUM—MOTION UNDER S.O. 43

Mr. Simon de Jong (Regina East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Every day ten nuclear bombs are manufactured. There now exists enough destructive nuclear power to kill every human being some 20 to 60 times over. The nuclear powers are now developing strategies based on the notion that "limited" nuclear wars can be fought and won. A major new initiative for peace is needed. A global referendum on disarmament would focus human attention on this single issue and would create a collective human voice so unique in the history of our race that it would echo in the hearts and minds of all people. Therefore, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House instruct the Secretary of State for External Affairs to move a motion at the United Nations General Assembly calling for a global referendum on disarmament.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

INCREASE IN PREMIUMS—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I rise under the provisions of Standing Order 43. On October 28 the Minister of Finance (Mr. MacEachen) announced a 33 per cent increase in unemployment insurance premiums. The Minister of Employment and Immigration (Mr. Axworthy) confirmed this figure the following day. The fact is that in every wage level but one the increases were higher—most over 40 per cent and some up to 46 per cent. Therefore, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Minister of Employment and Immigration make a statement on motions setting out the full truth about the new rates and their impact on Canadian workers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

CALL FOR SPEEDY ACTION ON MEAT IMPORT LEGISLATION—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas live cattle prices have dropped significantly since the beginning of 1981, causing uncertainty among cattle producers; whereas the cattle industry has long advocated a beef import law to protect both producers and consumers against wide fluctuations in markets; and since the Standing Committee on Agriculture has not yet met during 1981, I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That this House instruct the government House leader to consult with the Minister of Agriculture so that Bill C-46, the meat import law, be referred to the House Standing Committee on Agriculture as soon as possible in order that this important legislation be passed post haste.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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KENT ROYAL COMMISSION

USE OF TAXPAYERS' MONEY FOR CARTOON PRIZES—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. It was my understanding that the purpose of the commission on newspapers, the Kent Royal Commission, was to investigate the conduct of two newspaper chains which were responsible for literally killing two newspapers in this country and virtually carving up the country into spheres of monopoly control—not to squander the money of Canadian taxpayers. Evidently I was mistaken, Madam Speaker. In light of the fact the commission has set up a competition in which it is offering $1,600 in prize money for cartoons to be used ultimately in the commission's report, and which undoubtedly will be slanted in favour of the commission's views, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the commission provide the Parliament of Canada with the terms of reference which authorize it to engage in such extravagant behaviour at the expense of Canadian taxpayers' money; moreover, if the commission persists in carrying on with this competition, that the prize money be deducted from the substantial per diem rate of the members of the commission.

Madam Speaker: Is there unanimous consent for this motion.

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

AIR TRANSPORT

SETTLEMENT OF NORDAIR OWNERSHIP—REQUEST THAT INTERESTS OF QUEBEC AND NORTHERN TERRITORIES BE PROTECTED—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise under the provisions of Standing Order 43 to seek the unanimous consent of the House to move a motion concerning an urgent matter.

Since the Minister of Transport (Mr. Pepin) seems incapable of making a decision about which group ought to be able to buy Air Canada's interest in Nordair, I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour):

That the Minister of Transport quickly settle the issue of Nordair's ownership and make sure that when this matter is finalized the interests of Quebec and of the Northwest Territories are adequately protected.

Madam Speaker: The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1415)

[*English*]

THE CONSTITUTION

RECOMMENDED PATRIATION WITH VANCOUVER AMENDING FORMULA—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas Canada is a federation of ten provinces and two territories, and whereas a majority of the provinces favour the patriation of the Constitution with an amending formula only, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That this House recommends, in the interest of Canadian unity, that our Constitution be patriated with the Vancouver amending formula, and that all other changes be made in Canada by Canadians through their Parliament and legislatures.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENSIONS

CALL FOR INCREASE IN OLD AGE SECURITY PENSION—MOTION UNDER S.O. 43

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie), I move:

That this House recognizes that couples 65 years of age or over have to spend one fifth of their income on food, and that food prices are rising at the rate of 14 or 15 per cent, which means that the present system of indexing falls short of enabling senior citizens to remain above the poverty line, and this House therefore calls on the government to implement its promise to provide help where help is needed by making an immediate increase in the rate of the pension paid to Canada's senior citizens.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CONSTITUTION

MINISTER'S STATEMENT WITH RESPECT TO CABINET'S POSITION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Secretary of State for External Affairs. According to the minister's minutes of his meeting of December 19, the minister said:

In cabinet we are extremely attached to the charter. If we had to, we would put it ahead of patriation.

Was the minister speaking on behalf of the government when he made that statement?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the statement, "In cabinet we are extremely attached to the charter." is certainly self-evident. The other statement was my interpretation of people's views. As I said the other day, it is not a matter which has ever been discussed in cabinet, to the best of my knowledge.

Mr. Clark: Madam Speaker, I would then like to put a question to the Deputy Prime Minister. Is it the position of the Government of Canada that, given a choice, as suggested by

the Secretary of State for External Affairs, the Government of Canada would prefer a charter to patriation?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we have not been faced with that choice, and we do not expect to be.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, my question is for the Deputy Prime Minister or the Secretary of State for External Affairs. Since the Secretary of State for External Affairs gave a representation on behalf of cabinet, and on behalf of Canada, which was not supported by his government, has the Government of Canada sought a means, since that time, to indicate that the Secretary of State for External Affairs was speaking something other than the view of the Government of Canada when he made that representation?

Mr. MacGuigan: Madam Speaker, at the time I spoke I was involved in active discussion. My expression was rhetorical, and well known to be such.

Some hon. Members: Oh!

Mr. Nielsen: Tongue in cheek!

Mr. MacGuigan: The purpose of my comment was to indicate how devoted the cabinet and this side of the House are to the charter of rights.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, we now have the Secretary of State for External Affairs admitting the accuracy of the quotations in the minutes which were a record of his conversation of December 19. These are minutes which have been published, which he has seen, which he has indicated, in one particular, were cast not as reflecting the government's view but as reflecting only his own view. We have heard before that some of the positions uttered by the Government of Canada and on the public record were less than candid, tongue in cheek, or rhetorical. Will the Secretary of State for External Affairs, knowing that the people of Canada are interested in knowing the whole truth about the government's position on this matter, issue an edited version of those statements indicating which are rhetorical, which are tongue in cheek, which are less than candid, and which few are the truth?

Some hon. Members: Hear, hear!

Mr. MacGuigan: Madam Speaker, I believe I detect some rhetoric on their side as well.

Some hon. Members: Hear, hear!

Mr. MacGuigan: As we have said repeatedly, Madam Speaker, we have no intention of publishing the minutes of those meetings. One cannot draw any conclusion with respect to the whole minutes from the excerpts which the hon. gentleman claims I have now confirmed. The fact is, that does not lead to any conclusions about the rest of the minutes.

• (1420)

DETAILS OF TELEPHONE CONVERSATION BETWEEN CANADIAN AND BRITISH HOUSE LEADERS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I have a supplementary question for the Secretary of State for External Affairs, who in exchanges in the House, both on October 31, 1980, and November 3, 1980, advised the House that he was fully aware of all the details of a telephone conversation between the then British House leader and his own government House leader. Was this the first time when the minister was made aware of the difficulties which the British government felt it would encounter with the constitutional proposals, or is it his contention that he was not advised of these problems until his meeting on November 10, 1980, with the then British House leader, Mr. Stevas?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the British government made it clear in the first conversation I had with them that there were difficulties in the way. They also made it clear that, despite those difficulties, they would do what they were required to do by convention.

Miss MacDonald: Madam Speaker, to follow up on the question of what was actually told to the minister, following the November 10 meeting in London, the Secretary of State for External Affairs told the news media, according to a CP wire story, that when this matter was discussed the only possible problem was "one of timing". However, the Canadian government telex report on that November 10 meeting noted that the British House leader clearly stated to the minister that passage at Westminster would be dependent on how soon the measure reaches London and what it contained. Which of these two reports is being given tongue-in-cheek or which one is being stated as rhetorical? Can the minister tell us which of these two versions is the truth?

Mr. MacGuigan: Madam Speaker, as we have stated many times, the spokesmen of the British government have frequently referred to the difficulties they will encounter as to how soon they can pass our resolution through their House. Obviously there are some difficulties with respect to some members of their backbench. For the British government it is a question of when this resolution can be brought forward in the House, and, therefore, a question of timing.

Miss MacDonald: Madam Speaker, my final supplementary question comes back to the question which I have already asked. Why is the minister afraid of telling which of these two versions that have been presented is the true one?

Mr. MacGuigan: Madam Speaker, I am not afraid of anything that has gone on the record.

Miss MacDonald: Except the truth.

Mr. MacGuigan: We have taken the policy that we will not confirm statements which the opposition or others are publishing, whether it be word by word or line by line. There is the diplomatic tradition that such things not be revealed.

Mr. Clark: You just broke that tradition.

* * *

INDUSTRY

MASSEY-FERGUSON—GUARANTEES TO FOREIGN COUNTRIES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. It is with regard to the announcement of the deal between the government and Massey-Ferguson. It has now become apparent that British, French, German and Italian banks sought and received assurances from Massey-Ferguson that Massey-Ferguson would continue to invest heavily in their respective countries. Could the minister explain the amount of the underwritten shares which each of the governments of these countries undertook in order to assist those countries and Massey-Ferguson in maintaining its operations in each of those countries?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, in so far as I am aware, the government of Britain through its export guarantee board undertook to guarantee some $90 million in preferred shares which the British banks are taking in lieu of the debt which is owed to them by Massey-Ferguson. I shall have to check with respect to the other participants. With respect to the federal government and the government of Ontario, our decision was linked with the benefits to Canada of Massey-Ferguson continuing its operations and becoming a stronger and more viable entity in terms of production and jobs for Canadians.

● (1425)

GUARANTEES RESPECTING CANADIAN EMPLOYMENT

Mr. Ian Deans (Hamilton Mountain): A supplementary question, Madam Speaker. In return for the British guarantee Massey apparently assured them that there would be no redundancies in the Coventry plant, in the Manchester plant, or in the Perkins diesel plant in Peterborough. Could the minister point to the agreement and show this House the clause that guarantees there will be no lay-offs or dislocation of employment in Canada as a result of the commitment we have made?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we have obtained a commitment with Massey with regard to the upgrading of their operations and employment in this country, including the maintenance of employment at existing operations. The exact wording will be available to the House and the public as the details of the agreements are worked out and reduced to formal written form. There is certainly nothing in our agreement with Massey or with the province of Ontario that is intended to lead to any reduction in employment. Our objective and our commitment are to do just the opposite.

Mr. Deans: Madam Speaker, am I to understand that the government has committed itself to a $200 million loan guarantee and that there is not yet a piece of paper on which the commitments of Massey are put down? We do not know whether they will maintain employment and we do not know how much they are going to invest in this country. They have committed themselves to investment in other parts of the world but this government has absolutely nothing other than a lot of hot air.

Mr. Gray: Madam Speaker, it is obvious from the hon. member's question that, if there is hot air, it is coming from him and not from this side of the House.

An hon. Member: Call another press conference.

Mr. Gray: It shows how interested his party really is in maintaining jobs, and increasing jobs for Canadians. If we had not moved, there would not be, over the next couple of weeks, either the existing jobs in Massey or the increase in jobs that our agreement is going to bring about. Hon. members opposite do not care about that. Hot air, that is their concentration of effort.

An hon. Member: Those are your friends—the NDP.

Mr. Gray: Madam Speaker, first of all we are not providing loan guarantees but guarantees of the capital risk of a new equity investment. What we have agreed to, and what the government of Ontario has agreed to, is based on definite commitments with respect to production and employment in Canada. These are recorded in written form and they will be recorded in contractual form. This will be made available to the House and to the public as soon as this aspect of this activity is completed. I might say that I should like to see this done as soon as possible so that my hon. friend's concerns can be shown to be groundless.

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TRADE

FEDERAL GOVERNMENT'S PARTICIPATION IN EXPORTATION OF BRITISH COLUMBIA COAL TO JAPAN

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Transport and it is in response to the successful conclusion of a major export deal for northeast British Columbia coal to Japanese markets. While only sketchy details are available at this point, I should like to ask the minister what the extent of the federal involvement is for the procurement and cost of the infrastructure that is required to facilitate the shipment of that coal?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not in a position to be very specific on this subject this afternoon but information will be available in the

coming days. Federal participation takes three forms. The first is the contribution to the site preparation, the offsite services, and the access road. Then there is a guarantee of $3 per tonne throughput charge at the port. Third, there will be considerable participation by CN in the improvement of the main rail line. The very specific details will come out, as I said in the coming days. It is difficult to give the degree of subsidization at this point because of the change in the volume of the sale, but some of it will be on a non-compensatory basis, for example, the access road will be paid by DREE, but most of it will be on a cost recovery basis.

Mr. Oberle: A supplementary question, Madam Speaker. It is said that up to $1 billion will be required by the two governments, that of British Columbia and of Canada, to put the necessary infrastructure in place, townsites, rails, roads, port facilities and so on. That is a significant expenditure of money. Is it the minister's intention to table in the House the extent of the federal involvement and say whether it is the intention of the federal government to recover its investment in the various components of this massive scheme?

• (1430)

Mr. Pepin: Madam Speaker, in due course I am quite sure we will. By way of illustration, CN will probably invest $300 million in this, maybe even more, for the purchase of trains, strengthening of lines, and so on.

An hon. Member: Double tracking.

Mr. Pepin: But all of that is on a full cost recovery basis. As my hon. friend is interested in knowing the full extent of the non-cost recovery aspect, I can advise him this should come up within the next few weeks.

* * *

FISHERIES

LAY-OFF NOTICES TO EMPLOYEES OF NEWFOUNDLAND COMPANY

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Minister of Fisheries and Oceans. I am sure the minister is aware of the serious unemployment in Newfoundland. Today there are 32,000 officially unemployed. Is he aware that one of our major fishing companies, Fishery Products Limited, is sending out notices to 700 employees informing them that they will be laid off in two weeks' time because they cannot get access to fish stocks, that the northern cod allotment for the offshore fleet, which I think is 47,500 tonnes, will all be caught within the next two weeks, and as a result, there will have to be serious lay-offs in the Newfoundland fishing industry?

Can the minister advise the House what steps he is taking to see that the raw material is made available to the fish-catching fleet to keep the important fishing industry in operation in Newfoundland as well as in the rest of the Atlantic provinces?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I would have thought that a company as important as the one to which the hon. member referred would not have issued lay-off notices on the basis of a press story. Second, I would have thought that, in a situation where the whole argument for increased quotas was based on year-round plants having year-round fish, major companies would not have opened what are, by definition, very seasonal plants, and in some cases put on a double shift—in other words, catch all the fish they could in a matter of a few weeks and then immediately expand the processing operation, which endangers the viability of those plants which have become year round, which are dependent on year round supply.

Those are the problems with which we are trying to deal. I tried to reach a consensus with my Atlantic coast provincial counterparts at a meeting last Friday. There was no consensus, so we will have to try to make the best management decisions we can.

I would have to say that the arguments made to preserve quotas on northern cod, on the basis for the need for market, on the need for year round plants, and on the basis of keeping crews busy 12 months of the year, are shot to pieces by actions of the very companies which were asking for a 12-month supply of fish, by agreeing they should take it in a matter of three or four months.

Mr. Crosbie: Madam Speaker, I am not interested in arguments. The minister has jurisdiction over the fishery, and the firm, Fishery Products Limited, is a leading firm and has been for 50 years in the Newfoundland fishery with year-round plants and a huge trawler fleet. The company has two trawlers under construction now, specially ice strengthened, at Marystown, worth $7 million each. That demonstrates its interest in the future of the fishery.

My question to the minister is this: what will the minister do to see that companies like this one, which has thousands of employees, will be able to keep those employees working this year in fish processing operations in Newfoundland, which has the worst unemployment in the whole of the Dominion of Canada? That is what we want to know. What can the minister do? The minister has jurisdiction. He is snubbing the provincial minister of fisheries day after day.

Madam Speaker: Order, please.

Mr. Crosbie: What action is the minister going to take?

Mr. LeBlanc: Madam Speaker, obviously the hon. member, who has been travelling, has not been following the debate.

Some hon. Members: Oh, oh!

Mr. Crosbie: Where have you been?

Mr. LeBlanc: It is to protect the supply of fish for those year-round plants that I have asked the companies to exercise—

Mr. Clark: That are putting people out of work.

Mr. LeBlanc: —some control over their fishing efforts and to make sure that, come next August or September, they do not all claim an increase in the quotas on the basis of running short of fish. I think plants which have been open, which are by their nature seasonal plants, or plants which have put in second shifts, as many of them have, in fact are showing that irresponsibility which I have been trying to master for some time.

An hon. Member: So much for the fishermen.

Mr. LeBlanc: You would not know a fisherman from a cow.

Some hon. Members: Oh, oh!

An hon. Member: We know the flim-flam.

Mr. Clark: Roméo baloney.

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ASTRA TRUST

DEPARTMENTAL DELAY IN LAUNCHING INVESTIGATION

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, in the absence of the Minister of State for Finance I have a question for the Minister of Finance concerning Astra Trust which was chartered by the federal government in 1976 and started operating in 1977. I am sure that it will be of some interest to the House to know there were already so many problems with this company, and with associated companies also controlled by Mr. Montemurro, that in 1978 the federal Superintendent of Insurance was attaching conditions and only renewing the trust company's charter for three-month periods.

My question to the minister is this: why did it take the department two years between 1978 and 1980 to find out the nature of the scam which was involved? How was it possible for the department to continue to allow investors in southern Ontario to invest in a company when it knew in 1978 that this operation was fishy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member knows, the minister of state has been handling this particular aspect of the department's operations. I would suggest that he will get more satisfaction if he were to ask his question of my colleague who will be in the House tomorrow.

Mr. Rae: Madam Speaker, in light of the answers which both the hon. member for Burlington and I have received from the Minister of State for Finance, I am not sure I agree with the minister that we are getting very much satisfaction from any minister in the government dealing with this problem.

An hon. Member: It is a cover up.

Mr. Rae: If the minister is not interested or aware of this problem, believe me, Madam Speaker, he will be interested and aware of this problem by the time we are finished dealing with it, because it involves a very important problem for many investors.

My question for the Minister of Finance is this: how was it possible for loans to have been made to a company called Canadian Recycling Ltd.—it is rather an appropriate name in light of the circumstances—and for loans to have been made to many of the directors of Astra Trust, and to individuals linked for ten years to organized crime? How was it possible for those loans to have been made over two and three years, between 1977 and 1980, and for the department to do nothing to warn other innocent investors in this company that there was something dreadfully wrong with this operation, as well as with the operation of Re-Mor Mortgage, and C & M Consultants Ltd., and Canadian Recycling, the four companies involved in this operation?

Mr. MacEachen: Madam Speaker, I never implied that the hon. member would get satisfaction in complete perfection. I just said that I thought he would get more satisfaction from my colleague than from me—

An hon. Member: What is new?

Mr. MacEachen: —and I am certain of that in light of the answer I am now going to give to the hon. member, which is the same as the former one.

Some hon. Members: Oh, oh!

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COMMUNICATIONS

GOVERNMENT ASSISTANCE FOR DEVELOPMENT OF ELECTRONICS INDUSTRY

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, my question is for the Secretary of State and Minister of Communications. In view of the fact that Canada will face a $4 billion to $5 billion annual trade deficit in office electronics by the year 1985, and in light of the fact that the minister has stated that the challenge of making significant inroads into the burgeoning multi-billion dollar office electronics market is beyond the capability of any single Canadian firm, would he indicate to this House what appropriate steps the government is taking to make the electronics industry more competitive and to increase its exports by winning world markets?

An hon. Member: He has already announced it.

Mr. Andre: ElectroCan.

Mr. Crosbie: ElectroCute.

An hon. Member: ChryslerCan.

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I am pleased to reply to the very important question raised by my colleague. I would point out that a few months ago I announced the federal government's intention, particularly through the Department

of Communications, to launch an office communications program. This is a matter of vital interest not only to my department but also to the department of my colleague, the Minister of Industry, Trade and Commerce. At that time we indicated a total possible commitment on the part of the government of some $12.5 million. I was pleased to announce on Friday a commitment by the government to the Telidon program amounting to $27.5 million.

Some hon. Members: Hear, hear!

• (1440)

Mr. Fox: You know yourself, Madam Speaker, that this is a technology in which Canadians have a leading edge—

Some hon. Members: Order.

Some hon. Members: Speech.

Mr. Fox: —ahead of both our French and English competitors. We feel that with this added injection into the Telidon program—

Some hon. Members: Order.

Mr. Fox: —combined with the additional $100 million which industry intends to contribute, we will have a very successful electronics program in this country.

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FISHERIES

REGULATION OF HERRING FISHING ON WEST COAST

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is for the Minister of Fisheries and Oceans. As he knows, there are many very worried herring fishermen out on the west coast owing to the government's lottery, presumably the computerized lottery program, for entry into the herring roe fishery. I should like to ask the minister whether all bona fide herring fishermen will automatically qualify for entry into the roe fishing season and whether native fishermen or any other groups will be exempted from the lottery or given any other kind of classification in the lottery.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I fail to understand what the hon. member means by a lottery. As he knows, the herring season in 1979 was the scene of considerable disorder, and in fact of threat to the herring stocks because of pressure and the lack of discipline on the spawning grounds.

In 1980 there was a strike and the herring stock which was taken was much lower than usual, and therefore there was a conservation aspect to this. But in 1981, according to the reports of the biologists, we had to question very seriously if the type of management breakdown which had occurred in 1979 was tolerable and, in fact, if there should be a herring roe fishery at all. We decided in favour of the herring roe fishery, considering that salmon and herring roe fishermen have had rather difficult seasons. However, we did not institute a lottery. We tried to give fishermen a choice as to the zones in which they wanted to fish so as to ensure some order, and that is still the subject of some discussion. I do not understand what the lottery issue is all about.

Mr. Friesen: Madam Speaker, if the minister does not know anything about the lottery, he is way behind the fishermen out there who know all about the lottery system. Conceding the fact that a conservation program has to be established, and the fishermen are the first to agree to that, I should like to ask the minister whether he recognizes the fact that a conservation program is necessary and that new regulations had to be put in place. Since he had them in place in 1980, why did he not use them instead of introducing a new program? The fishermen were already prepared and geared for those regulations. Why did the minister not do that, instead of instituting a new system in 1981 which was totally unproved? Furthermore, I should like to ask the minister whether he is planning to use the present system with regard to other stock, such as salmon, later on, for the fishermen.

Mr. LeBlanc: In answer to the last question, I have not heard this suggestion, although there are those who advocate that area licences might make sense. That is one of the items on which, I hope, professor Pearce in his report will give us some suggestions.

Maybe the hon. member confuses the lottery with multiple choice. What the fishermen were asked was: "If you are given an area licence, what is your first, second and third choice?" From what I hear, practically everyone was granted his first choice. I do not think the hon. member would advocate a drastic change in the regulation in the middle of a strike, which was the case in 1980, but I also do not understand his view that what was supposed to be good in 1980, for some reason does not seem to be good in 1981. I should like to hear his arguments on that.

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CULTURAL AFFAIRS

REVIEW COMMITTEE'S ASSESSMENT OF GOVERNMENT'S PERFORMANCE

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Communications and it deals with the mounting criticism of the federal cultural policy review committee which has succeeded the informal advisory committee which was set up by his predecessor, the Hon. David MacDonald. In view of the fact that both the deputy minister and the assistant deputy minister responsible for cultural policy are members of the review committee, how can the minister assure the House that the committee will evaluate fairly and properly the performance of the government on cultural issues?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I think the important role of the federal cultural policy review committee is to address the problems of the future, and I think it is a good idea and advisable to have some of the officials of the Department of Communications as members of this committee. I think that if the committee felt cut off from the people who have been administering the federal cultural policy over the years, this would not allow it to have all the information it requires to come to concrete proposals. I think it is a sound idea that the committee be able to benefit from the experience of the department and have access to the feelings of departmental officials on ongoing programs, and be able to develop, with the concurrence of departmental officials and with their advice, a sound cultural policy for the future.

Miss Carney: Madam Speaker, my supplementary question is directed to the same minister. If we extended his logic, we should have every single civil servant in the Department of Communications on the Applebaum committee. May I point out that the Canadian conference of the arts has publicly stated that "Many members of the arts community and the media are skeptical about the credibility and independence of the committee process." In view of the fact that the review committee will be holding only five regional public meetings, how can the minister assure the House that members of the arts community who wish to participate in the inquiry process will have the opportunity to do so?

Mr. Fox: Madam Speaker, I think it is giving very little credit to my immediate predecessor, who is from the party opposite and who named many members of the federal cultural policy review committee, to intimate that they would have so few qualifications as to be completely dominated by two of my civil servants. It is quite the contrary. I agree with my predecessor that the people who were appointed were eminent people, people of high quality who had a great contribution to make.

As to the number of hearings, I believe that the committee members are intent on seeing to it that they are able to communicate with as many Canadians as possible. I am sure that every member of the cultural community and every member of any professional association knows very well how to communicate and to make his point of view known to that committee. Indeed, I think it is an excellent committee. Of course it has been strengthened since we took office, and I am looking forward to the report of that committee.

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CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

DECISION TO STOP SERVICE PROVIDED FOR DEAF TELEVISION VIEWERS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Minister of Communications who will be aware that 1.5 million Canadians who suffer from a hearing disability were shocked a few days ago to learn that the CRTC had ordered Rogers Cable in Toronto to stop the practice of decoding the closed captioned programs for the deaf and showing them on a special channel to provide a service for hearing-handicapped Canadians. What action does the minister propose to take to ensure that that service is restored immediately?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I sympathize completely with the sentiments expressed by the hon. member. As he knows, the service was closed down by CRTC because the licence issued to Rogers Cable TV apparently did not include the authorization to carry such a service. The chairman of the CRTC has decided to hold a public hearing on the matter as soon as possible, and the date of March 10 has been set for hearings in Toronto on this subject. I trust that the matter at that time will be settled by CRTC to everybody's satisfaction.

Mr. Beatty: Madam Speaker, the minister will know that his answer is certainly not satisfactory for the people who have been deprived of that service and who will continue to be deprived until the CRTC reverses the decision it took. In view of the fact that the minister, on several occasions over the course of the last several months, has indicated that a Telidon mini-decoder will be available for deaf Canadians within the next few months, can the minister tell the House exactly when that mini-decoder will be available on the market?

Mr. Fox: Madam Speaker, of course the short answer to that question is, as soon as possible. My officials inform me that they have received some proposals from industry which they are at present evaluating. I should also point out to the hon. member that part of the $27.1 million which I announced last Friday to support the Telidon program is for research and development, and a portion of that is earmarked for developing an improved Telidon captioning decoder.

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[*Translation*]

CANADIAN BROADCASTING CORPORATION

INQUIRY WHETHER MRS. LISE PAYETTE WILL RESUME EMPLOYMENT

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question also is directed to the Secretary of State and Minister of Communications. Can the minister tell the House whether it is true that Mrs. Lise Payette is no longer actively involved in politics with the Parti Québécois and has resumed her political activities at the CBC French network to promote Quebec's independence? If so, will she rate the red carpet treatment from the minister or the president?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I must say to the hon. member that I have no indication about this. Mrs. Payette did not tell me what she intends to do in the future. I have no idea

whatsoever whether she wants to apply for a new position with the CBC French network. The hon. member may not know this but I can tell him that the CBC now has a well-established practice whereby people who have been active in politics are not allowed to play host on public affairs programs for a period of about three years.

* * *

[*English*]

CANADIAN ARMED FORCES

TESTING OF CHEMICAL DEFOLIANT AT CFB GAGETOWN—RELEASE OF REPORT BY GOVERNMENT

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is directed to the Minister of National Defence. On January 26 the minister told this House that the reports of the incident in 1966 at CFB Gagetown were available to everyone, but in a conversation with the minister's office last week I was told that the document I received from the United States government, because of freedom of information in the United States, could not be released by the Canadian government. I wonder if the minister could square his earlier statement that this report is not secret with the more recent admission that, in fact, the report cannot be released by his government.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, with respect to this question it is normal for me to state again that governmental documents which come from other countries are subject to authorization by those countries to release their own documents. At the same time we would not like the United States to release some of our documents when we have an agreement with that country with respect to such documents. I think it is just normal that the United States has the right to make its own documents available. As far as I am concerned its documents belong to it and not to Canada.

Mr. Sargeant: Madam Speaker, I do not find that a very satisfactory answer, for obvious reasons.

The minister has gone to great lengths to deny that this test was related to the development of chemical warfare agents destined for Vietnam, but in a Canadian document entitled "Vegetation Control at CFB Gagetown" it is stated, and I quote:

> U.S. interest is understandable. A great amount of effort has been expended to find some means of destroying the jungle canopy of Southeast Asia.

Will the minister now admit that, beyond a shadow of a doubt, National Defence officials knew in 1966 that they were assisting in testing, the results of which would be put to direct use in the U.S. effort in Vietnam?

● (1450)

[*Translation*]

Mr. Lamontagne: Madam Speaker, it is very easy to impute motives in discussing problems such as this one. I want to assure my hon. colleague opposite, as energetically as I possibly can, that as far as we were concerned that experiment was in no way related to the Vietnam war. I feel that since this matter was brought up, Madam Speaker, it has been established that we had overgrowth problems; we have documented proof that the problem existed already in 1964, that studies were made later on, in 1968 and 1969, and that some of those problems still remain at Gagetown. Therefore, linking this experience with the war in Vietnam is absolutely wrong.

* * *

[*English*]

ENERGY

STATEMENTS BY MINISTER RESPECTING AGREEMENT WITH ALBERTA

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. On a recent tour of northeastern Alberta, including Bonnyville, Cold Lake and Grand Centre, the minister made the following statement: "There will be a resolution of the constitutional and energy problems within months".

Then later, speaking to people in Grand Centre, the minister said, and I quote: "Those who have put their hearts and their money into these projects won't be disappointed much longer".

Will the minister report to the House what development regarding an energy agreement with Alberta has taken place to allow the minister to make these optimistic statements or, indeed, does he have any reason to make these optimistic statements and, if so, how many months does he think it will take before an energy agreement will be reached?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I hope very few months indeed, but obviously this is not dependent only on the federal government. I can report to the hon. member that there have already been two meetings at the deputy ministerial level, and there have been further meetings at the level of other officials. I have indicated to the government of Alberta that we are ready to meet at the ministerial level when it is ready and as soon as it is willing. I am still waiting for an answer in that respect.

Mr. Paproski: Humble Lalonde.

Mr. Shields: Madam Speaker, is the minister's statement then to be taken in northeastern Alberta as being less than candid, like statements of the Prime Minister and the Minister of Justice?

Mr. Lalonde: Madam Speaker, on the contrary, that statement is totally candid. The only limitation to an agreement is the willingness or unwillingness of the government of Alberta to come seriously to the table. If it did that, we could reach an agreement soon.

VETERANS AFFAIRS

PRORATA PENSIONS FOR WIDOWS OF DISABLED VETERANS—INFORMATION PROGRAM

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the acting Minister of Veterans Affairs. Because of the phased-in lowering of the 48 per cent disability entitlement in Bill C-40, approximately 1,500 widows became eligible for pensions in 1980. As of December, 1980, the Department of Veterans Affairs had heard from fewer than one third of these widows inquiring about their eligibility.

Can the minister tell the House if he has formulated a plan for contacting these other widows to make them aware of the fact that they now have a pension entitlement?

Hon. J. Gilles Lamontagne (Minister of National Defence and Acting Minister of Veterans Affairs): Madam Speaker, I understand the concern of the hon. member about the question of veterans' widows' pensions. I think the department is doing everything it can to contact these widows. Information is being made available in different parts of the country to make these people aware of the possibility of pensions for them.

Mr. McKenzie: Madam Speaker, can the minister assure the House that because of the relatively simple procedure for establishing the eligibility of these widows, their pension applications will be processed with a minimal waiting period? The minister says he thinks the department is taking action. Will he make sure that the department is taking action?

Mr. Lamontagne: Madam Speaker, I will make sure that what the hon. member is asking will be done within the least possible time.

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NATIONAL HARBOURS BOARD

STUDY OF DALHOUSIE AND BELLEDUNE, N.B., PORTS

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is for the Minister of Transport. In view of the long awaited information with respect to the ports policy which was introduced a couple of years ago, in view of the difficulties we are experiencing at the two ports in northern New Brunswick at Belledune and Dalhousie—but specifically Belledune—and in view of the negligent attitude and inattention on the part of the National Harbours Board, particularly the gentleman at Saint John who is responsible for that port, I wonder if the minister could indicate when we might receive some information in this House regarding the long-awaited news with respect to the direction of ports, and if he could indicate that there will be some action taken with respect to having the National Harbours Board bring forward the study which was commissioned a year and a half ago on the port at Dalhousie and the port at Belledune.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, with respect to the ports policy as a whole, progress is being made now. The policy should be ready for cabinet study in the next month or so, or possibly even earlier than that.

With respect to Belledune and Dalhousie, I will consult the National Harbours Board and make a personal report on that subject to my friend.

* * *

TRADE

IMPORTATION OF JAPANESE AUTOMOBILES—INQUIRY RESPECTING QUOTAS

Mr. John Gamble (York North): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. The minister will know, as a result of a recent meeting he had in Canada with Japanese minister Tanaka, that he was unable to negotiate any arrangement with the Japanese for the fabrication of Japanese automobiles in Canada. He will also know that for some long time now the Japanese have been very successful, through non-tariff barriers, in excluding the importation into Japan of Canadian manufactured goods. He will also recognize that the Japanese share of the North American automobile market has been increasing apace.

In light of these facts I would like to ask the minister whether it is possible that the government is now considering the imposition of quotas on the importation of Japanese automobiles to Canada.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, when it comes to investments by Japanese companies in North America, including Canada, it should be borne in mind that the Japanese automotive industry is not owned or controlled by the Japanese government. It is in the private sector. In spite of this, and I quote from the official press communique of Mr. Tanaka's visit: "Mr. Tanaka said his government was sympathetic to these Canadian objectives," one of them being increased Japanese sourcing of parts in Canada and investment in automotive facilities, "and would encourage Japanese automotive manufacturers to respond positively."

● (1500)

Also, during Mr. Tanaka's visit he confirmed that the agreement between the United States and Japan on access to sourcing by the Japanese telecommunications entity would be available to Canada on a non-discriminatory basis thus making available to Canadian companies the opportunity to bid on some $3 billion worth of manufactured goods. In spite of the continuing problems my hon. friend has mentioned, I think we are making progress.

When it comes to the matter of quotas on Japanese vehicles, the U.S. International Trade Commission, in spite of the higher levels of penetration of Japanese imports into that country, did not find injury nor did it recommend quotas.

Therefore, I think our first priority should be to continue to seek a much higher level of Canadian content in Japanese vehicles sold in Canada, North America generally and in world markets, and continue to monitor the situation in light of what U.S. authorities might do and the level of Japanese imports. Increasing Canadian content should be our first priority.

Mr. Gamble: Madam Speaker, the minister will recognize the non-tariff barriers of which I spoke are supported by the government of Japan and encouraged by that government. They have been very successful for years in keeping out the importation of Canadian manufactured goods. The minister will also recognize that France has imposed a quota. There is a bill in the U.S. Congress to impose a quota on the importation of these cars. I should think the minister would be very concerned about the interest of Canadian auto workers, some of whom live in his own riding. When will the government take it upon itself to form a lead in this area rather than act like a jellyfish able to be pushed around by a foreign government and its commercial interests?

Mr. Gray: Madam Speaker, the Japanese government, like other members of the GATT, did agree to codes to move the level of non-tariff barriers. I am sure we expect Japan to comply with that code to a no lesser extent than any other member of the GATT. With respect to the matter of quotas, if the U.S. Congress legislates quotas, in my view it will be necessary for the Canadian authorities to consider taking parallel action within our own legal framework and in light of our own circumstances. That is why I said we are watching the Canadian situation and the American situation very closely. Because we have an integrated industry on a North American basis, I think we must be very careful about the timing and extent of our actions.

At the present time I think our priorities, in the interests of Canadian workers, should be to strive to increase the level of Canadian content in Japanese vehicles sold in North America and around the world and, in the meantime, to keep in touch with the situation so that we are ready to take other action in the interests of Canadian workers and the Canadian economy should circumstances make that necessary.

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PRIVILEGE

MR. NIELSEN—NOTICE OF INTENTION OF MR. STEVENS TO RAISE QUESTION OF PRIVILEGE

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise on behalf of the hon. member for York-Peel (Mr. Stevens) who addressed a matter last Friday concerning the conduct of the Minister of Industry, Trade and Commerce (Mr. Gray) which the hon. member for York-Peel feels is contemptuous of this House. He has asked me to file notice in his name, as he undertook to do last Friday, of his intention to raise a question of privilege. He is unavoidably absent today. He intends to raise it at the first opportunity. In the meantime I have filed a notice in the form of an intended motion which, if after listening to the hon. member for York-Peel you find there does exist a question of privilege, he will be moving. This motion may not be in the precise terms of the motion filed today by way of notice, but in similar terms.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

CONSTITUTIONAL AMENDING FORMULA

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid on the table the thirty-eighth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Calgary West (Mr. Hawkes) and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

CANADA ELECTIONS ACT

MEASURE TO AMEND

Mr. Hal Herbert (Vaudreuil) moved for leave to introduce Bill C-627, to amend the Canada Elections Act (use of contributions).

Some hon. Members: Explain.

Mr. Herbert: Madam Speaker, the purpose of this bill is to amend section 13 of the Canada Elections Act so that where a political party has provincial or municipal parties affiliated with it, its registration pursuant to this section shall have effect only in respect of the activities of the party in its federal capacity.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,192, 1,624, 1,884, 1,885, 1,886, 1,887, 1,888, 1,889, 1,890 and 1,933.

[*Text*]

CANADAIR EMPLOYEES

Question No. 1,192—**Mr. Roy:**

1. How many (a) permanent employees (b) other types of employees are on the Canadair Ltd. payroll and what is the breakdown by age group, that Statistics Canada's publications show?

2. Do some of these employees come from abroad and, if so (a) how many (b) from which country (c) what are the selection criteria?

3. Does that company have a hiring program and, if so, what is it?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned:

Canadair Limited

1. (a) 6,170 permanent employees.

(b) 227 sub-contract personnel.

	Male	Female	Total
Age 15-24	1,192	438	1,630
Age 25 plus	4,339	201	4,540
	5,531	639	6,170

2. Yes. (a) Permanent Staff (since August 1/76) 188

Sub-Contract personnel 227—Recruited abroad

(b) Permanent Staff: England 123; Scotland 7; Northern Ireland 26; U.S.A. 32

Sub-contract personnel: 60 per cent Europe; 40 per cent U.S.A.

(c) Skills that are in short supply and not available in Canada: aerodynamicists, stress analysts, structures design engineers, electrical and electronics engineers, tool designers, tool planners, tool and die makers, skilled machinists.

Before Canadair hired from abroad they advertised extensively in all Canadian provinces—fully complying with regulations of the Department of Employment and Immigration.

3. Yes. Canadair maintains two-year projection of manpower and skill requirements and gears hiring and training programs accordingly.

MR. ALLAN ROSS

Question No. 1,624—**Mr. Epp:**

Is Mr. Allan Ross, a Liberal candidate in the 1980 election, employed by the government and, if so, what (a) is his annual salary (b) are his duties (c) is the length of his contract, if any?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): In so far as the Canada Employment and Immigration Commission is concerned, the reply is as follows: No.

(a)(b)(c) However, Mr. Allan Ross had a contract in the amount of $4,000 with the Employment and Immigration Commission between April 16, 1980, and June 1, 1980, to act as a member and, under the direction of the chairman, Manitoba task force on LEAP and Outreach, conduct interviews and visit project sites in order to contribute to the drafting of the final report of the task force to the minister.

SPECIAL JOINT COMMITTEE ON THE CONSTITUTION OF CANADA

Question No. 1,884—**Mr. Epp:**

1. Did any member of the Special Joint Committee on the Constitution of Canada play any role, whatsoever, in the preparation of the draft resolution which is now the subject of consideration by the committee and, if so, which members?

2. (a) Was (i) the Parliamentary Secretary to the Minister of Justice (ii) Senator Carl Goldenberg (iii) Senator Jack Austin (iv) Senator Maurice Lamontagne, involved in any way, whatsoever, in the preparation of the draft resolution (b) were any of them involved in any discussion regarding the parliamentary strategy or the communications strategy of the government in relation to the introduction and attempted passage through Parliament of the draft resolution and, if so, who and in what capacity?

3. Did any member of the committee see a copy of the draft resolution at any time before it was presented to the House of Commons and the Senate and, if so (a) which members (b) in each case, on what date?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. No.

2. (a) (i) No.

(ii) No.

(iii) No.

(iv) No.

(b) Neither the Parliamentary Secretary to the Minister of Justice nor any of Senators Goldenberg, Austin and Lamontagne was involved in any discussion regarding the parliamentary strategy or the communications strategy of the government in relation to the introduction and attempted passage through Parliament of the draft resolution prior to the convening of Parliament on October 6, 1980.

Since that time, all have participated as members of caucus and of the special joint committee. The Parliamentary Secretary to the Minister of Justice has had additional participation in that capacity.

3. Copies of the draft resolution were generally available to all Members of Parliament on the evening of October 2, 1980. No member of the committee was shown a copy of the draft resolution prior to that time.

Question No. 1,885—**Mr. Epp:**

Is any employee, either on contract or full time, of the Department of Justice, providing briefing material, special documentation or advice to any government member of the Special Joint Committee on the Constitution of Canada?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): When the Special Joint Committee on the Constitution of Canada was organized, representatives of all parties on the committee were advised that government officials would co-operate in providing information to members of the committee to facilitate the work of the

committee. They have co-operated with members of all parties of the committee in providing information.

Question No. 1,886—**Mr. Epp:**

1. Is any member of the Special Joint Committee on the Constitution of Canada receiving any special compensation or remuneration, directly or indirectly, from the Department of Justice which prepared the draft resolution on the Constitution and, if so, in what nature and for what purpose?

2. Is the hon. member for Sault Ste. Marie receiving special compensation or remuneration for his service as parliamentary secretary to the minister whose department prepared the draft resolution and, if so (a) in what amount (b) under what authority?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. No.

2. The hon. member for Sault Ste. Marie receives compensation or remuneration for his services as Parliamentary Secretary to the Minister of Justice under the authority of the Parliamentary Secretaries Act, as provided by that act. He receives no other compensation or remuneration for his services as parliamentary secretary.

Question No. 1,887—**Mr. Epp:**

Did any agent, official or cabinet minister contact any group submitting representation to the Special Joint Committee on the Constitution of Canada prior to their submission of an oral or a written presentation and, if so (a) which groups were involved (b) what was the nature of the contact (c) which representatives of the government were involved (d) what were the dates of contact?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Officials, the offices of cabinet ministers and Members of Parliament have been contacted by groups submitting or contemplating submitting representations to the Special Joint Committee on the Constitution of Canada for information regarding the committee. Such inquiries were referred to the joint clerks of the committee. No record was kept of such contacts, of the number thereof, of the specific point of contact or of the dates of contact.

Question No. 1,888—**Mr. Epp:**

Does the government have in its employ, directly or on contract or in any other way, any son, daughter, other close relative or spouse of any member of the Special Joint Committee on the Constitution of Canada and, if so (a) what is the name of the person (b) what is the relationship of the person to the member (c) what is the responsibility of the person (d) did the person play any role in the preparation of the draft resolution under consideration and, if so, what was such role (e) is the person now involved in any official way with matters affecting the present deliberations of the committee and, if so, what is the role and what are the matters?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): This information is not available to the government and obtaining it would: (a) be prohibitively expensive, and; (b) involve making direct inquiries either of every member of the special joint committee or every person in the direct or indirect employ of the government.

(c), (d) and (e) See reply to question No. 1,889 answered this day.

Question No. 1,889—**Mr. Epp:**

1. Is Mr. Eddie Goldenberg in the employ, directly or on contract or any other way, of the government and, if so (a) what is his relationship to Senator Carl Goldenberg or any member of the Special Joint Committee on the Constitution of Canada (b) what are the specific conditions of his employment, including remuneration, responsibilities and reporting relationship?

2. Did he play any role whatsoever in the preparation of the (a) draft resolution now before the committee (b) parliamentary strategy regarding the approval of the draft resolution by the House of Commons or the Senate (c) communications strategy of the government regarding either the draft resolution or government constitutional positions?

3. Does he have any continuing official role respecting matters which affect the present deliberations of the committee and, if so, what is the role and what are the matters?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. Yes.

(a) Mr. Goldenberg is a son of Senator Carl Goldenberg.

(b) No direct remuneration is provided to Mr. Goldenberg by the government. The contract for Mr. Goldenberg's services is with the law firm of Lang, Michener, Cranston, Farquharson and Wright of Toronto by which he is employed. That law firm presumably provides his remuneration. His responsibilities are to provide professional services to the Ministry of Justice, as a special adviser, particularly in respect of constitutional matters.

2. (a) Yes.

(b) Yes.

(c) Yes.

3. Yes. Mr. Goldenberg continues to provide professional services as a special adviser to the Ministry of Justice.

Question No. 1,890—**Mr. Epp:**

Did (a) the Parliamentary Secretary to the Minister of Justice (b) Senator Carl Goldenberg (c) Senator Jack Austin (d) Senator Maurice Lamontagne, see a copy of the draft resolution which is now the subject of consideration by the Special Joint Committee on the Constitution of Canada at any time before that draft resolution was presented to the House of Commons and the Senate and, if so, in each case, on what specific date did he see the draft?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Copies of the draft resolution were generally available to all members of Parliament on the evening of October 2, 1980. No member of the committee was shown a copy of the draft resolution prior to that time.

TRADE COMMISSION OFFICES

Question No. 1,933—**Mr. Herbert:**

What is the current annual budget and the personnel strength of the Trade Commission Offices in (a) Jamaica (b) Trinidad and are sub-offices maintained in the territories covered by the two offices?

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned:

(a) Jamaica

Industry, Trade and Commerce Program Personnel and Budget:

1 Canada based officer

1 locally engaged officer Total budget $24,800

(b) Trinidad

Industry, Trade and Commerce Program Personnel and Budget:

3 Canada based officers

2 locally engaged officers Total budget $99,500

There are no sub-offices maintained in the territories.

[*English*]

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

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1981-82

SUPPLEMENTARY BORROWING AUTHORITY

The House resumed, from Thursday, February 5, consideration of the motion of Mr. Bussières (for the Minister of Finance) that Bill C-59, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Arnold Malone (Crowfoot): Madam Speaker, generally when one rises in this chamber he commences his speeches by saying what a privilege it is to make comments on the particular bill or subject matter. I suppose, in all honesty today, one should more properly stress a real concern about having to again rise to talk about a borrowing bill introduced by a government which has already borrowed itself deeply into debt. Canadians should be worrying about the fact we are now living very much on borrowed time and how that will affect our future. What we have here is another bill asking that we as Members of Parliament grant this government the right to borrow another $14 billion. In the last four years this government has already borrowed $40.1 billion and the projected deficit by the government of the day for the next four years is $51.8 billion.

In short, what we have here is a government which in an eight-year period is asking for borrowing authority amounting to nearly $100 billion in order to cast out the debts of the present and future citizens of the country. What is more concerning is the fact that the cash requirement of the government at the present time, by its own admission, is $11 billion, yet it puts a borrowing bill before Members of Parliament for authority to borrow some $14 billion. In other words, the government is allowing $3 billion for spillage; it is borrowing $3 billion more than its cash requirements for pocket change.

● (1510)

Part of the reason these huge borrowings undertaken by the government have a tendency to go unnoticed by the public at large is that the public simply does not understand the concept of what is a billion. A dollar bill is precisely six inches long, therefore two of them would equal a foot. A million dollars in dollar bills would stretch from Ottawa to not quite Montreal, but a billion dollars would go from Vancouver to Halifax and back 2.5 times. That is the amount of borrowing at which we are looking; it is a huge amount of money. The government is not only looking enough money to go across Canada 2.5 times; it is trying to wallpaper all of Canada with a debt which, if we look at last four years and the next four, will amount to just short of hundreds of billions of dollars of borrowed money.

I have heard members in the House of Commons talk about the multinational oil companies and their drain of money out of the country. The truth of the matter is that this drain of money out of the country is nowhere near as significant as that of our foreign borrowing. That is by far the biggest drain of financial capital out of the country. It is not the private sector which is creating the drain, it is the government and its huge borrowings, to the extent that when citizens pay their taxes, one quarter of those tax dollars does not buy them anything related to hospitals, roads, airports or government services. One quarter of all tax dollars paid is used to pay the interest on the accumulated foreign debt. Any citizen would be very perturbed by the fact that one-quarter of his tax dollars virtually buys him nothing, but is used to pay for the interest of a wasteful government.

The government thinks in terms of an artesian trough, it believes somehow the money is housed in some bottomless well. The government believes its prerogative is to dream up ideas of spending, to go forward and collect money borrowing and borrowing, taxing people more and more, and providing less and less.

By March, 1981, our gross national debt will exceed $120 billion. Again we must bear in mind that a billion dollars in one dollar bills will go from Vancouver to Halifax and back 2.5 times. That is the amount of debt this wasteful government is imposing upon Canadians. The interest charges against that amount will be $12 billion a year, making it the largest expenditure citizens pay with their tax dollars.

When we address this question of borrowing, there are two precepts from which we can view it. The first is that we could borrow less because the government could spend less. That is one way of getting this problem in hand; it could spend less or the government could make itself more thrifty. If it is the view of government that it does not want to spend less because it believes these services—whatever they might be defined to be—are absolutely necessary, then the other method is to

create more wealth by stimulating the private sector. In other words, this would create greater wealth, putting people in higher tax brackets and the government would have more revenue. If the money is needed, and it is the desire of the government to have its citizens raise more money, I can only say that this government and its policies must be condemned as a dismal failure.

The automobile industry of southern Ontario is in its weakened position today because the government did not have the courage of its convictions, following 1973, to move more closely to a reasonable world oil price.

We have heard various myths that somehow OPEC has set an artificial price. Certainly the Minister of Energy, Mines and Resources (Mr. Lalonde) would have people believe that OPEC has caused world inflation, but somehow he fails to mention to Canadians that Australia, Norway, Great Britain, the United States, and a list of other countries are all at the world commodity price for oil. In fact, some of them are even higher than the world price, such as Mexico, and are not members of OPEC. Another fact that should be borne in mind is that OPEC controls only 26 per cent of petroleum production in the world today.

The Japanese import all of their energy, be it uranium, coal, wood, oil, natural gas or whatever. In 1973 Japan thrived with reasonable world oil prices. Their automotive industry is thriving in the world today. By choice our government tried to protect industries, for example, by allowing Chrysler to continue to build its 14 foot-long cars. This rests as an albatross on the necks of Liberal Members of Parliament. Through their phony energy policies, they caused the people of southern Ontario to be in a position today where they are crying out for job opportunities. They practised a policy for politics, not for reasonable economic conditions which world conditions were dictating at the time. If we compare our situation to that of the Japanese in a time of a world energy upsurge in price we will note they have moved to a world leadership position in the automotive industry. We in North America, particularly in Canada, because of a lack of wisdom, have virtually destroyed an industry. Had we protected that industry with reasonable economic policies, we would today be in a position of not having to borrow more and more money from the foreign trough.

Another myth perpetuated by the Liberal government today is that somehow the imported oil which comes to Canada is brought here for Canadians at below the world price. That is just not the case. Imported oil is at the world price. It does not matter if gasoline is being sold for less than the world price at the pumps; imported oil is purchased at the world price. If the government is not taking it out of ones pocket at the pumps, it is being taken out of his pocket, even though he may not see it go. They cannot bring $38 or $40 per barrel oil into the country and sell it cheaper at the pump, then charge the person paying taxes an additional amount and then try to convince him that somehow he got a deal because it was below the world price.

We in this nation had the benefit of one strong industry, the petroleum industry. It was one industry upon which we could have built and tremendously accelerated other industries of the country. I should like to talk today specifically about the enormous advantages to the provinces of Ontario and Quebec, had this foolish government not gone forward with its National Energy Program. This program has virtually destroyed the potential for development all across the country. Had it not been adopted I suggest the government would not be requesting the authority to borrow $14 billion today. The National Energy Program is destroying energy potential. It will cost billions of dollars in lost wealth that is simply drifting across the border into the United States, into the northern part of South America and into the Middle East. Literally it will cost us hundreds of thousands of jobs in Canada.

The Prime Minister (Mr. Trudeau) has now spent more time in the Middle East than in the province of Alberta. He was over there dancing in the tents for 40 days and 40 nights, talking about $40 per barrel oil. We are not really willing to negotiate above $17.75 a barrel for oil in Canada. The fact of the matter is we are looking at considerably more than that, for all the new oils which will be required in the future, be it in situ, heavy oil, tar sands, north shore, off slope or the offshore oil of Newfoundland. The light, sweet, pump crude of days gone by, and with only eight years of supply left it is rapidly running out. If we look at what is left in those wells which would come from enhanced recovery we are again looking at a much more expensive investment. The government's reaction to this, for mythical reasons that I cannot comprehend, is to use the phrase: "Canadianize the oil industry". That is a nice cliche, but after having them do the work they did we are now trying to make these oil companies the bad guys in the eyes of Canadians. The truth of the matter is that the oil companies have created more wealth in this country than any other group of companies, or government initiative. What the government is really saying is that it is not Canadianizing the industry but nationalizing it. It will take the industry and put it under government directorship.

• (1520)

As a person from western Canada, and as one associated with a province which is in the field of oil production, it makes me livid that members of the government party take the view that somehow there is something clandestine about the oil industry and we must nationalize it. In effect, the government is telling Canadians there is something terribly wrong with the multinationals who are operating in western Canada. But here in central Canada the Chrysler Corporation receives $240 million in guaranteed loans, and it is a multinational corporation. Similarly in the past few days the Minister of Industry, Trade and Commerce (Mr. Gray) struck a deal with Massey-Ferguson which left that corporation with the feeling that it, too, was blessed multinational. What a "Canadian" multinational is should be put of its employee dollar investment is outside of this country. In short, what you have is a government which is trying to nationalize western Canada.

I should like to refer to a recent article in the *Toronto Star* which talks about some rumbling in the Liberal caucus. It quotes the Parliamentary Secretary to the Minister of State for Multiculturalism (Mr. Deniger) as saying that Nordair is:

—not an Ontario regional carrier. It's based in Montreal and we can't afford to lose another head office. That's my basic fear.

He goes on to say:

What you have to understand is that the airline industry is as important to Quebec as the auto industry is to Ontario. If we lose this industry, it's our economic future that's at stake.

I hear what the hon. member for La Prairie says. I have a great understanding and a great deal of sympathy for what he says. It does not sit well with me that what I hear from the other side, as a group, is that somehow they want these protections for their industries, but have, I sense, a lack of either genuine understanding or concern about the fact that these industries which must be centred somewhere else, could create an enormous amount of wealth for all of Canada. The view is that the government bails these industries out with handouts, whether they be airlines, the automobile industry as represented by Chrysler, or the tractor industry, such as Massey-Ferguson. They bail out these multinationals while the successful ones, the ones having no problems, are painted in some way as anti-Canadian. I ask why? It is claimed there is some drift of money south. Anyone who has looked at this situation will know that the vast majority of money which leaves this country is not because the companies are taking it out but rather because the government is paying interest on its foreign debt. Why is it paying interest on its foreign debt? It is paying on the money to buy out oil companies, but that is certainly not the only reason. Why did the government just spend a billion and a half dollars buying Petrofina? Perhaps so we could put a Maple Leaf flag up and call those stations Petro-Canada. Of course Canadians would like to have some participation in their oil industry, but there certainly must be other ways for Canadians to participate than by the government spending $1.5 billion on something which will not create one more drop of oil. What this country needs to do is pay its debts and allow oil companies to get on with the business of finding more oil.

Whoever it was from the Department of Energy, Mines and Resources who ran down to Mexico to purchase junk oil did not know what he was buying. If we never had junk food around we sure now have junk oil. Part of the Canadian myth is that oil is oil, is oil. There is a difference between light and medium weights, sweet crude or heavy oils. There is also the Maya oil which is thick, sludgy and its chemical content is high. In this deal the Mexicans arranged that the oil would be supplied at irregular intervals. This meant we would not necessarily receive the oil in the wintertime when we need it the most but that we could receive it all in the summertime. The deal arrived with a clause which said that we could not pass the oil from our country, it must remain in Canada. We do not have the refinery capacity to refine it, since all our heavy oil refineries are working to capacity. What are we doing? We are bringing in Mexican oil to the east coast of Canada. If must then be transported to western Canada in order to refine it there. At the same time the heavy oils from Lloydminster, Saskatchewan, and the Swift Current area are being shipped south into the United States because we do not have the refinery capacity for that type of oil in Canada. For a government which thought it was buying light or medium-weight sweet crude it certainly got a crude awakening when it found out this was heavy, sludgy oil dumped on us at enormous cost and inconvenience to the refineries. Once again, I would say that more dollars are leaving our country as a result of this mismanagement than are leaving for other reasons.

The government is moving to bail out the Chrysler Corporation which is now in trouble. Massey-Ferguson is also in trouble and the government is moving to bail it out. But these are different multinationals since they are based in the area of Canada where there appears to be a majority of Liberal support. All of a sudden multinationals are not so bad, they receive government aid. I do not know why they do not rename them Car-Can or Tractor-Can. Why doesn't the government nationalize these corporations? It prefers to pick out an industry which affects some province far away, a province in which it lacks support. The government therefore feels it has a legitimate right to gang up on it and use what muscle it has—although to me its muscles looks more like kneecaps on a sparrow than anything else. We in western Canada tend to think that Petro-Canada consists of those two doors behind a service station. We have not had a program of Canadianization, we have had a program of nationalization. A Calgary *Herald* survey indicated that 376 Canadian drilling rigs will move into the United States before the ramifications of the October 28 energy budget have come into effect. This move will cost Canadians some 22,000 jobs. What this means is that on the one hand Members of Parliament are being asked to give the government licence to go forward to international borrowing markets to obtain $14 billion while on the other hand it is this same government which will chase out 22,000 jobs.

Let us take a look at the advantages to the people in the province of Ontario if we are to develop our regional capacity in the way in which it should be developed.

● (1530)

One Dome Petroleum gas field on the Arctic coast of the five potential fields would produce 150,000 man-years of employment in Ontario throughout the life of that field. This development would have an enormous impact on the economy of Ontario. Yet this clandestine government in its view on the question of energy is causing the people of Ontario and Quebec the loss of jobs and the loss of economic growth. This past year two tar sands plants did not continue development because the Minister of Energy, Mines and Resources was not able to negotiate a pricing arrangement on oil. This fact means a loss to Ontario of $108 billion over the 25-year life of one tar sands plant. That is only one plant. Hon. members will bear in mind that we require nine plants if we are to reach energy self-sufficiency, and each plant would require 8 billion in initial investment.

To start development on one plant would mean an infusion of $800 million into the economy of Ontario through the iron and steel industry, but the government said no. Such a development would create $370 million in the metal fabrication and machinery industries of Ontario. Once again the government has denied the province this opportunity. This development would create an additional $325 million in the transportation equipment industry of the province of Ontario. For manufacturing and processing, such development would mean another $740 million, and for financing it would mean $370 million. In the area of trades and services, such a development would mean an additional $750 million for Ontario.

The Minister of Energy has been known to visit western Canada and to say that, "If we allowed the price of energy to increase the province of Alberta would become rich beyond our wildest dreams." I would ask all Canadians to bear in mind that when any region of Canada becomes richer, it is a matter of a very short period of time before that money which is created or generated is recirculated back through the manufacturing basin of Canada.

There is no doubt in my mind that the St. Lawrence Seaway Great Lakes system which runs through Quebec and Ontario will continue to be the manufacturing basin of this country. When citizens of a particular region come into more money, they do what everyone else does, they spend it. They buy appliances, cars, clothing, toasters, refrigerators, suits and dresses, all of which are manufactured in central Canada thereby creating wealth and jobs in that area. A western Canada economist told me recently that approximately 80 per cent of the generated wealth from the regions will circulate throughout central Canada within six months of its creation.

The misjudgment that the region will become richer and that the rest of the country will not gain from that richness is affecting all Canadians in a very negative way. This situation is having the effect of chasing jobs out of not only Alberta and Saskatchewan, but also Ontario. It is not a situation of one part of the country versus another, it is a situation throughout Canada. Surely when each member of the family is strong, then the family is strong. But the government seems to be picking on members of the family.

On the one hand the government is granting money to companies like Chrysler and Massey-Ferguson and, on the other hand it is trying to nationalize another industry. I have no objection to Canadianization, but let us not be caught in the myth that Canadianization and nationalization are the same, because they are not. Nationalization is vastly different from providing incentives to the citizens in order to achieve Canadian ownership. The government should be providing some incentives. There is no sense in the government, which has the job of governing and regulating, becoming mixed up in the private sector. Once this happens the referee becomes a player on the team. It is not cricket to have all these Canadian-owned companies and the multinationals turn over their records and their expertise to, for example, the National Energy Board, a government agency, when that agency is also in league with a national company, Petro-Canada, the two involved in the same field.

I would like to cite some further data which outlines the advantages to central Canada if some of these regional projects were developed. Such development would mean that we would not be faced with having to borrow another $14 billion. The expenditures of one tar sands plant over the next 25 years are estimated at $85 billion. Using the CPA multiplier effect on money at 3.4 per cent, each plant would create $290 billion over a 25-year period. There is the potential to build eight such plants in the next decade and a half. In terms of balancing our payments, decreasing our foreign debt and reducing the tax burden on Canadian citizens, the effect of such a development would be enormous.

Instead, the government, for its own self-serving motives, would rather create the image that there is an enemy within the Canadian family and that, therefore, the government must control and dominate a field which belongs to the provinces. However, that does not stop the Minister of Industry, Trade and Commerce from signing a $240 million cheque for a company based in Ontario and saying, "Boys, I hope you make it." That minister is now sitting down to negotiate with Massey-Ferguson.

We in the west want to know what is so awful about our multinationals, in light of the fact that a multinational based in central Canada receives the blessing of the government. Somehow, there is a mix-up in the thinking of the Liberals. In their view the people of the regions cannot control the energy supplies but that it can only be done by a central government. If the private sector is endorsed in central Canada, then certainly there must be an element of trust that we in western Canada can play our role in making a stronger and better country. In no way do we support this narrow thinking that only the central part of the country has the right to be able to participate in the decisions which affect the entire country.

The people of the regions, be they from the Atlantic region, the north or the west, do not mind the toot, but once in a while they would like to be able to pull the cord. If the government continues to take away from the sense of participation of these regions, the feelings of alienation which have recently surfaced so strongly will grow and grow. This sense of unfairness will continue to grow if the government continues with its heavy-handed view that only the central government has the right to govern and shape the destiny of this nation.

● (1540)

Five years ago the per capita debt was $851. That was regarded as a staggering amount. At the moment of birth every baby inherited a debt of $851; today at the moment of birth each baby inherits a debt of $2,874. That is an increase of 229 per cent, Mr. Speaker.

There is a great difference in a way members on the two sides of this House think, Mr. Speaker. There are those in this party who believe that wealth is created by production while some opposite seem to believe wealth can be created by borrowing. Taxes are then increased in order to pay for the

debt. We do not need to borrow more to provide more services, Mr. Speaker. What we need is to provide Canadians with the incentive to produce more and thus generate wealth. If we could achieve that we would not need to borrow $14 billion abroad to meet our $11 billion requirement, the extra $3 billion being for spillage.

This country has great potential to generate wealth through the development of energy resources but a stumbling block has been put in the way by this government. At the present time there is a surplus of red meats in the country, aggravated by the influx of imports yet the government has not put quotas in place. In the last six or seven years we have lost between $200 and $500 million per year of international grain sales. The grain was available on the prairies but our transportation system was incapable of getting it to market. With the debt this Liberal government has run up it would certainly be a great advantage to the country to have this $200 to $500 million coming to the farmers every year and to collect income tax on it. If things like this were taken care of the government would not need to go abroad to borrow these enormous sums of money.

The government elects to build such monuments as Mirabel, a white elephant, a Taj Mahal of an airport far away from the city a great inconvenience to passengers. Indeed, a travel agency in Boston advertises in Canadian newspapers that it is easier to fly to Boston and then go on a world trip than to use Canadian airports. That airport was a horrible misjudgment and we can only guess at the reason for it.

No sooner was the election of February 18 last year over than the Liberals were saying they would have to review the commitment made in 1979 to develop the port of Prince Rupert for the movement of tremendous volumes of grain.

It is no wonder this country has to borrow money when the infrastructure that would make the nation work is not being put in place, either for political reasons or simply for lack of confidence.

There is potential for the development of high technology in this country. We could be world leaders in several areas, and certainly in the health field. Already we are respected for our petroleum technology but we could lose our position very quickly if the government continues to cut back the cash flow in that very important and much needed industry. There is an enormous potential for the development of the coal industry as well.

Surely if a country like Japan, which only has the resources of fish and tin, and imports the bulk of its food, all its energy and raw materials which it manufactures and ships to world markets, can become one of the two top economies of the world, Canada which wants for nothing and has the resources of agriculture, forests, minerals and one-third of the world's freshwater, ought to be able to function without borrowing on world markets. Our borrowings over the last four added to our estimated borrowings four years hence will amount to some $100 billion and this will be carried on the backs of future Canadians. It is a shame that a nation of 24 million educated people cannot manage on its own. Japan, with an island population of 110 million has virtually no unemployment.

I see you are giving that signal which indicates my time is about up, Mr. Speaker. I want to conclude by saying I am tired of speaking in this House on motions to grant the government permission to borrow more money when it is so wasteful. This government must come to realize that the creation of wealth will permit us to stop borrowing. It must not continue pretending it is necessary to live so meagrely when all we have to do is develop the enormous potential that is on tap.

Some hon. Members: Hear, hear!

Mr. Jack Shields (Athabasca): Mr. Speaker, we have been asked to pass Bill C-59 to allow the government to borrow $14 billion as may be required for public and general purposes.

When asked to proceed with a borrowing bill such as this, one cannot help but come to the conclusion that something is clearly and drastically wrong in this vast, beautiful and endowed country. The money borrowed will directly subsidize offshore oil from Saudi Arabia, Iran, Venezuela and Mexico. It will subsidize the foreign airlines which fill up their tanks in this country, and it will subsidize the drivers who cross the border from the United States and fill up their cars with cheap gas at our pumps. The system is absolutely cock-eyed, Mr. Speaker.

When we consider borrowing, on the one hand we speak of the need to keep out foreign investment or American capital and then on the other hand we go to the New York markets, where we will most assuredly go, to borrow $12 million. This American or foreign capital is not required for the development of our resources or our economy. This bill will allow the government to borrow foreign capital. As the Canadian economy weakens and the dollar drops, as most assuredly it will, we will be paying back in foreign currency what we borrowed with a weaker dollar. This is absolutely astounding.

● (1550)

All of us can agree with the stated objectives of the national energy policy. I shall zero in on one, namely, Canadianization. Certainly we want Canadianization but we do not want nationalization. There is a difference. State ownership by the people is absolute nonsense. The government is then put in a position where it can gain control of a resource or an industry; in other words, a monopoly. A government will use anything in its power to remain in power. You then purchase commodities at the government store. It is a very dangerous precedent. It is a very dangerous way to move. We are free enterprisers.

The entrepreneur is the one who goes out and creates wealth. My colleague who spoke before me indicated the government has to realize that it is the creation of wealth which is the backbone to our economy. It is not the redistribution of wealth. A healthy economy cannot be had by government decree. To create a healthy economy in Canada the climate must be provided in Canada so that investment will take place in Canada. We cannot isolate ourselves from the rest of the world but we are attempting to do that. There is a

great hue and cry of no more foreign investment and that we do not want foreigners investing in Canada. I ask hon. members to think for a moment what would happen if this edict were applied by the United States against Canada, by Australia against Canada or by the Middle East against Canada? We have Canadian companies in the oil sector, in manufacturing, and in technology moving into multinational status. They are not denied access to the U.S. market or to the U.S. manufacturing sector. We have classic examples of Canadian companies moving on the international scene; for instance, Atco Industries, the Simmons group of companies and Bow Valley Industries. There are many others including Seagram's and Canadian Pacific.

What would happen if the other countries started to take a very isolationist view of their economies? We cannot isolate ourselves from the world but we are attempting to do that. How are we doing it? We say that we cannot allow the world market price on oil to determine the price of that commodity in Canada. Instead, we say that we will set the price at 40 per cent to 45 per cent of the world commodity price because we want a made-in-Canada price. This forces industry and investment out of Canada and into the U.S. or the Australian market because a much quicker return can be had there. What is business anyway? Business is taking money which belongs to you, putting it on the table and gambling with it. That is what you are doing. People who invest invest to make a profit. They hope to get a return of 10 per cent to 12 per cent. But in the meantime they are helping to build, create jobs and are making the economy move. With the present government, there is no possibility of this happening.

Since the National Energy Program and the budget were introduced in October a number of things are starting to happen in the oil industry much faster than anyone realized. Sixty drillings rigs and 16 service rigs have left Canada. The Canadian Association of Oilwell Drilling Contractors expects less than 5,800 wells to be drilled during 1981 in the western basin. A further 60 drilling rigs are committed to leave Canada by April 30. Each drilling rig employs 25 men who are trained, understand their jobs and are technically qualified. Each drilling rig is a self-contained factory. I have mentioned these things before in this House. Now we are talking about 60 more factories leaving Canada by April 30. We are looking at a reduction in jobs somewhere in the neighbourhood of 30,000 in western Canada alone. That does not stop there. It has a multiplier effect. Those jobs are lost also in Ontario. People do not buy trucks, the manufactured goods, the steel, the pipe, the compressors, or the motors. It has a rippling effect right throughout the economy. It is shameful to see this happening.

One of my colleagues spoke earlier about research and development and the necessity for direction in this area. Today in northeastern Alberta, there are 36 large research and development projects. I am talking about companies such as Texaco, Amoco and Petro-Canada developing in situ recovery processes for the tar sands. I could go on and on. In research and development investment potential ranges from $10 million to $280 million to $400 million. This investment is in straight research and development.

I ask you, Mr. Speaker, do you know that Canada has developed the technological expertise ahead of anyone else in the world in tar sands and heavy oil recovery?

● (1600)

We are not the only country to have tar sands or heavy oil. There are tar sands fields in the United States and there is shale oil there. It is also found in South America. Right now there are two plants in northeastern Alberta, one an open pit proven process undertaken by the Alsands consortium north of Fort McMurray. They are ready to go, with an investment of $10 million. No company is coming to the government saying, "We need government guaranteed loans to do this." This is capital which is in place, ready to move.

I should talk about that for a minute because it has a horrendous effect on northeastern Alberta, on the Alberta government and economy, because they have to put in place instantly a town for 15,000 people. Can you imagine the cost of instantly setting up a town for 15,000 people, with the necessary infrastructure, the railroads, the highways, the schools and the hospitals? That cost is to be borne totally by the provincial government, and sometimes we lose track of that. It has been estimated that one tar sands plant will cost the taxpayers of Alberta directly between $2 billion and $3 billion. I should like hon. members to understand what takes place when one of these plants starts its operation.

Let us consider the Cold Lake plant, a first of its kind, giant research project. It is waiting to go ahead in Cold Lake. When we talk about research and development, we mean a team of people which has been brought together. There is a team ready now waiting and planning the development of the Cold Lake project. There is another team of engineers which is ready and waiting to develop the Alsands project. What are we on the verge of losing? Mr. Speaker, I cannot stress strongly enough that we are on the verge of losing forever those two large teams comprising engineers from right across Canada, because the Alsands consortium and Imperial Oil, which are ready to go at Cold Lake, are no longer prepared to carry these teams. This government recognized that when the Imperial group from Cold Lake came to the government and said, "Look, we are not prepared to hold this team together, we are not prepared to keep this project on stream, unless the government is ready to make the commitment to hold the team together at a cost of $40 million." The government came through and said, "We will put it up on the basis that it will be repaid if the Imperial Oil plant starts operating at Cold Lake." June 1 is the deadline. If that research and development team is dissipated, scattered and moved around to other jobs, we will not see it again. It takes years to put such a team together. Where will they go? I suggest to you, Mr. Speaker, that they will go to the United States where work on the shale deposits is going ahead very fast and the same kind of technology is involved. I suggest to you they will go to Montana where the oil sands are in situ. I suggest to you they will go to the oil sands fields in

Venezuela, and to many other places in the western world. We cannot afford to lose these experts. We are on the verge of putting technology at the disposal of Canadians, technology which we will be able to sell right across the world when the energy crunch comes.

Instead, what are we doing? We cannot sit down with the producing provinces to work out an agreement. If this government approached the producing provinces as if it were really prepared to sit down and negotiate, we would have an energy agreement within a month. Just think for a minute what it must be like, as one of the producing provinces, requesting the government not to impose under any circumstances an export tax on gas or a tax on oil at the wellhead. The producing provinces are saying, "Look, if you tax at the wellhead, that is the first tax and you will control the resource, but control and ownership belongs to the province. If you put an export tax on natural gas, you control the production of natural gas, and that belongs to the province. We will negotiate everything but those two things." The whole national energy policy was based on raping the producing provinces by putting a tax at the wellhead and by putting an excise tax on natural gas.

The Minister of Energy, Mines and Resources (Mr. Lalonde) tells us, "I am ready to sit down with the producing provinces at any time, but they will not sit down with me." He says, "We are ready to negotiate an energy agreement, but they do not want to negotiate." The provinces have said in answer, "Show us you really mean business and we will sit down with you." In this House, in answer to questions put by hon. members on this side and by myself, the Minister of Finance (Mr. MacEachen) and the Minister of Energy, Mines and Resources have indicated they are not prepared to change the national energy policy. I say to you, sir, that the present government should be prepared to say to the producing provinces, "Look, maybe we have made a mistake with this national energy policy, everyone in the industry says we have, and the economic community says we have." The government should say, "Let us take another look at it, let us bring in the principles that are involved, let us sit down and work out an agreement." If it did that, I believe an agreement could be reached. It takes men of good will, but good will is not spread in the producing provinces by ministers going out there and making one statement and then coming back to the House and making another. Good will is not created by the Minister of Energy, Mines and Resources going to Alberta and saying that the oil companies always cry about a new energy policy. At least they did not bring in the CIA, as they have in other countries. All that does is create animosity, and I find that deplorable. What do we see in terms of negotiation?

● (1610)

We see headlines and news releases emanating from Ottawa about the greed of the producing provinces. I say to hon. members opposite that there is not greed. The producing provinces want fairness and equity. They want to be treated like every other province in confederation. The government must understand that the producing provinces in western Canada are no longer prepared to remain second-class citizens. They want to be able to stand beside Ontario and Quebec and say they are equal. That is not too much to ask.

We are not talking about price. In its offer of last July, Alberta said it would freeze the royalty rate at its present level and not raise it again for the life of the agreement, meaning that if the price of oil goes up there is lots of room for the federal government to move in and take more and more.

This government is obsessed with splitting up the economic pie. I suggest the government should become obsessed with creating a much bigger economic pie, but this government will not create a bigger economic pie with this energy policy and budget; it will create an atmosphere which forces the industry right out of Canada, and mega projects to cancel their plans.

Ten billion dollars of investment has gone down the drain north of Fort McMurray at the Alsands project; $11 billion is on hold at Cold Lake; Syncrude Canada, ready to expand so it could increase its output by 60,000 barrels a day, has put $3 billion on hold; Texaco Canada, ready to spend $240 million to upgrade its experimental project—still experimental—has said, "No, we are putting that on hold because we do not know what is happening in Canada; the place has gone crazy." Amoco has pulled out and said, "We cannot afford to spend any more time on research and development in the tar sands because we do not see a stable political climate in Canada". Amoco says we do not have a stable political climate in which to invest in research and development or in the tar sands heavy oil industry. I find that to be absolutely shameful. I could go on about projects which have closed their doors and said they will not continue. When we talk about oil rigs leaving Alberta and Saskatchewan, we are pooh-poohed by hon. members on government benches. They say this cannot be happening. I am telling them it is happening. It is happening to an extent which even the most doomful forecasters at the time of the energy policy and budget in October did not anticipate. It is happening to an even greater extent than that, and we do not have much time because once the rigs are gone, they will not come back. It will take years to recover the loss of technology which goes with that, let alone the rigs.

There is a list of people who have pleaded with the government to pull in its horns, to lay the national energy policy on the table and go over it again. I suggest that the Minister of Energy, Mines and Resources sit down with the principal players in the energy industry. I suggest he call in independent Canadian oil companies and the large multinationals. I suggest he bring in representatives of the federal government and of the provinces, sit down and really examine how to set a national energy policy which will make the economy of Canada hum.

Can hon. members imagine the economic effect in Canada there would have been today had there been an energy agreement? Can hon. members imagine what would be happening today if the Alsands plant at Fort McMurray was under construction and going, and if the one at Cold Lake was under construction and going? There would be a ripple effect throughout our economy which would be unbelievable but a beautiful thing to behold. There would be a boom in the

industry of central Canada. People would be getting up in the morning anxious to get out and contribute to the development of our country instead of lengthening the lineups at unemployment insurance offices. It would be unbelievable.

We talk about billions of dollars and what they do, but one plant alone would bring an injection into the economy of Ontario of some $6.5 billion. This would be a direct injection because where are goods and services bought? Where does the industry buy equipment, pumps and pipe? It is all purchased in central Canada. In respect of two plants the injection would be $12 billion, yet the government puts forward a borrowing bill to give it authority to borrow $14 billion, as may be required, for public works and general purposes.

This money will be put toward guaranteeing loans for Massey-Ferguson, pulling Chrysler out of the pinch, or whatever, but the one industry which is moving—and moving the rest of the economy with it—the government attacks through the national energy policy. I plead with hon. members opposite to talk with their Minister of Energy, Mines and Resources and tell him how absolutely necessary the energy industry is.

How much time do I have left, Mr. Speaker?

Mr. Deputy Speaker: Another seven or eight minutes.

Mr. Shields: I will be very brief, Mr. Speaker.

Mr. Crosbie: No, no, relax. Take your time.

Mr. Shields: I want to read a letter into the record. Hon. members might be interested in this letter. It is from Merland Explorations Limited. It was written to the Minister of Energy, Mines and Resources on December 23. It says:

Dear Sir:

During the past month, the staff of Merland Explorations Limited and our financial consultants have been studying the National Energy Program and the Budget released by the Canadian federal government on October 28, 1980 (and associated "White Papers") with the purpose of determining its effect on the Canadian oil and gas industry in general and upon Merland Explorations Limited in particular. Merland is a member of the Independent Petroleum Association of Canada (IPAC) who have communicated with you previously regarding this subject. During these communicatons, you have invited further communications with individual companies. This letter is intended to communicate to you what Merland's studies have concluded and present some alternative solutions to the problems.

● (1620)

Before I go into detail concerning the National Energy Program and the budget, I think it would be appropriate to give you some introduction to Merland Explorations Limited.

Merland was incorporated in 1926 as a federal company and is now listed on the Toronto and Montreal Stock Exchanges. Merland has experienced very rapid growth in the last four or five years from activities in the Canadian oil and gas industry. We are involved in oil and gas activities in the United States to a much lesser extent.

We are very proud of the fact that our cash flow and net earnings have increased substantially over the past few years, however, it should be noted that our investment in oil and gas exploration has increased at an equal rate. Merland has funded its exploration and development activities over the past several years from its cash flow and production loans from the Royal Bank. In each of the past several years we have invested considerably more in industry capital expenditures than our cash flow.

From the information that I have available to me, I believe that Merland is approximately 90–95 per cent owned by Canadian citizens or Canadian corporations. Our eight members of the Board of Directors are all Canadian citizens and residents of Canada. All of our officers and employees are Canadian citizens.

Merland is a hyper-active, highly motivated and very successful company whose success is due primarily to a very competent Canadian staff with excellent guidance from our Board of Directors. Merland is, or was, certainly one of the brightest stars in the Canadian Oil and Gas Industry of which every Canadian and the Canadian government could be proud.

The federal budget and Canadian Energy Program introduced by the Canadian government on October 28, 1980 has introduced a number of measures which will surely have a negative effect on Merland Explorations Limited, hundreds of other Canadian owned oil and gas exploration companies and the whole oil and gas industry in general.

I don't believe there is a Canadian who would disagree with your stated objectives of the new Canadian energy policy being as follows:

1. Canadian self-sufficiency in crude oil and natural gas supplies.

2. An increase in Canadian ownership and control of the oil and gas industry.

3. More appropriate and fairer sharing of oil and gas revenues.

However it is doubtful that the Energy Program and the Budget introduced by your government recently will accomplish any of the stated objectives but will throw the oil and gas industry into complete chaos and confusion thus reducing exploration and development activity. This slowdown in activity will by necessity cause a ripple effect which in turn will hurt all or most other Canadian industries. If Merland Explorations Limited is a typical negatively-effected company, the Canadian automotive industry, the steel industry and hundreds of smaller manufacturing industries will be hurt. The majority of these manufacturing industries are located in Ontario and Quebec.

There is no doubt also that the negative effects caused by your new program will cause Merland and many other companies to move ever-increasing amounts of investment capital to the United States and other countries where financial returns are better and government policy is more stable and receptive. As far as Merland Explorations Limited is concerned, we now estimate that our cash flow and net earnings will be reduced by approximately 12 per cent and 25 per cent respectively in 1981 because of your new program and these lower values will continue into the foreseeable future.

One therefore has to question whether the objectives of your Canadian energy policy are in fact as you have represented or are there other unspecificed objectives in mind.

To be specific in my feelings toward your new policies, I note that the 8 per cent PGRT tax and the 30-cent MCF petroleum compensation charge are very well defined and industry and consumers are expected to begin paying these new taxes in 1980 thereby having the effect of increasing federal income and decreasing industry cash flows immediately. Consumer costs will also therefore increase immediately. These new levies and taxes will restrict the ability of Merland Explorations Limited to carry on its business of exploring for oil and gas in Canada as surely as night follows day. This same situation will occur to many other Canadian companies. I have to ask again: Is this one of the objectives of your new energy policy?

Because my time is running out, I will go down to the bottom of the page.

I would also ask you to give the following thoughts some very careful, openminded consideration:

1. It will be a national disaster if the Cold Lake heavy oil project and additional tar sands plants are not preceeded with as these projects are essential to our energy needs and to maintain Canada's leadership in this type of technology. Any politician, at whatever level, who is associated with the possible cancellation of these projects will go down in history as an architect of the economic collapse of Canada.

2. The people of Canada still consider Canada as a capitalistic and free enterprise country and are very proud of this in spite of what many politicians are trying to preach and profess.

3. The population of Canada is quite willing and able to pay for higher energy costs as have been experienced in every other western country of the world except Canada. So oil and gas prices should escalate much faster than your program has suggested.

4. Contrary to your government's beliefs, separation of western Canada is quite possible if this area continues to be treated as a colony. Keep in mind that western Canadians are psychologically quite different from people in Quebec who have been in the warm, comfortable bosom of the Canadian federal government since confederation. Western Canadians have grown up working and fighting for a better life and the current energy problem will be dealt with with the same vigour and stamina.

5. The fairest and simplest method for the federal government to obtain additional revenues is through a reasonable taxation scheme of company profits.

6. The reckless and uncontrolled expenditures of tax deductible capital in the oil and gas industry whereby commissions are earned according to how much is spent rather than how much is earned should be stopped.

Mr. Deputy Speaker: I regret to interrupt the hon. member but his time has expired.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to speak on Bill C-59 entitled an act to provide supplementary borrowing authority. This is a short but frightening bill giving the Minister of Finance (Mr. MacEachen) the authority to borrow up to $14 billion for public works and general purposes through the issue or pledge of securities of Canada at rates of interest or terms and conditions as approved by the governor in council. No other act by this government, except the introduction of this bill, could indicate to Canadian people the truth of the charge levelled against it by the former Auditor General of Canada, Mr. James Macdonell, when he said this government is losing or is close to losing control of the public purse. The bill covers little more than a page and, except for the general purpose clause, gives absolutely no explanation covering the government's intended expenditure of this vast amount of money. One billion dollars is one thousand million dollars; $14 billion is therefore $14 thousand million. It is a new horrendous debt load to be placed on the backs of the citizens of this nation, citizens who are already crying out against the excessive tax burdens they must carry as a result of the mismanagement of their affairs by the federal Grits in office under the present Prime Minister (Mr. Trudeau).

The bill claims in its first paragraph to be enacted by and with the advice and consent of the Senate and the House of Commons. If only that statement were true; unfortunately it is not. The parliamentary system has become so rigged that the government with a majority in the Commons can ignore all the opposition parties. The first act by the Prime Minister was to change the rules so that his government, his party, could limit debate. Afterwards he boasted about his actions saying we pulled the ground out from under them. Parliament has a completely new set of rules. I think it was Pogo who said, "We have met the enemy and he is us." In this case the "them" to which the Prime Minister referred, is us, and we are the representatives of the Canadian people whose voice is all too often silenced by the majority in this House.

● (1630)

Until the present Prime Minister took power, Canadians were in the habit of trusting their government. So far as provincial and municipal governments are concerned, they probably still do. Banking on this trust, the present Prime Minister was able to change the rules, so that he could set about changing our society. After the rules were changed, he said:

I have the feeling of a mechanic who is returning a car or something and getting the thing ready to go.

However, he neglected to tell us in which direction he intended us to go. In 1969 he said:

We have to change the constitution to keep it up to date, to give the federal and provincial governments the new rules which are called for in a new society.

Now, some 12 years later, we are gradually getting a glimpse of Mr. Trudeau's new society. Very few Canadians like or approve of what they see.

[*Translation*]

Mr. Cousineau: Mr. Speaker, I have noticed that for some time now—and I do not know whether it is done accidentally or deliberately, or whether it is a small, well-orchestrated campaign—the Prime Minister of Canada has often been referred to by his family name, something which is not allowed in the House under Beauchesne's Citation 319.

Mr. Pinard: That is quite true.

[*English*]

Mr. Deputy Speaker: The hon. member's point is well taken. It is the custom of the House to refer to individual members by constituency and to members of cabinet by their function or positions in cabinet.

Mr. Crouse: Thank you, Mr. Speaker. I was referring to the Prime Minister of Canada, but in future I will recognize the custom.

Coming back to the comments I was making, some 12 years later we are gradually getting a glimpse of the Right Hon. Prime Minister's plan for this nation. Many Canadians do not like or approve of what they see. For example, on July 10, 1980, the government forced passage of its authority to borrow $12 billion in this House. At that time the government refused, just as it is refusing today, to say how the money would be spent. In its budget, October 28, 1980, the government gave itself a blank cheque for at least another $50 billion. I will explain later on my reason for that statement.

In my opinion the government is seeking far more power than it needs to achieve its stated objectives. The $12 billion of last June and the $14 billion of today total $26 billion. As I stated just a moment ago, the blank cheque the government is seeking could total $50 billion under the present so-called budget, or an additional $2,000 from every man, woman and child in the country.

The borrowing proposals of this government are unprecedented in this country's history in their sheer magnitude. Moreover, this massive amount of money will be used at the government's discretion with virtually no public control whatsoever over what is to be done with it. The implications of such enormous and unfettered spending power are so immense that even the terms "horrendous" and "frightening" may well be too mild to describe them.

Not only will this huge blank cheque result in an unimagined transfer of capital from the private sector to the public sector, but it will also revolutionize the Canadian political system. Its impact could extend far beyond the borders of this country, bringing serious, adverse international repercussions. In light of the Right Hon. Prime Minister's proclaimed "new society", it is not too far-fetched to suggest that this abridgment of our freedoms through excess taxation could shift Canada overnight—from 1981 to 1984—into a totalitarian nation having a one-party rule instead of the previous system where we prided ourselves in our freedoms and our democratic traditions.

One might say that my views are far-fetched, that I am exaggerating the situation, but I call in defence of my statements and my claims the words of the present Deputy Prime Minister and Minister of Finance as delivered to a luncheon meeting of the Canadian Club at the Royal York Hotel in Toronto on Monday, February 2, 1981. Among other things, the Minister of Finance stated on page two, the third paragraph:

The same men and women who operate our factories, staff our offices and teach our children make up the society we are so determined to preserve. The economy is not simply an engine of production, not just the source of GNP. It is the mechanism for meeting the material needs of society. And by the same token, the expectations and desires of society must not exceed what the economy can realistically produce.

I repeat that the expectations and desires of society must not exceed what the economy can realistically produce. I wish the Minister of Finance were in the House at the present time, but I say to him, neither should the expectations of government, for when the government's desires exceed what the economy can produce, the end result is the same.

What is the end result? For the answer I turn to the fourth paragraph on page two of the minister's speech wherein he said:

When this connection is forgotten or neglected, all dialogue loses its meaning, and as both history and current events throughout the world so vividly demonstrate, dire consequences often result. All too often when the demands of society are at odds with the ability of the economy is protected from society or society is protected from the economy, and, in the extreme, capitalistic fascism or revolution is the result.

If one simply substitutes in the Minister of Finance's speech the words "the demands of government" for the "demands of society", then the conclusions he reached are identical, namely, freedoms within the economy are repressed and the end result is revolution. These men who lead the country, they know the answers, and sometimes in veiled statements they are making them in speeches in places other than this House.

At page three the Minister of Finance went on to say:

Within a democracy we cannot protect ourselves from ourselves.

He could also have added, "or from excessive government expenditures and actions", and again his conclusions would have been the same.

After reading the speech of the Minister of Finance, I could not help but be appalled, as I am certain all Canadians who read it would be appalled, at the manner in which on pages four and five by direct statements and innuendos he pitted one province against another and he pitted the east against the west, which does little or nothing to bring about unity in the country.

Obviously members of the present government are all candidates of the Dale Carnegie course on "How to Win Friends and Influence People", for the type of comments made by the Deputy Prime Minister in Toronto does absolutely nothing to bring about the unity within the nation which is required at this time.

The Minister of Finance's double-talk continued throughout his entire speech. On page seven he stated:

The gradual tightening of government expenditures was in part designed to remind Canadians that attitudes must change. As we strengthen our economy, we must not ask more from it than it can provide.

This statement leads me to ask: Why is he doing just that? Why is he asking more from our economy than it can obviously provide? Surely in defence he cannot claim that he and his colleagues have strengthened the economy of Canada. If so, they are obviously unaware that as a result of the national energy policy, 60 drilling rigs and 16 service rigs have left Canada, nearly all bound for the United States. Since the National Energy Program was announced on October 28, I understand that 60 more rigs are committed to leave Canada by April 30. How can this government claim a strengthened economy by mid-1981 when a spokesman for the Canadian Association of Oil Well Drilling Contractors states that the equipment that will have left Canada or which will be sitting idly in Canada will amount to more than half the Canadian industry's ability to drill and service oil and gas wells in this country? When Canadian oil companies cut back their planned 1982 expenditures from earlier anticipated levels by as much as 40 per cent, as a result of this government's taxation and energy policies, surely it is time the cabinet re-examined its policy, not only its national energy policy but its spending policy as well. The energy policy is as harmful in Atlantic Canada as it is in western Canada, which leads me to ask in Nova Scotian terms: How many storm signals are required by this government before they alter course? As I previously mentioned, disunity is rampant throughout the entire nation, for one reason or another.

● (1640)

An hon. Member: Even in the Conservative Party.

Mr. Crouse: The dream of self-sufficiency in energy continues to elude us. Our true unemployment picture today is in excess of one million Canadians. Our inflation rate is at an all-time high. The purchasing power of our dollar vis-à-vis that of the United States is at an all-time low. Sir, there are times when I hope—and there is someone mumbling opposite, surely in the next three weeks to a month he will have an opportunity to make a speech and I guarantee you one thing, Mr. Speaker, I do not make a habit of interrupting anyone. I will not interrupt him and I will ask him to do the same while I am endeavouring to put before this House the desperate needs of the Canadian people, especially of my people in Nova Scotia.

Some hon. Members: Hear, hear!

Mr. Crouse: There are times when I hope that I am simply having a bad dream, but unfortunately it is only too true. Most of the problems to which I refer can be directly related to the policies and the programs which have been enunciated by this government, their action or inaction. Yet little or no mention of these awful problems appear in any of the government's projections. Even the government's financial-economic forecasts ignore the huge blank cheque demands being made as though this would never be used. But I fear that the $14 billion being requested here today in Bill C-59 is only the tip of the iceberg. A further blank cheque could be demanded later by a budget provision giving the government the power to impose, whenever it chooses, a Canadian ownership special charge on all oil and gas consumption in this country. It has been estimated that this charge could generate total revenues of up to $3.5 billion a year. If, as the government suggests, this cash flow is to be used as a means of obtaining investment capital then it would be sufficient to finance the debt charges on a borrowing of possibly $30 billion, or more. Moreover, if such a loan is used in the way this government plans, additional cash flow would become available to enable the government to compound its borrowing capacity. In total, then, as I see it under this system, the government could get its hands on something in the order of $50 billion or more. It has already had $12 billion last year, and it will have $14 billion when this bill is passed. That is, $26 billion, and we have only just started.

To obtain this enormous amount of capital all the government needs to do is issue a proclamation that the special charge is coming into effect. Of course, the economic consequences would be enormous, rendering the latest government forecasts essentially obsolete, but then, of course, they already are absolete when related to the October budget. The ability of the federal government to acquire this massive amount of money is stated explicitly in the budget and in the enabling legislation. Yet none of the new legislative proposals, including Bill C-59, say one word about how the money must be used and, as indicated, their inevitable economic and revenue impact is ignored in the government's forecasts. This government, as far as I can see, is giving itself a completely free hand to spend not only the $12 billion, plus today's $14 billion, but some $50 billion as it sees fit, without any specific statutory restraints. In fairness to the Minister of Finance, when bringing down his budget he did devote one brief paragraph to this subject. He stated:

> Petro-Canada will be charged initally with the task of acquiring the Canadian operations of one or more multinational oil companies. As in the past, the financing for such acquisitions will be obtained in large part by borrowing in foreign capital markets. But additional infusions of equity capital may be required. To provide that capital the government will establish a Canadian ownership account. Revenue for the account will be provided by a Canadian ownership charge . . .

That is the end of the quotation, Mr. Speaker. In addition to giving itself the right to impose an additional burden of up to $2,000 on every man, woman and child in Canada, the government has issued notice to the major foreign-controlled oil companies that their days in this country are numbered. In my opinion this take-over plan amounts to the most ambitious program of nationalist-inspired socialistic state intervention in the economy attempted by any government in Canada's history, and I have looked back over the pages for quite a number of years with respect to this issue.

Government officials deny that the plan constitutes expropriation of the petroleum industry, since the Prime Minister does not like these unpleasant words. However, the Minister of Energy, Mines and Resources (Mr. Lalonde), in other budget documentation, provides this information:

> The ownership and control targets for large firms and public sector participation are voluntary. It would be preferable to meet the ownership targets by guidelines and flexibility, rather than through legislation. The government will, however, carefully review developments, to see whether satisfactory progress is being made under these voluntary ground rules.

When you analyse that statement, Mr. Speaker, the message is quite clear, namely, "Surrender or we will expropriate." Already Petrofina has been acquired at a cost of something in the order $1.46 billion. In light of what has been said by the Minister of Finance and by the Minister of Energy, Mines and Resources the question one must pose is: Who will be next? That is something we could sell lottery tickets on. It could be the new guessing game in Canada: Will it be Gulf Oil, will it be Texaco; will it be Imperial Oil; who will be next? There is no need to worry, if you guess one of the other companies and buy some stock in it that you will not be well paid for your efforts by the government. The government, backed up by its taxing and borrowing powers, will certainly make you a profit if the company you select is taken over by this government. Look what they handed to the owners of Petrofina by way of a profit in excess of market value. Given the amount of capital this government's blank cheque will permit it to raise for this purpose, no multinational oil company can rely on escaping the government's take-overs.

In my opinion, this type of massive expropriation program raises all kinds of policy questions. Venezuela, Cuba and Brazil, to name but a few, all followed the take-over role with disastrous consequences for their countries' economies. Canadians, of course, have been led to believe that their governmental system is somewhat different to that in those countries. But now, in light of what is happening today, many Canadians are simply not so sure. We must ask ourselves: Do we really want the Prime Minister to be the head of Petrofina, Imperial Oil, Gulf Oil or Texaco? Do we really want him to delegate the position to one or more of the top mandarins in Ottawa who have so mismanaged the government's finances that last year the deficit exceeded $14 billion, and next year it is predicted to exceed something in the order of $14 billion but which now appears to be headed for $16 billion or more? With men like that minding the store we must ask ourselves what will really happen to Canada's economy.

● (1650)

Despite the years of debate in this country concerning foreign ownership, it is still not apparent to me, although I read the *Financial Post*, the *Financial Times* and just about every financial paper I can find, that a national consensus has emerged approving the buying-back of foreign ownership, let alone having it done by the federal government. The basic problem is not a new one. Given a majority government, there are virtually no effective constraints on governmental spending power in Canada. After all, Parliament serves merely as a rubber stamp in approving the government's expenditure estimates. A majority government's spending authority is essentially unlimited. This government merely has to get its hands on whatever it wants, then it can fritter it away in any manner it likes.

As we all know, the party in power can ignore its own promises and its commitments. When the Conservative government was defeated, the Grits promised lower energy costs than what were outlined in our budget. Unfortunately, there have been eight increases in the price of gasoline since the Grits came to power on a promise of keeping prices lower than we predicted in our budget. So much for political promises. What it all boils down to is a question of trust. Without even being given any logical explanation for the proposed expropriation of an industry, can we be confident that the government has come up with the best solution for our country's problems?

Without even being told how the government could achieve its stated objective of maintaining competition among different companies with the same government ownership, can we be confident that the industry would operate efficiently enough to make the benefits of expropriation greater than the costs? Would the expropriation plan do anything to assure the adequacy and security of Canada's future energy supplies? Would net benefits really accrue to Canadians in economic terms if we take into account the $50 billion price tag which is involved?

In any event, what reassurance can we have, apart from the soothing words of the Prime Minister, the Minister of Finance and the Minister of Energy, Mines and Resources, that the billions of dollars being taxed from Canadians will not be spent for some purpose quite different to that which is proposed? Regardless of the merits or otherwise of nationalizing the petroleum industry, there is absolutely no justification for this House to give the government a $14 billion blank cheque. If we have so much money to spare, we must ask ourselves are there no other useful ways to spend that money?

What about research, industrial development and industrial strategy? If our industries are to be competitive in world markets, we must spend more on research in order to bring our products up to the competitive levels of other industrialized countries. Our primary industries need encouragement. In my riding, the fish processing industry in Lockeport could use a financial shot in the arm in order to become re-established after a disastrous fire six months ago. If this government wants more co-operation from all the parties in this House, it must come clean with its economic priorities and spending programs, so that all members will feel they have a part in reshaping the destiny of this country.

Unfortunately, the wording of this bill does not lead to that objective, but, rather, continues to bring about mistrust and concern over the true objectives of this government, its policies and programs. I ask the cabinet, "What are your plans for industrial development?" For example, what are its plans for the reconstruction of the National Sea Products plant at Lockeport. Lockeport is a hard-luck town, having lost a large part of its retail district some years ago and on July 23, 1980, the National Sea Products plant was destroyed by fire, throwing some 305 people immediately out of work and creating serious economic conditions for many more, since the plant represented more than 50 per cent of the economic base of the Lockeport area with a payroll in 1979 of approximately $2.5 million.

I am certain these facts are well known to the government as I forwarded numerous representations to the Minister of Regional Economic Expansion (Mr. De Bané) and the Minister of Fisheries and Oceans (Mr. LeBlanc) concerning the matter. In the interim, officials of National Sea Products have provided government officials with detailed plans for a new plant. But as late as June 27 I was informed that the company had not received an offer from DREE and, of course, without it the company cannot make plans to finance the loan it will require to rebuild this $11 million or $12 million plant.

In response to a question in this very House which I put to the Parliamentary Secretary to the Minister of Regional Economic Expansion (Mr. MacLellan) on January 13 concerning this matter, he stated:

> A proposal will be made to the advisory board of the department within the next few weeks, and shortly after that the minister will be able to give a decision to the hon. member.

Since I received that response back in January, I must ask "Why the delay?" We seem to have millions of dollars to back up Massey-Ferguson and for other industries, some of which are in other lands. What is wrong with helping our own people who, through no fault of their own, cannot help themselves? The fire destroyed their only opportunity. They cannot turn to the land because the soil is not very productive. They can only turn to the sea, and this plant must be rebuilt.

Any money which is provided to National Sea Products for the reconstruction is simply seed money or pump-priming money. Merely to begin the construction of the plant would immediately put some of these people to work. Once the plant is finished, as is evidenced by its long history, the revenue accruing back to the federal government as well as the provincial government from the income tax paid by the company and the workers would soon bring back the seed money to Ottawa. Why the delay? Why is it that we in Nova Scotia are always given a blind eye and a deaf ear although we have not one, but two Liberals in the cabinet representing that province? I hope they will take my words to heart and do something about this matter in the not-too-distant future.

If this government is looking for ideas concerning the manner in which Canadians can be put back to work, let it

start with the Canadian businessman or the private sector. Canadian business must be involved and encouraged to invest. It is not overstating our case to say that we must retool our economy for the tough world which is coming. The Japanese and the Germans did it following World War II, and we can all see the results. To start us on the road will take some very smart businessmen and planning. It calls for confidence in our economy and nerve to take the risks but that, after all, is what private industry and private business are all about.

Next, we urgently need more research and development. The world of the 1980s and the 1990s will clearly be one in which economic and industrial gains, from which stem social gains, can only result from productivity gains. Among the most likely sources of these gains is improved technology. As Canadians we have become very comfortable in accepting the hand-me-down technologies of other countries. Our research and development expenditures, once 1.4 per cent of our GNP, have declined to a pitiful .9 per cent when the competition level is at least over 2 per cent.

If we wish to become technologically independent and competitive in the scientific seed-bed of economic progress we will have to do better. The alternative is that we pay the full price of being shut out of the growth industries of the future. I am not saying that investing more in research and development is the sole responsibility of the federal government. The federal government can help and encourage, but I believe the private individual and the private businessman must actually be the major contributor.

Another requirement of Canadian business is that it take an international approach to opportunities for growth. With our balance of payments situation and our limited domestic opportunities for economies of scale, our whole approach to doing business and expanding it must be built on a global perspective. The simple truth is that the future belongs to the world, and in this area, the federal government with its world-wide chain of high commissioners and trade commissioners can be most helpful.

Mr. Speaker, may I call it five o'clock.

● (1700)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg-Assiniboine (Mr. McKenzie)—Pension Act—Inquiry respecting delegation of authority under Section 33; the hon. member for Renfrew-Nipissing-Pembroke (Mr. Hopkins)—Customs tariff—Request for removal of duty on body armour; the hon. member for Selkirk-Interlake (Mr. Sargeant)—Canadian Armed Forces—Reported testing of chemical defoliants.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

Items Nos. 25 and 27 allowed to stand by unanimous consent.

* * *

ENVIRONMENTAL AFFAIRS

GARRISON DIVERSION—SUGGESTED MEASURES TO PROTECT ENVIRONMENT OF MANITOBA

Mr. Terry Sargeant (Selkirk-Interlake) moved:

That, in the opinion of this House, the government should consider the advisability of taking those measures necessary to ensure that there is no damage caused to the Manitoba environment by the completion of the Garrison diversion unit in the State of North Dakota and, that such measures to be considered could include:

1. the convening of a joint meeting between provincial, state and federal authorities affected by the Garrison project;

2. the offer of legal and technical assistance to those citizen's groups in Canada now attempting to halt the progress of the Garrison diversion; and

3. the bringing to trial in the World Court, the government of the United States, should Canada be unsuccessful in its efforts to receive satisfactory assurances regarding the future safety of her environment.

He said: Mr. Speaker, getting up to speak on this matter in the House is a little like the "good news—bad news" syndrome. The good news is that I always enjoy speaking in the House on matters of concern to my constituents. The bad news is that it is rather sad, after so many years, that very little has been done to solve or end this problem.

To understand the issue of the Garrison diversion unit fully, one must consider its history, particularly its history in North Dakota. The desire to use the waters of the Missouri River to irrigate the drylands of northern North Dakota is older than the state of North Dakota itself. The first documentation that shows an interest in using this water and in constructing such a diversion is dated 1887. At much the same time a constitutional convention which preceded North Dakota entering statehood took place, and a request was made of the United States Congress that such a diversion be built. Nothing was done. However, in the 1930s, when the dust bowl that ravaged much of the prairies, including North Dakota, occurred, the desire and the dream for an irrigation system using the Missouri River waters grew again. It became quite strong, and in 1935 appeals were made to the United States Congress for the construction of this diversion unit.

Garrison Diversion

Pursuant to those 1935 appeals, the United States Army Corps of Engineers and the American Bureau of Reclamation began considering the feasibility and the engineering possibilities of constructing dams along the Missouri River system. The plan put forward at that time was known as the Pick-Sloan Missouri River basin plan. In a document dealing with Manitoba and the Garrison Diversion Unit, it is stated that in 1943 Congress authorized the Army Corps of Engineers to construct the mainstem series of dams on the Missouri River and that at the time the United States Interior Department's Bureau of Reclamation was awarded the Garrison diversion unit. Work began on the Garrison dam in 1947, and it was completed by 1956.

Subsequent to the completion of the Garrison dam, proposals were put forward for the entire irrigation unit. The plans put forward in 1957 and 1959 did not meet the cost-benefit requirements of the United States government, and they were rejected. A plan was put forward in 1962 which was approved by the United States Congress in August, 1965.

The paper that I referred to earlier describes the unit that was authorized in 1965 as a "multi-purpose water resource project to divert Missouri River water into central and eastern North Dakota where the water will be used to irrigate 250,000 acres of land, provide a municipal and industrial water supply to 14 cities and furnish recreational and fish and wildlife opportunities throughout the area".

What the plan does, essentially, is to take water from the Missouri River, transport it in an easterly direction across north central North Dakota into a reservoir called the Lonetree reservoir. This reservoir acts as the hub of a wheel. Flowing out from the Lonetree reservoir the water goes northward through the Velva canal, eventually into the Souris River and into Canada. Flowing eastward through the New Rockford canal, the water eventually goes into the Sheyenne River and then into the Red River which goes into Canada. It flows southward along the James River feeder canal into the James River, the Wild Rice River and again into Canada.

The Lonetree reservoir is really the crux of the whole problem in Canada and more particularly in Manitoba. It is at the Lonetree reservoir that the water from the Missouri River breaches the continental divide and becomes linked with the Hudson's Bay drainage basin. This link-up eventually causes most of the problems. It brings water, biota, chemicals and parasites into the Canadian water system which are completely foreign to Canada.

Subsequent to the authorization given in 1965, construction on the Snake Creek pumping station which is an integral part of the system, was started in 1968. In 1970 construction of the McClusky Canal, one of the largest parts of the project, was started. The most recent work on the Garrison diversion unit was a tender called in 1980 for construction of the New Rockford canal.

In April, 1969, the Canadian government became concerned about some of the possible adverse effects that the Garrison unit would have in Canada. At that time the first of many notes between Canada and the U.S. state department and our embassy in Washington was passed. Canada sent a note verbale requesting information on the Garrison unit. In October, 1971, the first diplomatic note was sent protesting the adverse effects of the Garrison diversion unit return flows. The Canadian concern reached the point in 1975 where the whole issue was referred by the United States and Canada to the International Joint Commission which, after an extensive and very good study, filed a report in 1977.

This is where I have a problem, Mr. Speaker. Since 1977 nothing has been done to implement the recommendations of the International Joint Commission. There have been no bilateral negotiations. Nothing has been done, and it is this lack of action that my motion addresses.

Let us consider the recommendations of the International Joint Commission. The report filed in 1977 clearly stated that the Garrison diversion unit, if constructed and completed as designed, would have adverse effects on the environment of Manitoba. It concentrated on three particular areas of concern. The first was water quantity; increased flows of water would come into Manitoba at certain times of the year. The second was water quality; there would be an increased chemical content in the water coming into Manitoba. The third, and probably the most critical in the long run, was the adverse impact that would be felt by the biological resources of Manitoba. This includes an impact on fish stocks in Manitoba, and wildlife stocks among other things.

● (1710)

I should now like to speak about the effects of Garrison on the fish stocks in Manitoba. First I would like to read into the record some comments I made in October, 1980, when I was speaking on a motion concerning fisheries in Canada. I shall quote from a technical report issued in February, 1979, by the Fisheries and Marine Service. It is entitled "Potential Effects of Exotic Fishes on Manitoba: An Impact Assessment of the Garrison diversion unit". I shall refer to three fish which will have serious impact in the province of Manitoba. First is the rainbow smelt. In this connection the report reads:

> —we believe that rainbow smelt will be successfully introduced and established in Manitoba waters . . . We believe that smelt, when introduced to Manitoba, will cause the collapse of lake herring populations in Lakes Winnipeg, Manitoba and Winnipegosis and will have a major negative impact on the lake whitefish fishery in the north basins of Lakes Winnipeg and Manitoba.
>
> Smelt will also have negative impacts on walleye fisheries in certain locales of Lakes Winnipeg, Manitoba and Winnipegosis. Declines in the abundance of higher-valued species will result in decrease in fishermen's incomes such as occurred in Lake Erie during the late 1950s.

The report goes on about the gizzard shad. It reads:

> —we believe that gizzard shad will be introduced and can be established in Lakes Winnipeg, Manitoba and Winnipegosis. There are suitable environmental and habitat conditions, food supplies and spawning areas for establishment of gizzard shad populations in these waters . . . Magnitude of impact may range from minimal impact to the worst possible impact of total collapse of walleye and sauger populations in these lakes.

With regard to a third fish, the Utah chub, the reports reads:

> In summary, Utah chub have a high reproduction potential, a potential for population irruptions and likely can establish in Manitoba waters . . . . Further-

more, if in Manitoba waters Utah chub will have a negative impact on indigenous fishes and may become a nuisance to anglers and commercial fishermen (through sheer volume of catch in the nets). We expect Utah chub will compete with whitefish and walleye for food and likely displace, to a major extent, existing forage species, particularly minnows . . . .Therefore, we consider this fish to represent the same potential for major impact as rainbow smelt or gizzard shad.

Now I shall quote some figures. The report gives a table of percentage reductions in population size. They use three figures, the lowest, the most likely, and the maximum. I will use only the most likely figures.

In the Lake Winnipeg north basin, the effect on the lake whitefish will be a 50 per cent reduction; on lake herring it will be 75 per cent; and on walleye and sauger 50 per cent. In the south basin of Lake Winnipeg, the effect on the lake whitefish will be a 5 per cent reduction; on the lake herring a 5 per cent reduction; and on walleye and sauger a 50 per cent reduction. In Lake Manitoba, the effect on the lake whitefish will be a 30 per cent reduction; on the lake herring it will be 75 per cent; and on walleye and sauger 75 per cent.

The end result of this potential hazard to Manitoba fisheries will be nothing short of disastrous. In all the studies and the bantering back and forth there is one very important group of Manitobans who have been ignored. I am referring to the native people in the province of Manitoba. In a report prepared by a Winnipeg consulting firm, Rieber-Kremers and Associates in 1969, concerning the impact of the Garrison diversion unit on Manitoba Indian communities, they point out that at present some 17,000 Manitobans would have their livelihood seriously affected. Projecting into the year 2033 when the Garrison Diversion Unit is expected to have its greatest impact, the population figure at that time is projected to include 37,000 Manitoba Indians. At present these people rely on the fishing industry for their livelihood. In 1979 the value of the fishing industry to natives in Manitoba was $1.9 million. As well, native people rely on fishing for subsistence. In other words, they catch fish to stay alive.

I shall now quote from the Rieber-Kremers report as follows:

We now come to those impacts which are not known and have not been dealt with in government sponsored studies, namely, the area of socio-cultural impacts. The Indian people in the impact zone are identified as having a viable culture distinctly different from other Manitobans. Attempts on the part of the IJC and government agencies to analyse the impacts solely in the form of bio-physical terms have led to the absence of a detailed examination of the impact on the socio-cultural base resident within the communities and of possible far-reaching changes that could occur, which would have a serious and lasting effect on daily life. The threat of the project is not only to "income", as described above, but to the very survival of a whole way of life based on the land and water. This area of impact is perhaps the most serious and yet most difficult to quantify. However, it can be stated with reasonable certainty that because both commercial and subsistence fishing are an integral part of the communities' socio-cultural structure, that this base will be detrimentally affected as a result of the project.

To come a little closer to home, I want to speak about a community in the northern part of my constituency called Easterville. It has 800 to 900 people. Almost all of the people are native, non-status and status Indians. In this community there are roughly about two dozen full-time jobs, such as working for the band office, village office, the school, the co-op store, and operating the "honey wagon." That is about it. There are no other full-time jobs in Easterville. The fishing season comes twice a year. During the fishing seasons almost every adult male makes his livelihood by fishing. That is the only income for the year for the vast majority of people in this community. If the fishing industry is reduced by 50 per cent, as has been projected because of the adverse effects of Garrison, serious effects on this community will be untold. I just hate to think of how it would hurt such a community.

Let me now summarize. We in Manitoba have not been reassured in the past with regard to the government's concern about the Garrison diversion project. We have not been reassured by the United States State Department or the Executive Branch that the Boundary Waters Treaty of 1909 will be adhered to. Construction goes on all the time while we get these reassurances. When President Carter was in power we had a brief respite when he cancelled a number of water projects. However, in the last year, in a mad scramble for votes, he went soft on environmental issues and allowed a rather sizeable appropriation for Garrison to get through the House. Nor are we reassured by what we see in the immediate future.

The new governor of North Dakota, Governor Olson, said that it was up to Manitoba to prove that any harm will come to the province. We have the proof from the IJC and from many other studies. We cannot accept that kind of an argument. We are not reassured by new President Reagan and his interior secretary Watt who have never been especially strong on environmental issues in the past.

The bottom line for myself, for my other colleagues from Manitoba, and, in fact, all Manitobans, is that we oppose the Garrison diversion unit as designed. If we are sending out signals to the Americans, I want to make it fundamentally clear that we do not mean to interfere in their internal politics. We do not care what they do with the water inside North Dakota. But when that water threatens the very livelihood of Manitobans, then we do care.

As a politician representing a Manitoba constituency, I must accept the doubts. We cannot afford to take the risks of allowing any of this foreign biota to come into Manitoba. I might remind hon. members that in the lakes of Manitoba the carp fish was not native to Manitoba until some fisherman brought it in there in his bait pail. Carp fish now run rampant through all of the major lakes in the province. I might also point out that in Australia rabbits were not native. I think we all know what has happened in Australia as far as the rabbit population is concerned, only two of which were originally brought into that country.

Therefore we cannot allow one bucket of North Dakota water containing a gizzard shad, a rainbow smelt, a Utah club, or whatever, to come into Manitoba. We will not accept the fish screen which has been proposed by the American constructors of the Garrison diversion unit. It is not feasible that such a screen could sucessfully protect Manitoba waters. We will not accept the feeble platitudes of American politicians, such as Governor Olson, that there is no proof that harm will

come to the province of Manitoba. The only thing we will accept, and I hope that the government sitting opposite listens to us, is that not one drop of North Dakota water from the Garrison diversion unit crosses the boundary into Manitoba. That is the only thing.

● (1720)

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased that the hon. member raised this important matter. The discussions are indeed at present at a critical level. It is an issue on which Canada's stand is supported by all parties in the House.

I should like to begin by restating once again the government's continuing, firm and unchanging position on the Garrison diversion project. The government is unalterably opposed to any transfer of water from the Missouri basin to the Hudson Bay basin which would involve the transfer of foreign biota, that is, foreign fish species, parasites or diseases. The government's position, which is supported by the findings of the International Joint Commission, is that any such transfer would have serious and totally unacceptable consequences for the people in the province of Manitoba.

The government has received a number of suggestions from other hon. members in the past on possible alternative approaches toward reaching the goal on which, I think, all members of the House are agreed. I am pleased to have the opportunity to review past endeavours and to bring hon. members up to date on the current state of negotiations.

Since April of 1969 the Government of Canada has made its concerns about the Garrison diversion unit known to the U.S. government in a number of official communications. In a note of October 23, 1973, the Government of Canada informed the Department of State of the continued grave concern of the Government of Canada over the project's potential implications for Canada, and its conclusion, based on studies conducted in both countries, that the proposed project would run counter to the obligations assumed by the United States under article IV of the Boundary Waters Treaty. Article IV states that:

—waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other.

The Government of Canada welcomed the assurances given in the reply U.S. note of February 5, 1974, that the United States:

—will comply with its obligations to Canada not to pollute water crossing the boundary to the injury of health or property within Canada. No construction potentially affecting waters flowing into Canada will be undertaken unless it is clear that this obligation will be met.

The governments of Canada and the United States subsequently asked the International Joint Commission on October 22, 1975, to undertake an impartial, binational investigation of the transboundary implications of the Garrison diversion unit, and to recommend such measures as might be taken to ensure that Canadian waters are not polluted to the injury of health and property. In so doing, the commission was asked specifically to consider the transboundary implications of the project for water quality and water uses and the nature and extent of the impact on commercial and recreational fisheries in Manitoba of the possible introduction from the Missouri River system through the Garrison diversion unit of foreign biota.

When it became clear that the International Joint Commission could not complete its study before important scheduled budgetary decisions relating to construction of the Garrison diversion project were to be taken by United States authorities, the Government of Canada became concerned that these decisions might not be based on a full knowledge of the potential effects of such construction on Canada. Accordingly, on October 12, 1976, the Government of Canada requested:

—that further construction and decisions on construction of the Lonetree reservoir be deferred until after the commission's report has been received and subsequent consultations between the governments have taken place.

In making this request, the Government of Canada expressed particular concern that filling or operation of the reservoir could affect waters flowing into Canada.

In February of 1977, the U.S. government in its reply undertook that "a contract for the construction of the Lonetree dam will not be let until after the report to governments of the International Joint Commission has been received and subsequent consultations between the two governments have taken place."

Meanwhile, the International Joint Commission had established the International Garrison Diversion Study Board, composed of experts from both governments, to carry out the necessary technical studies for its investigation. The board reported in January of 1977 that:

—the Garrison diversion project as envisaged will have adverse impact on water uses in Canada.

The board projected a total annual loss to the commercial fisheries of Lakes Winnipeg and Manitoba in the millions of dollars.

The International Joint Commission conducted public hearings to receive comment on the board's report. On the basis of the board's report, testimony received at its public hearings, and other submissions, the commission reported to governments on September 16, 1977.

The commission concluded that construction and operation of the Garrison diversion project as envisaged when the study began would cause significant injury to health and property in Canada as a result of adverse impacts on water quality and adverse and irreversible impacts on some of the more important biological resources in Manitoba. The commission recommended that portions of the project which could affect waters flowing into Canada not be built.

At that time it was understood by the Government of Canada that the U.S. Department of the Interior was preparing a modified Garrison plan which would take into consideration both the expressed Canadian concerns and the recommendations of the International Joint Commission.

A draft modified plan was published by the U.S. Department of the Interior in February of 1978. In the view of

Canadian federal and Manitoba officials, the draft plan did not appear specifically to consider the transboundary effects of the project which were detailed by the International Joint Commission. Canada again made it clear to the United States that the risk of transfer of foreign biota to the Hudson Bay drainage basin had not been eliminated or significantly reduced by the draft revised plan. The plan indeed anticipated the transfer of such biota to the Red River via the Sheyenne River. The International Joint Commission had characterized the need to prevent biota transfer as "overriding everything else".

Canada again requested that these observations be passed to all relevant agencies of the United States government and that they be provided to Congress which had expressed concerns regarding the international effects of the project during earlier consideration.

Over the summer of 1978, Congress discussions took place and they seemed to ensure that Canadian concerns were fully recognized and respected. Canada expected that the U.S. Department of the Interior would take into consideration all these matters.

We were therefore deeply concerned by indications that the recommended plan of the Department of the Interior would, in fact, provide for transfers of water, and hence foreign biota, from the Missouri to the Hudson Bay drainage basin.

Accordingly, in March, 1979, the Government of Canada advised the U.S. government that it would consider the submission to Congress for authorization of any new Garrison diversion plan involving interbasin transfers before the U.S.A. had the benefit of formal consultations on it with Canada as contrary to the spirit of U.S. assurances and the recommendations of the International Joint Commission. These assurances have been recognized by the Congress, and the need for such consultations has been identified by the International Joint Commission and acknowledged by U.S. authorities.

● (1730)

At that time Canada requested consultations on any new Garrison diversion plan before such a plan was submitted to Congress. We also requested an assurance that a final plan would not be espoused by the United States administration unless it could be demonstrated that U.S. treaty obligations and commitments to Canada could be met, with full consideration given to the recommendations of the International Joint Commission.

Consultations were held in March, 1979, at which time Canada reiterated its clear and unchanging position, and the United States once more renewed its assurance to honour its obligations under the Boundary Waters Treaty.

The Government of Canada was therefore seriously concerned when, in June, 1979, the U.S. Congress appropriated an additional $9.7 million for work on the Garrison diversion project. This appropriation took place in spite of vociferous Canadian objections, including a strong diplomatic note of June 18, 1980, and vigorous efforts on the part of the federal and Manitoba governments, individual Members of Parliament, and private citizens' organizations. While the directive accompanying the appropriations bill specified that the funds not be spent on project features that would directly affect Canada, it was disturbing to note that the funds were appropriated for use on the currently authorized 250,000 acre plan, and not a modified plan, which we had understood to be under consideration.

In a diplomatic note dated October 1, 1980, Canada pointed out that in the absence of any significant project re-design new construction would appear to be leading inexorably toward completion of features that would ultimately result in violation of the Boundary Waters Treaty. We pointed out our understanding that satisfactory resolution of the serious bilateral implications of the project would precede any further decisions which would allow new construction to begin.

The authorization of new funds under a plan that has not been modified in any way to take into account Canadian views or the conclusions and recommendations of the International Joint Commission is a cause of deep concern to us.

By diplomatic note of December 1, 1980, Canada received from the United States an outline of just how this new appropriation would be spent. The expenditure of some of the funds, we were told, would be deferred until after consultations between the two governments. The U.S. Office of Management and Budget has since required that the funds be spent; however, we have been assured that the funds will be expended only in the West Oakes test area, which does not affect Canada.

We now stand at a critical point in bilateral consideration of this issue. The United States has proposed that a process of bilateral consultation commence in March of this year. Canadian scientific and technical experts have been briefed on the latest U.S. technical developments in order that consultations can be based on a firm understanding of the technical issues involved. Such a process will certainly be approached with caution, but we should not overlook the potential for favourable resolution of this issue, which is perhaps greater now than before.

The stage is set for consideration of the issue on a basis more suitable to mutual agreement, in that the State Department has proposed that the upcoming consultations will be centred on possible design modifications to the reduced 96,300 acre plan. The State Department has also agreed that consultations will be based on the recommendations of the International Joint Commission and will deal with the Canadian objection to any inter-basin transfer of water. In other words, Canada's basic and often repeated concerns have been accepted as the basis for consultation. The stage is finally set for constructive discussion of those issues which are crucial to Canada.

This meeting would appear to incorporate the hon. member's suggestion as put forward in the notice of motion for the convening of a joint meeting between provincial, state and federal authorities affected by the Garrison project. The bilateral consultations proposed will provide ample opportunity for affected parties to make their views known. The Government

of Canada certainly intends that the government of Manitoba will be fully involved in all preparations for the consultations and will be represented among the Canadian participants.

Clearly, any developments must be viewed within the context of the new United States administration and Congress. The Government of Canada is considering and re-evaluating the most effective methods of ensuring that the new Congress and administration are fully aware of the seriousness of Canadian objections to the project. Our officials in Washington have been working actively over the past few months on this. All hon. members are aware that discussions are now under way to arrange a visit by President Reagan to Canada early in his term of office, and this will provide another opportunity to review the issue at the highest level.

The federal government and the government of the province of Manitoba are working together, and it is important that Canada speak with one voice on this issue. The two governments, the Government of Canada and the government of Manitoba, have well in place the legal and technical bases on which Canadian opposition to the Garrison project rests, and this co-ordination has been one of Canada's strengths in discussion of the issue to date. The individuals and the citizens' organizations that have made their viewpoints known have also contributed.

While we are dealing here with a possible violation of an international treaty, one perhaps would not want to speculate too much on possible sanctions, although the hon. member has raised this possibility. I think it is important to remember that Canada has had long and friendly relations with the United States. Our relations have generally been based upon co-operation and respect for international obligations, and we hope that this final round of negotiations will result in a satisfactory arrangement in which Canada's environment is protected.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, this is a very serious matter for the province of Manitoba. I have stated for a long time and I have felt for a long time that it is certainly not a partisan issue. It is one which I hope transcends partisan political boundaries, and I am glad that the hon. member for Selkirk-Interlake (Mr. Sargeant) raised this question this afternoon through a private members' motion.

I am not sure I agree totally with some of the things the hon. member requests in his motion, but I certainly agree with the intent of the motion. We cannot for one lapse of time take for granted that we will not have problems with our water if it comes from the United States into Canada as a result of the transfer of water from the Missouri to the Hudson Bay basin. I will not get into the engineering end of this, or why we do not want the water, because I think these were covered quite adequately by the hon. member for Selkirk-Interlake.

What does concern me is the fact that this is an international affair; there can be no doubt about that. This matter involves an international boundary and, as such, the responsibility for showing leadership with respect to Manitoba and Canada clearly rests with the federal government.

When I see a private member's motion such as the one raised here this afternoon, I am led to comment that the federal government has not been doing what it should be doing in terms of taking leadership and seeing that the area of Canada which will be affected is aware of what the federal government is doing and, not only aware, but also satisfied that what the federal government is doing is what it should be doing.

Groups have been organized in Manitoba to go down to North Dakota to protest the further construction of the dam in question.

• (1740)

The thing that concerns everybody is that each year as the project goes on more money is allocated to it, and each year that more money is allocated to the project we get impetus to have the project completed. With the completion of the project we will get the transfer of the water and therefore the problems. This is borne out in local papers in Manitoba.

I have an article here from the *Daily Graphic* of Portage la Prairie, November 17, 1980, reporting that the U.S. consul-general in Winnipeg urges Canadians to be heard. Michael Carpenter, the U.S. consul-general in Winnipeg, stated:

> Manitobans must stand up and be counted in their opposition to the Garrison diversion project, the U.S. consul-general in Winnipeg said in Portage la Prairie Saturday evening.

Here is an American consul-general saying Manitobans must stand up and be heard. Here is an article from the Brandon *Sun* of November 19 last year and the headline is "Flashing Amber Signalled for Garrison Construction". Again, I am talking about the proceeding of the construction of the dam.

There is an article in the MacGregor *Herald*, which is a local paper in southern Manitoba, of November 19, and the headline is "Audubon Society's Case No Comfort to Canada". I will quote from the first paragraph:

> A spokesman for Canadian groups opposing the Garrison diversion project said he was not optimistic about the National Audubon Society winning its case to halt or scale down the project after hearing the proceedings of a U.S. federal court case in Washington Friday.

The Audubon Society is an American based society. Its members are also concerned about the ongoing construction and completion of the dam.

Another headline from a local paper dated December 10 reads "North Dakotans Not Getting anti-Garrison Message". I will finish with a quote as recent as January 21, and the headline is "North Dakota Governor's Statements on Garrison Deplored by Manitobans". It goes on to say:

> A joint meeting of Canadian and American citizens in Jamestown, N.D. has produced a statement that "deeply deplores" North Dakota Gov. Al Olson's recent assertion that the Garrison diversion project should proceed until it is proven it could harm Manitoba's fishing industry.

We do have a lot of concern. There is concern on both sides of the border. If the federal government were doing what it should be doing, and that is showing some leadership in this area, we would not necessarily be having all of the concern by

local people as to the detrimental effects this project will have on Canadians, Canadian waters, and Canadians' ability to earn their livelihoods on into the future as they have in the past. On this issue there can be no compromise. There is reference in the motion before us to taking the American government to court. I certainly would think that it would be something of a last resort. If that is what we have to do, then we have lost our case.

The only way that Canada is going to be saved from the harmful effects of the Garrison diversion project is if the water is not diverted. There is no engineering solution that will let water come without some of the problems coming with it. Until there is such a time, and I doubt very much there will be a satisfactory engineering solution, there is really no compromise as far as Canada is concerned in this matter. We have concerns with pollution of water, we have salinity problems which will come down Canadian rivers.

I have spoken to city officials in the town of Portage la Prairie, a city of about 15,000 people, and they estimate they would have to spend as high as $3 million on a water treatment plant to keep their water at the standards that it is now if water is transfered from North Dakota into the Assiniboine River. Those are the areas of concern local people have. There is really no solution in terms of the fishing industry in Manitoba as there is for cleaning up the water by spending millions of dollars.

Once the water is diverted, with it comes the foreign species of fish, the fish diseases, and the ensuing problems. Then it will be too late to reverse the situation. You cannot say to the fish, "Hey, you fish, go back to North Dakota. You are not wanted here." That is an impossibility, and we all know that. Our concern is very legitimate and it gets to be more disconcerting all the time as we see this project getting closer and closer to completion by the fact that there has been additional money spent on it.

It is clearly a federal government responsibility. The previous government speaker mentioned the government is seriously concerned. I should hope ministers would be more than seriously concerned. As a federal government, they should be letting the government of the United States know in as strong as possible diplomatic language that we cannot, under any circumstances, accept water from the United States.

The previous speaker also mentioned they would like to have the provinces involved in preparations for any meetings. That is very nice, but I think the federal government should clearly show some responsibility in taking the lead and seeing that they are not only involved in preparations but that the federal government go ahead and do what has to be done in terms of letting the Americans know what our real feelings are about this.

I have raised this question in the House several times before. One of the suggestions made was to take an all-party delegation from this House to the United States at the appropriate time. I have spoken to the minister of external affairs and he says that he does not know whether this is the appropriate time. We know now that Mr. Watt is the new Secretary of the Interior. It seems to me that now is the time we should be approaching Americans to see, as the new administration gets set up in Washington, that they know of our concerns on this side of the border and what our feelings are. It is deplorable that the federal government has not taken any more of a lead in letting the Americans know up until this time what our position is. I say that because, upon reading the local papers, I notice a lot of concern that the federal government does not know what is our position.

We hear a lot of concern about the east coast fisheries treaty. Nobody is saying that is not an area of concern; it certainly is. But if the fish treaty is not settled this year or next year, the fish will still be there. The point with this Garrison problem is that once the diversion is complete we will have the American foreign species of fish in our water systems forever. I would like to see more emphasis put on this matter by the federal government. It is clearly a federal responsibility because it crosses an international boundary.

One of the things pointed out to me was that both the senators from North Dakota are on the appropriations committee, and that is very significant. There could possibly be two votes for any future appropriations for Garrison. Again, I must emphasize that this is not a partisan issue, and I am glad to see it raised in the House. I am not so sure the previous NDP government of Manitoba did as much as it could have in terms of letting the Americans and our federal government know that as the construction of the dam proceeded problems would be caused. I have heard criticisms of the present government of Manitoba as a result.

I am familiar with some of the things the provincial government is doing in Manitoba. It has done things that I would have sooner seen the federal government do. For instance, the premier of Manitoba has sent telegrams to several American elected and appointed officials pointing out Manitoba's objections to the Garrison project. I am sure that would have been better done by the federal government. Because of a vacuum at the federal government level, the provincial government has had to step in and we have seen citizens' groups step in. Had the federal government been doing its job, we would not have heard the concerns expressed by local citizens and by provincial, municipal and urban governments in Manitoba.

I do not wish to speak at great length on this bill. Many of us from Manitoba have shown a great deal of interest in this matter in the past number of years. I should simply like to close by saying it is high time the federal government showed some leadership in this affair, did more than express its serious concern, and offer to involve the province and its local people in it.

I think it is time they took the lead and saw to it that everything was set up, so that people, all levels of government and all parties in this House were involved in letting the Americans know that it is the appropriate time before the new American administration gets too far along in its life. We in Manitoba cannot, under any terms, accept water from the Missouri basin being transferred into the Hudson Bay basin.

Garrison Diversion

● (1750)

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): Mr. Speaker, I should like to say a few words on the subject raised by the hon. member for Selkirk-Interlake (Mr. Sargeant). He covered a fair amount of what I intended to say about the background of the project. I am grateful to him because it allows me to get on to the second part of my remarks. He covered quite adequately what is involved in this irrigation project. He explained how the water would get from the Missouri basin to the Hudson Bay basin. Also he covered some concerns which I intended to express in so far as the introduction of foreign species into Canadian waters is concerned. I thank him for covering those areas quite adequately, and I would like to move on to the second part of my remarks.

In so doing, I should like to respond briefly to the comments of the hon. member for Portage-Marquette (Mr. Mayer) which were, by and large, helpful, but which in one detail only tended to contradict his appeal for non-partisanship. Having made that appeal a couple of times, he then went on to imply that somehow the Government of Canada had not taken a position.

I believe those members who were listening will attest that the position of the Government of Canada was made as recently as 5.25 this afternoon. This is not the first time the position has been made, but in case the hon. member did not hear the hon. member for Trinity (Miss Nicholson) articulate the position of the Government of Canada on this matter, I should like to repeat it for him. At that time my colleague said that it was the firm and unchanging position of the Government of Canada that we are unalterably opposed to any transfer of water from the Missouri basin to the Hudson Bay basin which would involve the transfer of foreign biota, that is to say, foreign fish species and parasitic diseases. She went on to say that we were supported by the findings of the International Joint Commission, that any such transfer would have serious and totally unacceptable consequences for the people and the province of Manitoba. Those comments were made by my colleague approximately 35 minutes ago, but obviously he did not hear them. It is a fairly clear position which indicates our concern. We have made that concern known on a number of occasions to the people in power in Washington.

At this point I should like to review some of the things the government has done to ensure that the ill-effects about which the hon. member for Portage-Marquette and the hon. member for Selkirk-Interlake talked do not take place. First, it is important to stress that the Government of Canada and the government of Manitoba have worked quite closely together on this particualr subject, as it is understandably a mutually-shared concern. Since at least 1969 there have been constant consultations in Canada to ensure that all our respective concerns were taken into account and were properly addressed. Manitoba officials made an important contribution to the IJC study to which the hon. member for Selkirk-Interlake referred. The government of Manitoba has been an active participant in our meetings with United States officials on this subject.

We believe we have achieved substantial progress in having our concerns addressed by the United States. The United States government, in a number of official communications, has assured us that it would honour its treaty obligations not to pollute our waters so as to injure health or property in Canada. That is a very important assurance. It has also pledged that the construction and operation of works of direct concern will be held in abeyance until we have been consulted.

Hon. members are aware that the United States Congress has recognized our concern. In my view this has been a major step forward. This degree of assurance that Canadian interests were acknowledged and were to be considered has not always been the case. In the early 1970s the proponents of the project appeared to assume that the massive project would have little or no adverse impact of any kind, let alone effects on Canada. At that time the emphasis was on engineering studies. Information on flow returns, the quality of those returns and specific areas to be irrigated, had not been fully developed.

Through an extended process of keeping pressure on for more information, we know with far more precision what is likely to happen. Through a process of analysing that information, providing the United States with our views, and informing them very specifically and firmly of our concerns, they know what we are talking about. I believe it would be appropriate, then, to review some of the things we have done to ensure we knew what was happening and what was likely to happen to Canada, and how in turn we made sure the United States knew our views.

In 1969 the Canadian government sought detailed information from the United States government on the project. However, at that time environmental studies had not been undertaken and therefore specific details were absent. At that time the United States national environment policy act had not been signed into law. Indeed, it was not signed into law until January 1, 1970.

Meetings were agreed to in 1973 to exchange information and views. However, even by then Canadian authorities were expressing some reservations. By 1973, although available information was still very much incomplete, a very stiff diplomatic note was sent to the United States expressing our concern and demanding assurances that we would not be injured.

It should be noted that during this time period and, indeed, down to this day, a number of organizations in the United States were also raising what United States courts found to be legitimate concerns. In particular, United States courts offered a number of judgments on several factors relating most directly to impacts on wildlife and the adequacy of the environmental assessment process undertaken by the proponents.

In any event, in early 1974 the United States government replied to our 1973 note with the first of a series of assurances that we would be protected, that is, the United States government would, as we would in our turn, honour its treaty commitment under the Boundary Waters Treaty not to pollute waters flowing into Canada to the injury of health and prop-

erty in Canada. Further it agreed to a process of ensuring that we would be heard and our problems would be taken into account when works which would potentially affect us were under consideration.

The next major step forward was to refer the question to the IJC for an impartial study. The results of that study have already been detailed by the hon. member for Selkirk-Interlake. In summary, the commission concluded that Canada had every right to be concerned.

Following the IJC study, both Canada and Manitoba have continued to keep the pressure on. The next major development was the proposal by the United States administration, or more properly the Department of the Interior, to Congress, of a plan which would irrigate some 96,000 acres instead of the originally proposed 250,000 acres. In 1979, by means of diplomatic notes and in meetings, Canadian concerns focusing on the problem of biota transfer were expressed concerning those features of the 96,000-acre plan which were common to the original plan, namely, the substantial interbasin transfer of water involved.

During the period from the release of the IJC report until the Canada-United States discussions on the revised plan in 1979, the United States Congress also took note of Canadian concerns. Until after the release of the IJC report, the United States Congress had not specifically indicated that funds for the project were not to be spent on project features directly inimical to Canadian interest unless and until we have been consulted. While we regret that Congress had not earlier taken our concerns into account, the conditions applied after the release of the IJC report have continued.

The Acting Speaker (Mr. Blaker): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1981-82

SUPPLEMENTARY BORROWING AUTHORITY

The House resumed consideration of the motion of Mr. Bussières (for the Minister of Finance) that Bill C-59, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Borrowing Authority

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, when the House went into private members' hour at five o'clock I was speaking on Bill C-59, an act to provide supplementary borrowing authority. At that time I pointed out that the role business and government can play in strengthening our economy is an important one. I stressed that one of the requirements of Canadian business is that it takes an internationalist approach to opportunities for growth in this country. I also stressed that more research and development is required, not necessarily by the federal government alone but also by the business community.

Of course, there is a special role for the federal government. In my opinion the government's attention should be focused on economic policy rather than on disputes over power and jurisdiction. What is needed today is a farsighted and responsible framework of economic policy, including appropriate fiscal and monetary approaches. To bring this about I believe leadership is required, and that leadership must realize the three most important objectives of this government should be the stimulation of private investment, the lowering of the inflationary spiral and the development of petroleum self-sufficiency, all of which could be the springboard for future growth.

Just as I believe that the Canadian businessman has to learn how to work with governments, and in particular the federal government, I also believe that it has to improve its approach to the private sector. If business is to do its job for Canada it needs respect from the government, not confrontation. It needs recognition of its role. It needs room to breathe. It must not be muzzled and smothered by bureaucratic red tape. This has happened under the government's national energy program. The results have been chaotic. Surely it is not too much to ask that the energy antagonists sit down, consult and mediate, for we desperately need an end to the present unnerving uncertainty which the present situation is producing.

Another recurring need for all Canadians is a marked improvement in the efficiency and speed of government decision-making. As I stated earlier, the development of an entire community, namely, the town of Lockeport in Nova Scotia is at a standstill as a result of this government's inability to reach a decision concerning the cost and size of the fisheries processing plant to be replaced. I say to the government, through you, sir, we can and must do better.

Unfortunately, today this government is placing great emphasis on state control. Yet state management of the Canadian National Railways in Nova Scotia leaves much to be desired. For example, on November 5, 1980, we in Nova Scotia were informed by the Canadian Transport Commission that it planned to remove 11 agency positions in our province, eight station buildings and 12 contract on hand representative positions. Of the 11 agency positions to be removed, seven are in my constituency at Chester, Mahone Bay, Lunenburg, Liverpool, Lockeport, Shelburne and Barrington Passage. Of the eight railway stations to be removed seven are in my riding at Chester, Mahone Bay, Lunenburg, Liverpool, Lockeport, Shelburne and Barrington Passage.

Of course, this type of action is a far cry from the promises made by the Right Hon. Prime Minister when he was campaigning for votes in my province—promises which were endorsed by all Liberal candidates campaigning ad infinitum up and down the province. At that time the Prime Minister said, as reported in the Halifax *Chronicle-Herald* on January 26, 1980:

> We will use revenues raised through energy taxation to make big projects happen—railway building, pipeline construction, a western electrical grid and coal liquefaction are only a few of the projects that the energy boom could produce.

● (2010)

How can one equate that kind of promise with the actual fact? Is it any wonder that Canadians and Nova Scotians in particular are mistrustful of any promises which are made by this government. Mr. Speaker, if you call a proposal to remove 135 miles of railway line plus eight station buildings in my province a program of building railroads, I do not want to be around if ever a plan or program of railway destruction is developed. Heaven help us down our way.

The strange fact about all these proposals is that they are made at the time when economic conditions on the south shore of my province have been slowly and gradually improving, especially in the Bridgewater area with the advent of Michelin Tire. That town has grown from 4,000 people to 8,000 people. The fisheries are expanding gradually and the Bowaters paper plant in Queen's county is expanding. Yet, with all these improvements, the CNR was unable to get their share of this new business. This leads me to ask, "How much growth and expansion must take place before this state managed CNR can get its share of the action?" Or to put it yet another way, how long will it take Petro-Canada gas stations to follow the scenario I just mentioned with regard to CNR railway stations?

In closing, I wish to remind this government that it cannot provide prosperity within this nation by nationalizing our industries. The most important requirement for prosperity in Canada during the 1980s and into the future is unity. We are one country and I hope we always will be, for it is not only a sound principle, but it makes good economic sense.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I want to say a few words about the borrowing authority and the reasons why the government is forced to return to this House of Commons time after time to ask permission to borrow substantial sums of money. I spoke to people last week both in my constituency and in Windsor, many of whom expressed a concern about the way in which the government spends tax dollars. Because of the difficulty for the average individual to meet his or her tax bill, there was a sense among these people that the federal government was not nearly careful enough in the expenditures it undertakes. As one lady said to me, "If it were their own money, I wonder if they would spend it in the same way." I could only answer her that I doubted it very much.

Therefore, on behalf of the people whom I represent and, I believe, on behalf of a large number of people throughout Canada, I would like to express a sense of frustration. Many people have almost reached the point of resignation to the government spending money in a way which they themselves, given the opportunity and the knowledge necessary to make an enlightened decision, would not follow.

The government is borrowing money because it has not managed the economy well. It has run into deficits. Over the years it should have accumulated a surplus because Canada was operating for many years at a considerable high in economic terms. The government ought to have been able during those years to have accumulated a surplus which would have enabled it to offset periods of economic dislocation. Unfortunately, the government never seems to approach its responsibilities in that frame of mind.

With regard to the way in which this bill is written and presented, Mr. Speaker, it is time the government took a long and serious look at what it puts before Parliament. Before the government asks Parliament to approve further indebtedness, surely it has the obligation to file with us in some considerable detail the way in which it intends to use the money for which it seeks authorization to borrow in whatever currency in the world it desires. Surely, there is a requirement for the House of Commons to evaluate the expenditure program of the government against its capacity to raise money domestically before coming to any conclusions about whether or not the government ought to be given the authority to borrow.

Surely there should be a clear statement from the government about the areas of the economy where it feels growth will take place so we in the House may evaluate the projections against government expenditures and revenue potential to determine whether or not there will in fact be the capacity generated over a period of time—one year, two years or ten years—to offset the large amounts of borrowing which takes place.

When the government comes before the House of Commons, and I include the government backbenchers who surely must also answer the same fundamental questions as we on this side must answer when they go to their constituencies, it must explain what it intends to do with the money which it must borrow from the marketplace this year in order to satisfy the fears of people.

Mrs. Appolloni: What about child tax credits?

Mr. Deans: Do not give me that list, I will be coming to it. I would be very cautious about interfering at this point if I were the hon. member. If the government were dealing with a well managed, growing economy and could say that it could stimulate the kind of new, financial resources necessary to meet, for example, the $200 million commitment which it has just made to Massey-Ferguson, then perhaps we as members would be able to answer some of the questions being asked. If the government could show where there would be clear returns to the coffers of the province of Ontario from the approximately $200 million it is about to subscribe to Chrysler, then perhaps

we would be able to decide whether it makes some sense and whether some benefits would flow to the Canadian economy which would allow for the generation of the kind of wealth necessary to meet our commitments both in the short term and in the long term. But that is not clear.

Let me outline a picture of what is happening in this country. The average weekly earnings in Canada have risen by 10.6 per cent this year over last year, but the consumer price index has risen by 11.2 per cent. Obviously, from those two statistics, one can draw the conclusion that the taxpayer, given that the consumer price index has risen more rapidly than wages, will be strapped even further both in terms of buying consumer items and in terms of paying taxes.

With regard to the banks, general loans for this year have risen by 17.8 per cent over last year. But at the same time as general loans are rising by 17.8 per cent, housing starts are down by 16.2 per cent, which shows that the money loaned by the banks is not being loaned for housing, but for other purchases. Take the figures I have mentioned and place them with the bankruptcy rate in the farming community, which is up almost 79 per cent, up almost 17 per cent domestically and up almost 17 per cent in the small business sector, and it is obvious that the money being loaned by the banks at the current high rates of interest is in effect undermining the economy. It is not providing the stimulus upon which to build a more stable economy and provide better employment opportunities.

● (2020)

If we examine these four things we see that if wages increase only 10.6 per cent, the consumer price index 11.2 per cent, bank general loans 17.8 per cent and housing starts go down by 16.2 per cent, there will be fewer dollars in the consumer marketplace to buy the products that the vast majority of people must buy if the economy and employment levels are to be maintained.

An hon. member gasped a little when I started to speak. I would say to him that it is important to have an understanding of what is happening in the economy before approving of the government going into the money market for additional funds.

It is clear that the total number of dollars available for consumer purchasing in Canada will continue to go down. The total number of dollars that banks make available for loans will rise and so the indebtedness will rise. The total number of dollars available to buy the goods and services that people must buy if the economy is to regenerate itself simply are not in the market.

If we examine the manufacturing capacity of this country we find that it stands at 78.5 per cent, down from 79.4 per cent last month and 84.8 per cent a year ago.

That is the measure of the other component factors; as there is less money in consumer purchasing power, as we owe more and more to the banks, as there is a decrease in housing starts, as the size of the labour force grows over the number of jobs currently available, then we can only conclude that the ability of the economy to generate sufficient dollars to meet the ongoing expenses, is under severe pressure.

I understand the need of the government to borrow on an ongoing basis, Mr. Speaker, in order to meet current account problems which it is hoped will be offset by increased revenues as the year goes by, but when it comes to the total amount of money spent, then we find that the economy is not moving ahead fast enough to offset the additional expenditures.

That would not be so bad if the government could point to an over-all plan of attack for the development of the economy over the next four or five years, or if it could say that we are going to be able to generate new wealth in the economy and in the process accumulate the necessary cash flow to meet our indebtedness. The government has no such plan, however. There has never been a five-year expenditure program and revenue program put forward by the government. It is clear from the way expenditures are going at the moment that more and more available consumer dollars will be spent on energy and less on the purchase of consumer products. If that is the case we can anticipate that there will be an even further decline in employment opportunities, a further decline in manufacturing capacity usage, a larger increase in the number of people who have to borrow in order to maintain their standard of living and a further increase in the number of bankruptcies.

With that in mind, Mr. Speaker, I feel it is necessary that the government place before us some kind of program showing how it proposes to bring about the recovery of the economy it has systematically allowed to be undermined.

Mr. Crosbie: Right on!

Mr. Deans: This is a matter of grave concern, Mr. Speaker. This is no frivolous matter; it is the very essence of our reason for being here. It speaks to what is going to happen to the young people who are Pages in this House and who will be looking for other jobs shortly. It speaks to the problems of my children and those of other people and whether they will be able to earn a living and be able to provide for themselves in the future. This is what we would all like to see.

No doubt my son is watching this debate tonight. I insist upon him doing that; it is a punishment for being my son. I know as he watches tonight he ponders his future and thinks about what he will become. There is not a sufficient number of seats in this House to accommodate the children of all members so there will have to be other jobs for them on the outside. They cannot all find jobs in the press gallery, so somehow or other they will have to find other work. If we do not lay the groundwork for economic stability now, those young people will not be able to find employment that will yield the revenue they will need to maintain the standard of living we have established for them and which we hope will be provided for generations to come.

I am disappointed that the government, through this minister, has chosen to introduce the borrowing authority bill at this time. I would rather the government would bring the budget in earlier and set out a program year by year, not just when it

takes a fancy to; that it would show what it proposes to spend in the following 12 months, how the money is to be raised, whatever revenues can be raised and then tell us if there is to be a shortfall, and that during the following 12 or 24 months it will be required to borrow or will be able to repay some of that borrowing from revenues, and some of it will have to be carried as a debt.

I think that kind of financial system would go a long way toward allaying the fears of a great many Canadians who are worried about the kind of government we have, and about its ability to pay the bills.

The government does not spend its own money, Mr. Speaker, and I am sure hon. members know that. It spends our money, the money of people who are not working or who are threatened by the economic downturn; of people who are concerned that their children will not be able to find jobs or who are unable to find jobs themselves within their own communities. All these people are very concerned about the expenditures of government and the way government decides to commit their money.

This afternoon I questioned the Minister of Industry, Trade and Commerce (Mr. Gray) about his announcement of a $200 million guarantee for Massey-Ferguson shares. I inquired if he could tell us if any of the other five major governments, British, French, German, Italian and the United States are concerned about Massey-Ferguson's future, and had made similar kinds of guarantees? Which governments have been asked and responded with similar kinds of guarantees? Mr. Speaker, only one of the five even entertained Massey and that is only because it had a commitment from Massey to maintain operations in the United Kingdom. That government got a commitment from Massey that it would maintain the Perkins engine plant at Peterborough and would maintain the truck plants in Manchester and Coventry. What the company got from that government was: "Yes, we will assist, but in return for that assistance, we will expect new development to take place in the engine plant." Incidentally, this was guaranteed by Massey. This new development will be an attempt to put together British Leyland and Massey for the production of the new combination diesel petroleum fuel, which is combustion engine fuel. They got commitments from Massey that it would maintain its investment and employment at the tractor plants. But what did we get? The minister says, "Well, we do not have an agreement yet." The minister also says, "Massey is going to do good things." We all hope it is going to do good things. But, damn it, we are committing $200 million which, presumably, we will have to borrow since it is not provided for in the budget. If we do commit $200 million which in government expenditure is not a great sum, but is to the average individual, then the least we can expect from the firm involved is that it makes ironclad commitments against which it has to perform; commitments for employment which require them to pay penalties: penalties which must be paid in other parts of the world if they do not live up to their promises.

• (2030)

There should be commitments in Canada to develop product lines in keeping with world demand. That is what we expect in return. That does not mean we are not prepared to make the commitment of dollars in support of the firm. It means that in return, as in any other enterprise, we would ask that there be a clear and understandable commitment in writing to the Canadian public, to the people who work for Massey-Ferguson, that there will be a significant Massey operation in Canada with a world mandate. That is what the measure of it is. That is what the minister fails to understand. That is what is wrong with the government's expenditure programs. The government commits money without giving any consideration to what the total cost is to the Canadian taxpayer or to whom it will benefit.

The government is now in the midst of negotiations with Chrysler. Chrysler is looking for a continuation of the commitment made last year. Chrysler wants the government to continue to back a $200 million guarantee. But they want that in return for a much reduced commitment of investment. The commitment of investment they made a year ago is not worth the paper on which it is written. What they committed themselves to do in Canada was to build a product line already obsolete. The government then asks that we authorize the borrowing of additional funds while it guarantees loans to major corporations who, through mismanagement, have failed to provide the necessary good judgment to keep the economy of Canada strong. The government has committed moneys to these companies without any tangible way of enforcing the commitments made by the companies to the people of Canada.

I suggest to you, in the event I sound negative only, that the answer to the Chrysler deal is obvious. It was obvious a year ago. It is equally obvious today. We must have investment in Canada proportionate to the total sales in Canada which must be undertaken concurrently with investment in the United States.

If the sales ratio is five in the United States to one in Canada, then we should have 20 cents invested in Canada in new product line and development for every dollar invested in the United States, and each made at the same time. That is commitment. That is measurable. You know then you are going to receive at least a fair opportunity to be part of the new and expanding operation of the Chrysler motor company. I suggest that kind of commitment, together with an equity position in either Chrysler or Massey—or both for that matter—would show sound judgment. It would, therefore, give a large number of people some confidence in voting the necessary authority for this government to go into the marketplace and to borrow even further.

This is what is wrong with the process we go through. There is nothing in the estimates placed before this House for loan guarantees for these companies. We have not had a chance to deal with them anyway, but even when the time comes we would be unable to pass any kind of reasonable judgment about the appropriateness of the money being spent by the government in these undertakings. The minister does not have

the common decency to come into the House and place his proposal before the House of Commons. He sneaks off in the dead of night to hold a press conference. He whispers in the ear of the press. Let me say this: it is time the public business of Canada was conducted in the House of Commons.

Mr. Crosbie: Right on.

Mr. Deans: It is time this government started to accept its commitment to spend tax dollars in a reasonable, sensible and understandable way.

I want to tell you, Mr. Speaker, there are as many problems about granting this government, as there are with almost any government, the unfettered use of borrowing power. Over the years I have felt it would have made more sense if the government were required to come back quarterly to this House for approval. Perhaps the government should come back at the end of each quarter and present its expenditure requirements for the next quarter so that we would have a handle on what is going on. Right now the House of Commons and the Members of Parliament do not have a handle on the expenditures of the government, its borrowing or the degree to which government exercises reasonable control over fiscal matters of the country.

As a result of the way in which this government has operated over the last number of years, and as it obviously continues to operate, what we will see is this government taking upon itself responsibilities which were never intended to be granted to the executive branch. It will have spent money long before it ever tells the House of Commons about the methods to be used to raise that money. It expects in return that we in the House of Commons will approve borrowing as if somehow or other it did not make any sense or any difference; or that it simply did not matter.

When I was speaking of the auto industry I wanted to draw into the picture the state of that industry. I was speaking of Chrysler and what I would do were I given the power—and God help I should ever have it—to make the decision. I know exactly how I would deal with Chrysler. I think the majority of Canadians would deal with Chrysler in the same way. In fact, I am sure they would. Many people have suggested to me that they cannot understand the government's motivation and attitude. I have said the government's motivation is political, but no one understands the government's attitude.

A study has been published, which shows the auto industry in this province, which is basically the auto industry of this country as it is substantially located here, is in very serious trouble. A major plan of redevelopment will have to take place for the auto industry if it is to survive in anything like the way it operated over the last 15 or 20 years. The study was done in the province of Ontario. I am sure you are aware of it, Mr. Speaker, but I want to refresh your memory as to the detail. The study was done for the provincial treasurer of the province of Ontario, at his behest. It predicts that the recouping of lost jobs foreseen in the coming year could be a shortlived relief. It says that the jobs which will be gained in the short run will be short run jobs, and that by 1985 Ontario could have 35,000 fewer assembly and parts plant jobs than the nearly 100,000 it had in 1978. Incidentally, that is consistent with what I have been trying to tell the Minister of Industry, Trade and Commerce for the last year. It suggests that Ontario will be saddled with the sort of vehicle and parts production which is rapidly becoming obsolete, and that is consistent with what I have been telling the Minister of Industry, Trade and Commerce for the last year. There may not be the money or the willingness to convert some plants to the production of better selling vehicles if the rough years ahead spell doom for Chrysler, gloom for Ford, and a heavy debt load for General Motors. That, as you will recall, sir, is consistent with what I have been telling the Minister of Industry, Trade and Commerce for the last year. This report simply backs up the analysis which many of us who are familiar with the industry have been making about the industry.

● (2040)

You will recall that when I came back from meetings in the United States, I explained there were serious problems ahead for the automobile industry and that we must have a vehicule for putting back together an automobile industry which would have a stake in Canada.

The report goes on to say:

> The Auto Pact has become irrelevant. If we have favourable costs for labour, steel and power, then we should be better than 10 per cent of North American production and that's what we should press for.

That is what I have been saying to the minister for the past year.

The report goes on to say that Ford at the moment, although it is doing reasonably well:

> —isn't selling enough full sized cars to use the plant capacity of 650,000 engines a year—

You will recall that that is the whole operation, for which they were given some $65 million about three years ago. I could not very well stop that here, but I tell you, sir, I explained what was going on to the then minister of finance of Ontario, Mr. McKeough, and to the premier of Ontario at the time. I pointed out to them that what would happen would be a rip-off, and that is exactly what happened.

The report goes on to state:

> It is highly probable that by 1985, General Motors will have the only engine plant in Ontario, and after 1985 there might be no engine production at all.

Do you know, Mr. Speaker, that the Ontario engine and component production was worth $2 billion in 1978? This report is saying that unless there is a serious attempt by the government and by industry to put back together this vital part of the economy of this country, it is entirely possible that by the year 1985 we will have lost another $2 billion industry in this country.

The article goes on to say that:

> The domestic producers plan to import 1.8 million engines from Japan, Mexico, Brazil and Germany for the U.S. and Canadian markets in 1983. The Auto Pact allows the engines to be brought to Canada duty free.

What I am saying to you, Mr. Speaker, is that if we are going to have a recovery in the automobile industry in Canada, we cannot allow it to be dictated by decisions in Washington. We must make decisions in Canada for Canadians, and we must understand that the automobile industry has a stake in this country and an obligation to provide the kind of economic stimulus which its stake obviously should be able to provide.

There is a substantial market in this country, large by any world measure. It is being eroded by a continual lack of foresight on the part of the auto industry. I suggest it is time this House of Commons demanded of the government that it set before us a joint plan for action, a plan which involves both the industry itself and those of us who have an interest in the redevelopment of that industry for the future use of Canadians, both in terms of jobs and in terms of maximizing the manufacturing capacity which will, in the future, create the kind of stability we must have.

Therefore, Mr. Speaker, when I said to you earlier that wages had risen, but not as much as the cost of living, and therefore the number of available dollars for purchasing consumer products, such as automobiles, had fallen, and that bank interest rates, bankruptcy and higher number of dollars out for loans were undermining the economy, I was suggesting to the minister it is time we stopped dealing with these things in isolation. We cannot deal with them in isolation any longer.

You cannot talk about borrowing authority as if it were not tied into anything else. You cannot talk about Chrysler as if it were not tied to the remainder of the automobile industry. You cannot talk about Massey-Ferguson without understanding that the farming community's level of bankruptcies is at an all time high, that the cash flow of that community is down, and that they cannot purchase the products that could be manufactured, even if Massey-Ferguson were willing. But, more important, if the government is going to become a source of revenue for private industry, as it now appears it will be, then, for heaven's sake, place before us the over-all strategy necessary to make enlightened decisions about where this government is leading us, about where this government is hoping to go, and at least put in place the checks and balances, the methods which can be used to evaluate the performance of these companies which stand with their trunks in the trough, sucking out the tax dollars of people who can ill afford to pay them in the first place.

I say to you, Mr. Speaker, I find it a most frustrating experience to have to deal with a government which does not seem to understand that there is a relationship between what you can spend, what you can borrow, what you can raise, and what people can afford to pay. I say it is past the time for the government to show us and the people of Canada clearly what it is it intends to do by way of the development of an over-all economic and industrial policy which will assist the recovery in the short run, while at the same time laying the ground work for the kind of stability and job opportunities we all know should be here in a country with such fabulous wealth, in a country which has by far the most in terms of natural and human resources. There can be no excuse for the kind of mismanagement that has been allowed to occur by this government over a long period of time. There certainly can be no excuse for failing to come to grips with it now that it is so evident.

• (2050)

I therefore suggest it is wrong to expect that we should, with a shrug and a wink, pass on to the government the authority to borrow again before we can see clearly how it expects to spend and to repay what it already owes.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, the bill before us contains only two clauses. Yes, that is all it takes to authorize the government to borrow $14 billion for the fiscal year 1981-82. The bill seeks explicit authorization for the government to borrow in foreign currency as well as in a Canadian dollar. The amount covers the projected budgetary and non-budgetary cash requirements tabled in the October 28, 1980 budget, $10.98 billion, excluding foreign exchange transactions. It also requests that all borrowing authority conferred by the bill which remains unused shall expire March 31, 1982, except for unused authority under $3 billion.

The budget's forecast financial requirements of nearly $11 billion are exceeded by the request for $14 billion. In other words, the government has produced a confusing, conflicting budget which will spend about $14 billion more than it will take in. That is an increase of $3.9 billion over what the Crosbie budget projected as a deficit. In fact, the budget will cost $2,730 for every man, woman and child in the nation.

It would be much easier to support this bill if the deficit were in the form of an investment in infrastructure or projects which would build the areas of this country that suffer from regional disparity. They would then incur the great dividend of being able to help themselves.

The Atlantic provinces now receive one-half of their revenue from Canada, and that is a deplorable situation which cannot continue. This budget deficit, however, does very little to help solve that problem and thus reduce the need for continuing and increasing assistance to the have-not provinces.

One of the aspects of expenditure, the legacy of budgets which continually weaken our dollar, erode our personal savings and drive investment away, is that now nearly one dollar out of every four dollars goes toward paying off the national debt. I do not begrudge one cent spent on regional development because I realize that this is a giant stride toward reducing transfer payments and social justice payments to assist Canadians who, through no fault of their own, find themselves unemployment or underemployed.

But I believe there are some very real areas where savings could be made. After a series of order paper questions I have developed the fact that in general almost every department of government has seconded people from the Department of Justice to add to their growing empires and use as resident legal talent. In addition, almost every department of government has a highly recognizable public relations department. Let me suggest to the minister and to the President of the

Treasury Board (Mr. Johnston) that one area which should require early attention is that of requiring one department of government to supply a service for another. What I have in mind is that the Department of Justice should supply the legal services for all the departments of government and that this service should not take the form of adding another administrative officer or another section to a department. I think the minister should consider and address the question of whether Department of Justice personnel should be dispersed at all or as generously as they are at the moment.

I feel this is even more important in the field of public relations; only one department should supply the services for all others. In my opinion, there is costly duplication going on, and it should be stopped.

In this regard I dislike very much seeing our tax dollars, more than $60 million of them, being spent on public advertising campaigns conducted by the government. There may be occasions when this is necessary, but I suggest this is one area which bears much more careful scrutiny.

I believe that the spending of millions of dollars on interior landscaping, together with the thousands of dollars which are spent on objects of art which are located on, in or around our public buildings and appear, to my uncultured eye, to resemble more closely escapees from a junk yard, should be stopped until the budget is balanced and then, and only then, should we address the question of how to decorate our public offices. Personally, I think we should sponsor a series of paintings depicting Canadians at work; women in New Brunswick picking potatoes, fishermen off the coast of Newfoundland, coal miners deep down in the mine shafts of Cape Breton, prairie farmers, trappers in the north, lumber men in Quebec and factory workers in Ontario. There should be pictures and paintings of the taxpayers of Canada who work so very hard to make ends meet and are required to pay federal taxes. That is the type of art work I would like to see adorning the hallowed chambers of our government offices. I think the example set by pictures and paintings by these hard-working Canadians is one worth following.

It has come to my attention that some very small changes in operations have resulted in some very considerable savings. For example, a very slight change in the quality of paper has the potential of saving over $100,000 in printing costs in the House of Commons. A change in the method of purchasing pallets of paper has saved $10,000, and I believe between $20,000 and $30,000 is being saved in the purchase of cleaning materials. I have already complimented the officials involved and encouraged them to continue to move in this direction. I am sure all hon. members who, like myself, are quick to criticize will also be quick to praise the officials responsible for these commendable activities.

I have other suggestions which I will be making in committee, but I want to deal tonight with two major ways in which we can stop a tremendous output of money from the federal treasury.

One of our major expenditures is in subsidizing imported oil. This will be well over $4 billion this year. That is no small factor in the federal deficit and the rate of inflation. In coming years, as new and unconventional sources of oil are brought onstream, Canada can become self-sufficient. That is the bottom line answer to this drain. It will not be easy, but it is possible. Oil is there in the oil sands or under the water. The problem is to get it out.

The solutions to the economic situation lay largely in solving the energy problem, and this in turn requires three basic elements. Ottawa and Edmonton must make peace and create a climate in which the private oil industry can work effectively.

The oil price must be raised to levels sufficient to generate revenue for energy exploration and development, but consistent with the development of our nation and a shelter for Canadians in the lower and middle-income group. Ordinary Canadians everywhere must do all they can to cut down on fuel waste.

An exploration boom in Canada would result in a boom for Canadian industries which supply goods to the oil industry and its employees. The spin-off benefits would spread across the entire nation. This problem can only be solved if our people take the broad view, not thinking just of their city or region but of the entire country. If all Canadians work together, we can end our dependence on insecure supplies of oil from foreign countries at constantly increasing prices. I believe this is the first major step to restoring stability to the Canadian economy.

Another way in which we must move to reduce the large and growing amount of transfer payments to the have-not provinces is to help these have-not provinces build their infrastructures so they can become self-sufficient in the long run, and reduce their dependence on the central government in the medium term. The Department of Regional Economic Expansion is the government's instrument for moving in this direction, and it has done much to commend it.

The key to DREE's success is a broad scope and narrow focus. Its success depends on the extent to which every department of government is given a development mission, which is not diminished by being spread across the country but, instead, is focused on regions of disparity.

In the war against regional disparity DREE must be in the forefront of the battle. That means it has to be adequately funded to carry out its responsibilities. This has not been happening. In 1969 DREE's budget was 2 per cent of the federal budget, while in 1980 it was about 1 per cent. In 1970-71, 53 per cent of DREE's budget was allocated to the Atlantic provinces. In 1977-78 this dropped to 38 per cent.

The erosion of the DREE budget must stop; it should be restored to its original profile and purpose. Giving every department of government a development dimension, restoring the vitality of the Department of Regional Economic Expansion and making it the leader in assisting areas which suffer from regional disparity require the personal attention, commitment and active participation of the Prime Minister of Canada (Mr. Trudeau). He must vest in his minister responsible for regional economic expansion the power to give leadership in

this field and to require it of other departments of government. Without it the concept of regional economic expansion is threatened.

● (2100)

It is not difficult when one looks at the per capita incomes and the family unemployment rate of Canadians in the various provinces of Canada to identify the Atlantic provinces as one region that requires this attention. The Department of Regional Economic Expansion has helped the have-not areas of the country provide public services at national standards they could not afford to perform themselves. DREE has been particularly helpful to small business and I would like to just say a word about it.

The greatest complaint I hear from small business is about the amount of paper work. Strings attached to government programs cost more than the assistance is worth in some cases. Eighty-eight per cent of the Canadian work force or nine million people are employed by firms with fewer than 100 employees and less than $5 million in annual sales according to a national accounting firm. These firms account for 20 per cent of the gross national product or $40 billion annually in sales. They are particularly dominant in service industries and retail trades.

Small businesses are prime sources of risk taking and innovation. They respond quickly to changes in business conditions because they are not burdened down by bureaucracy, and because they are regionally based they are highly receptive to local needs and tend to promote balanced development.

According to Thorne Riddell, a highly respected national firm of chartered accountants, a recent study found that 80 per cent of new business cease operations within three years of opening. Fraud, over-expansion and problems with key products account for 24 per cent of the problems. But the really serious matter which causes 70 per cent of all business failures is management shortcomings. Many small business operators it seems do not have the skills needed to plan, forecast, control and lead their firms.

Small business is the most efficient job creator and what small business operators need more than anything else is access to basic decisions and general support even in the form of constructive advice. What they do not need is more paperwork. This is something for us to seriously consider as we try to reduce our expenditures and create more taxpayers by creating more jobs and supporting more small businesses.

The government finds itself in severe economic straits and extremely limited in the options before it because of the hodge-podge of economic theories that have been the government's trademark over the past two decades. There is a great need to enable members of Parliament to play a more meaningful role in eliminating waste and extravagance and in developing more efficient government administration.

We must urge the government to seek a balanced growth across all of the nation, with business development and job creation in all parts of Canada. We must address the problem of moving people from unemployment to employment, from social assistance to income earning. By creating more taxpayers to share the burden we can reduce the burden of taxes on all Canadians.

Instead we seem to have moved into the simplistic solution of expanding the money supply that feeds the fires of inflation, and now the government deals with inflation in the traditional and classical way, by employing monetary policies which in effect feed the fires of unemployment.

When the government's anti-inflation policies close manufacturing plants or cause lay-offs of employees, production drops and we have the classical situation where the drop in supply is more dramatic than the drop in demand. With too many buyers chasing too few goods, prices go up, again feeding the fires of inflation. The government's policies for dealing with inflation are counterproductive. Short-term solutions have become long-term tragedies.

A preferable answer is to abandon the spectre of nineteenth century solutions to twentieth century problems, and deal with and address the reality of today. Our aging production facilities need to be rejuvenated and the key to that rejuvenation surely is research and development.

The winds of change are blowing in advanced industrial states and the signs of change are apparent in Canada too. The leading performers in our Canadian economy are firms that produce high technology products and systems. These firms provide good jobs for their employees and require support services that directly or indirectly involve almost every trade.

The government somehow has to learn the lesson that one of the elements in combatting inflation is to increase the supply of goods, both domestically and in our export markets, so that prices go down and more Canadians are employed and become taxpayers sharing the burden of government. Then taxes can go down and the demand for social services can be reduced.

With more taxpayers each carrying a smaller burden the Canadian economy can move forward, our expenditures can be reduced, our incomes maintained, our standard of living can be improved and we can develop a tax system that deals fairly with Canadians in the lower and middle-income group. Then we can deal fairly with our senior citizens who are eking out a slender living on small incomes that are being constantly eroded by the ravages of inflation.

We can enable senior citizens to live in their own homes as long as they are able to do so, and treat them with compassion and understanding when they are not. There are many things we can do in this country if we adopt enlightened economic policies. As long as the government continues on the treacherous path on which it is embarked we are never going to balance our budget, control inflation, create jobs and help disadvantaged Canadians to the extent they require.

Economic policies implemented by this government for the whole nation have a tragic impact in the Atlantic provinces where the frail economies of that region are the first hit, the hardest hit and the last to recover from policies of restraint, tight money and restricted credit. The government's restraint program sees practically no federal public works projects

creating employment in the province of New Brunswick this winter.

The dredging of the Miramichi River included in the estimates passed in this House last year has not taken place. The extension of the St. Leonard airport runway is not even on the drawing board. The tender calls for the training centre for Canadian Forces Base Gagetown and the "J" divisional headquarters for the RCMP are set back a year. The Dalhousie-Belledune port study is moving at a snail's pace and so is the market square project in Saint John. Port and harbour development in Saint John has not had a word of good news since the Conservative government left office.

DREE's participation in highway development in New Brunswick is diminished. The development of oil shale in New Brunswick, which has a potential as big as Hibernia—15 billion barrels of oil locked in the shale—is so far down on the National Energy Program inventory you need a telescope to find it. Why is this so?

For one reason the government is preoccupied with the constitutional issue to the exclusion of economic priorities. With over 30 cabinet ministers falling all over each other it seems no one can initiate action on the serious economic problems facing Canada at least until the Prime Minister becomes a modern day father of confederation.

In the meantime, the Canadian economy is in bad shape and is rapidly getting worse. Consider the Canadian National Express cutbacks which will result in 540 lost jobs in eastern Canada. What was the major factor in the losses that led to the cutbacks? A *Financial Post* article makes it clear that mismanagement was the major factor. It is a familiar story. A Crown corporation does not have the incentive to be efficient; that is the incentive provided by the profit motive.

However, the Canadian National Express has a special responsibility. A private company concerned only with profit can concentrate on the high volume customers and routes and forget about the average little Canadian who wants to send an odd-shaped Christmas parcel. CN Express as a public company has an obligation to serve the average little Canadian even if it makes no profit or actually loses money in so doing.

In recent years CN Express has become largely a trucking operation rather than a rail operation. But as fuel becomes more expensive it is likely the rail operations will become more and more important. The point has been made often that rail is far more energy efficient than highway transportation. With every increase in the price of oil, with the growing uncertainty and insecurity caused by strife in the Middle East, it becomes more imperative that Canada rebuild its rail system to the standard of comfort and efficiency that already is a fact in Europe and Japan.

● (2110)

In the United States, while state governments are cutting back on funding for freeways and building up their rail systems, Canada is allowing Canadian National Express to lead the way downhill for this important segment of our transport economy. The government should stand firm against these cutbacks and press for an improvement in all rail services, freight, express and passenger.

Mr. Pepin: Did you write that?

Mr. Howie: If the Minister of Transport (Mr. Pepin) listens, he will learn something.

It is not enough to play the old army game in saying we will close two-thirds of the operations in the maritime provinces and hope that people will say, when one station in Cape Breton and one in Charlottetown are kept open on a reduced scale, it could have been worse. This old trick will not work any more because maritimers have been fooled once too often, and in the maritimes people like little to be fooled.

It is intolerable that in the city of Fredericton rail travellers have to begin and end their journeys with a bus trip. They have the rails in place and they have the station. All it takes is an enlightened minister of transport to give the green light to the railways. This will help Canada conserve energy and put in place a modern rail transportation system.

I have now come full circle. I am right back where I started. I am advocating that Members of Parliament be given a meaningful role in enabling us to cut waste and extravagance. I believe the Canadian taxpayer should be given more value for his dollar. I believe that a major change in the economic policies of our government can reduce government expenditures by investing, instead of spending, in regional economic expansion. I believe energy self-sufficiency built on co-operation and mutual trust can be accomplished. I believe this nation has the resources and educated population to create jobs for all Canadians and, by increasing the number of taxpayers, reduce the burden on everyone. In that way we can balance our budget and reduce our taxes. All it takes is the will, the ingenuity, the hard work and the leadership. Right now we are waiting for the leadership, and we have been waiting a very long time.

Some hon. Members: Hear, hear!

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, the bill before the House this evening is a very important one for all Canadians. If we talk about parliamentary history, the reason for this bill goes right back to the beginnings of Parliament. I am sure some members were better history students than myself, but if they remember their history, back in 1066 King John met a group of his knights at Runnymede. They informed him they would no longer blanketly pay money to the Crown unless they had some kind of a say.

Some hon. Members: It was in 1215.

Mr. Mayer: I am sorry, I have the date wrong. It was in 1215. I am sure 1066 was close enough for the government which I am sure operates in much that way; a few hundred million dollars or a few hundred years here or there does not really make a lot of difference. I thank hon. members for the correction. The principle or the point is still valid. People were tired of paying money to the Crown without having a say in

how the money would be spent. That complaint was continued, and today we have an entire institution based on the precedent that the government should be held accountable for its spending.

As governments spend more and more, by definition they become less and less accountable for their expenditures. We have what amounts to one vote every four years on a multitude of things, from how the Post Office works, to our foreign affairs policies, to a multitude of internal workings in Crown corporations, to transportation systems, and to everything else. What happens is that a lot of these decisions are diluted in the electoral process. Under normal circumstances a voter has only one vote every four years in which to cast judgment upon the performance of the government in all these areas.

I would argue that as opposition members we have very little say, if any, in calling into account the government's spending. We know how the committee system works. I have been here for almost two years, and that is long enough to know what it meant to take estimates out of the House and put them into committee. It gives opposition members a lot less power in terms of calling the government to order with respect to its spending. Also it has diluted considerably our jobs as members of Parliament to represent the people who elected us and to hold the government of the day accountable for the amount of money it collects in the way of taxes and the way in which it spends it.

What disturbs me and a lot of members on this side of the House is that we have now gone beyond the point of having any accountability for the way the government spends its money, yet we are being asked to blanketly approve and give the government authority to borrow money, without any real signal from the government as to what it intends to spend it on. We do not want to know down to the last cent on what the government intends to spend it, but it would be nice to have an idea as to the general direction of government spending.

I have to agree with the hon. member for Hamilton Mountain (Mr. Deans) who called into question some of the spending practices of the government. I ask them to give some priority to spending money in terms of some infrastructure or investment so the citizens of the country will be in a position where they can be more productive. In that sense it is an investment and it will show a return. We are not given any indication of this by the government.

In fact, one of the major government expenditures in the budget will be the payment of interest on past government debt. We do not see any direction in this current bill as to how that situation will be alleviated. The last estimates I saw indicated that something like $11 billion of the current budget will be used to pay interest on past government debt. I think this is an horrendous figure.

I do not think any of us can talk about millions or billions of dollars and have it mean very much. I have heard members attempting to explain it by laying dollar bills end to end and this kind of thing. But, to talk about it in terms of a percentage, it means that one out of every $4 in taxes the government collects from its citizens will be used to pay interest on past government debt. It will not be used to finance any programs. I see the Minister of Transport (Mr. Pepin) here this evening. It will not be used to help him solve the transportation problem in western Canada. It will not be used to build any new facilities for people in eastern Canada. I see the Minister of Agriculture (Mr. Whelan) is also here. It will not be used to finance any research in agricultural programs in order to help the farmers of the country be more productive. I have seen some of the minister's recent speeches in which he talked about Canada becoming more self-sufficient as far as food is concerned rather than importing it. This $11 billion, which will go to pay the interest on past government debt, will not tackle any of the problems the Minister of Agriculture rightly pointed out require some attention. This is something the taxpayers of the country have a right to know. They should know what in fact the government is planning on doing with this $14 billion.

If the government had some intention of spending it on improving the productivity of the country, we would all think that worth while. Perhaps we would not agree in which areas it should be spent, but, nevertheless, we would agree in principle it was a valid expenditure in the sense that it was an investment and hopefully would return some dividends to the country. We have not been given any such indication at all. In fact, quite to the contrary, the government is asking for almost $11 billion or $10.98 billion. In addition it is asking for $3 billion as a contingency.

All of us operate small businesses in that we run our own personal affairs, operate households, balance budgets, and on occasion borrow money. If we went in to see our bankers in order to borrow some money, the banker would ask, "Why do you want to borrow this $1,400?" What would happen if we indicated we required $1,100 to meet certain commitments—and we understand some of the commitments in the budget in front of us—and that we needed $300 for contingencies, but did not say what the contingencies were for? I am not so sure the banker would be very happy, in terms of the documentation which we were giving to him to back up the need for our loan. Yet that is exactly what this government is doing. The only difference is that in this case the government is asking the taxpayers of the country to act as its banker and it is not telling us the elected Members of Parliament what, in fact, it plans on using this money for. I will get into that aspect later.

• (2120)

But there are all kinds of suggestions as to what the government could be using this money for. What would make sense to me and what would find favour—I am not saying complete favour because given the nature of the opposition I think sometimes we can oppose things for the sake of opposing them—if the government needed additional money it would see fit to have some confidence, in the members who are in this House, come back to us in eight or nine months, or whatever, and say, "We need additional money". In that case we could then talk about the specifics of the $3 billion it needed at that time. We are simply being asked at this time to approve a blanket borrowing of $14 billion, made up of $11 billion,

$10.98 billion which they need for specifics, plus an additional $3 billion that is not identified. The government just says it needs it for contingencies. I would see nothing wrong—and I think we would be much more inclined to let this bill pass—if the government would simply ask for the $11 billion now and say in six months time that it wished to present a bill asking for $3 billion more.

In terms of fiscal sanity or fiscal management that makes sense to me. I see no reason why that course could not be followed. It would certainly make Parliament a more accountable place. I think Parliament is becoming less accountable all the time. This would give us in the opposition a much better chance to scrutinize the kind of spending the government wants to carry out on behalf of the people who elect us and send us here, at great expense I might add.

I would like to talk a bit about the kind of example which the government sets. We have seen much controversy in my part of the country, western Canada, in the past several years regarding our transportation system. I think people are aware that we have lacked the adequate transportation facilities to take advantage of the amount of grain production which we are not only capable of producing but, more important, which is in very great demand around the world. I think a commonly accepted figure—although it is hard to put an exact figure on it, and it can be an estimate at best—is that during the past two or three crop years we have lost a half a billion dollars in sales, in terms of exporting grain from western Canada to customers around the world. Admittedly, a half a billion dollars does not sound like a lot of money in terms of the budgetary deficits this government is facing, but half a billion dollars, in terms of sales of grain, which we had on hand, is a sizeable amount of money. It is a sizeable amount of production, as far as grain farmers are concerned. This figure is for actual sales of grain which we had to deliver but could not get into export position because of our poor transportation facilities. That is one side of the coin.

The other side of the coin is more important. It is our potential. We all know that farmers, given an opportunity to produce, are very ingenious people. They will produce if they are given that opportunity and, above all, an incentive. Had we been able to move the additional half billion dollars worth of grain we would then have had empty grain bins, money in circulation and the incentive for grain producers to produce more. To my mind, we lost at least an additional billion dollars in terms of potential production and sales, had we been selling and transporting to market the grain we have on hand in western Canada now. That is a lot of money, Mr. Speaker. It involves more than just a half billion dollars or a billion dollars.

Farmers are well known for being good spenders. Once they get money they spend it; they spend it on machinery, repairs, and on fertilizers. Much of it is recirculated throughout the rest of the country, and in this way it is spent many times over. That spending and respending, in economic jargon, is called "the multiplier effect". You can talk in terms of spending that money two or three times over. This very easily leads you to a figure of $3 billion or $4 billion, in terms of additional economic activity in our economy.

I have figures in front of me from the Parliamentary Library which show the share of the GNP or the total amount of expenditure which the federal government can take from that amount of money. It equates to roughly 30 per cent of it. If we take 30 per cent of, say, $4 billion in additional economic activity throughout the economy, we see there is a net benefit to the government by way of tax income of a billion dollars. That is an estimate but it could very easily happen. That billion dollars could go a considerable way toward cutting down the requirements of this government's borrowing needs.

As I emphasized, these are the kinds of measures I think the federal government should be taking. It should be taking the lead in seeing that we do have a transportation system which will give us a chance, not only in western Canada, to produce and generate economic activity, provide jobs and income for our families. This would create spin-offs which would accrue to other parts of the country. As has been pointed out many times before, a lot of this money would accrue to central Canada where most of the manufacturing takes place. It would accrue to companies such as Massey-Ferguson, which we know is in financial difficulties. These are the areas in which this measure would help. We would not need some of the bailouts and government activity we see the government now involved in with some of these larger companies. To my mind these are the kinds of measures the government should be taking a lead in, and seeing that they are accomplished.

I must be critical here, despite the fact that I am not really a partisan person. I would like to see the government get its act together in terms of what it is saying with respect to the Crow rate. The Minister of Agriculture was in Edmonton a week ago where he talked about the Crow rate. I will quote a passage from a speech he gave to the Alberta Rapeseed Growers Association on January 29, 1981. He said:

> I know that you people in this room have a variety of opinions on the Crow rate yourselves. You say let's make a decision. Well, I'm of that opinion too. And I feel the question must be settled soon—I would say by the start of the next crop year if possible.

In terms of the way the government operates, I think that is a pretty optimistic statement, given the background of the Crow rate and how it is imbedded in politics in western Canada.

The minister responsible for the Wheat Board in the other place stated to the press just over the weekend that he really did not care if the Crow rate was ever settled. As far as he could see it was a benefit to western Canada and he did not care if it was ever settled at all. We have the Minister of Agriculture saying he would like to see it settled, hopefully by the start of the next crop year, which is August 1, 1981. We have the minister responsible for the Canadian Wheat Board saying he does not know whether it needs to be settled at all.

I will now talk about the Minister of Transport, who I see in the chamber. I know he has been trying to get some support in cabinet in respect of putting a position paper through for presentation to the farmers of western Canada. This would get

some kind of discussion going and some kind of consensus in terms of what should be done with the Crow rate. Essentially, we have three ministers of the Crown taking different attitudes on the same issue.

The minister responsible for the Canadian Wheat Board spoke to the western agriculture conference about two weeks ago, and said that the ballgame was back in the producers' court. He wanted to see the producers arrive at a consensus before the government did anything.

I would argue that if the government would show an example, and if it could arrive at a consensus—keeping in mind that I have just referred to the position of three ministers very vitally involved and they are all different—then maybe they could go to the producers and tell them to arrive at a consensus because the government had done so. It seems to me very presumptuous for the minister responsible for the Wheat Board to castigate producers by saying that nothing will happen until the producers arrive at a consensus on this very emotional subject. It is an issue which is very much imbedded in western Canada in terms of its economic history, in terms of its political history and in terms of its settlement history. He asks the producers of western Canada to arrive at a consensus when, in fact, the three ministers responsible cannot do so.

These are the kinds of things which I think deserve some attention on the part of the government. As far as the federal government is concerned, leadership is essential. I just went through the arithmetic to point out that there should be some onus, if the federal government is taking some of its responsibilities seriously, to settle this issue, because it will result in a net benefit not only for western Canada but for the whole country.

I could go on and talk about the stupid things we have been doing with Mirabel. I understand that the subsidy Mirabel needs to remain in operation is something in the range of $1 million a week. It costs us $50 million a year. The Minister of Transport is shaking his head. Am I too low? Is it higher than that?

Mr. McKenzie: It is $52 million.

Mr. Mayer: I was giving the minister the benefit of the doubt, since I like to round off my figures.

● (2130)

It was indicated in a press release just this past week that the government intends to disassemble and sell off some of the land surrounding Mirabel. If it had been handling things in a business way, it would not have bought all this land for which it no longer has a need. The money spent on this land could have been spent toward the infrastructure about which some hon. members have talked this evening. Such expenditures would have returned dividends to the country, perhaps to the extent that the government would not be asking for all this borrowing authority.

I understand that because of the price of gasoline in Canada, people are crossing the Canada-U.S. border to buy gas at our cheaper rates. Before Christmas, I travelled to North Dakota where I spoke to some farm equipment dealers. I learned that farmers with hundred gallon tanks under their pick-up trucks were crossing the line into Canada to buy our gasoline at roughly 50 cents per gallon cheaper. Some hon. members have constituencies close to the United States border and are aware of this situation.

Mirabel is another case in point. As I understand it, several foreign airlines land at Mirabel simply to refuel. They do not unload or pick up passengers or freight.

Mr. Pepin: That is no longer.

Mr. Mayer: It seems as though Canada is trying to become the Santa Claus of the world. I do not know how we can continue like this.

Mr. Pepin: It is much better than a Crow rate at Mirabel.

Mr. Mayer: If we are spending money in the Crow rate, at least it will be used to get some of our products to world markets thereby earning foreign exchange or allowing us to trade for Japanese cameras or whatever. But to allow foreign carriers to land at Mirabel to take on gasoline which is subsidized by the Canadian taxpayer is setting Canada up with its 22 million population as the Santa Claus of the world.

Mr. Pepin: It is not true.

Mr. Mayer: I hope this practice has stopped. The information which I had is that this was occurring before Christmas.

Mr. Pepin: Do not believe everything you hear.

An hon. Member: It is a white elephant.

Mr. Mayer: The hon. member has referred to a white elephant. If the government had been spending our money wisely, it would not be going through the process of getting rid of the surplus land around Mirabel.

I would like to say a few words about a couple of programs of the Department of Agriculture which have been in operation over the past year. I see the Minister of Agriculture is present in the House. I know he is aware of and has been concerned with the Agricultural Stabilization Act as it applies to hog producers. The abbreviation for the Agricultural Stabilization Act is ASA. We all know that ASA stands for acetylsalicylic acid which is aspirin. The way in which this act has been administered has given many producers a big headache.

For example, some producers who lost money in the previous fiscal year ending March 31 have sent in applications to the Department of Agriculture which, as I understand it, will not be mailing out some of those cheques until this March. This means that some of the producers who were counting on that money will have waited one year before receiving payment. If the producers looked after their hogs in the way the government is administering this plan, most of the hogs in this country would be dead and there would be no need for the plan because the producers would be out of business.

Weaning operators were not named under this plan. However, the minister, in his wisdom, realized that many of these producers had a legitimate complaint and took the appropriate action. It seems to me that if we can name a cow-calf operator as a beneficiary of the act, there should be no reason why we could not name the weaning operator as a beneficiary. Essentially these producers are producing the same kind of commodity, namely, a young animal for further finishing. This group is eligible for payment under this act of $1 per head, but they will not receive their payments until after the payments have been made to the hog producers. These people could be waiting for over a year to receive their payment.

With the sophisticated equipment available to the government for keeping records and printing cheques, certainly a system could be put in place whereby this assistance could be made available to the producers at a time closer to the production period in which the producer had a financial problem. If the payments are not made closer to that period in time, then the benefits accruing under the plan are largely ephemeral because by the time the producer has received his cheque he has gone out of business or he has survived on his own. In either case, the payment is of little value in terms of some producers remaining in business, and that is the intent of the plan.

In some respects the Agricultural Stabilization Act is a good measure because it gives the producer the assurance of meeting some of his variable costs in periods of high production and low prices. I know the minister will say that if the producers had a better marketing system they would not need this Agricultural Stabilization Act, because they would have a guaranteed price under a tightly controlled supply management system.

One wonders because of this slowness in payments to the producers if the Department of Agriculture is not trying to force some of the producers into these supply management programs for cattle and hogs with which the minister is so much in favour. I urge the minister to take seriously his responsibility to livestock producers in Canada and consider the financial plight of many of these producers because of low prices, when the Agricultural Stabilization Act comes into play. I urge the minister to do as much as he can within his department and with Treasury Board to get these payments out closer to the production period so they will have some meaning to the producer.

I am also concerned about the way in which the herd maintenance program has been administered. I realize the program was hurriedly set up because of the drought situation in western Canada and parts of northwestern Ontario this spring. The announcement of the plan was welcomed and I for one thought it was a good plan. Money was simply made available to producers on a per head basis. The producer was then free to decide what he would like to do with the money; whether he would buy feed from his neighbour or from further away and pay transportation costs. The producer could decide whether he would bale straw or buy grain. The producer received money which he could use according to his management decisions. The program was good simply because an individual operating with his own money will make the best use of that money. When the government said it would help the producer to maintain his breeding herd of cattle, the producer was not obligated to take part in one specific plan, transportation program or whatever to become eligible for assistance.

Under the initial plan, $140 was available for each dairy cow, and $70 per beef cow to a maximum of 300 head. Subsequently the plan was cut down to $70 per dairy cow and $35 for each beef cow. I talked to one producer who said that he would have been better off had the government kept out of the matter and not announced any plan at all. As the result of the original price allotment the price of feed went up in my area from $50 to $70 and $80 per ton. When the government cut the initial allotment by half, the producer was forced to pay more for the price of hay than he would receive per head from the program.

• (2140)

I do not know why the government chose to spend as much money as it did advertising the herd maintenance program in western Canada in the printed media, radio and television. If it had used the expertise which apparently was available to develop that sophisticated advertising program and put it into the substance of the program itself, everyone would have been better off. That was only the start of the problems with the herd maintenance program.

At the start, the assistance was to be paid on the basis of municipalities. The minister then recognized that rain does not necessarily fall according to municipal boundaries. Then it was decided that the plan would be administered on the basis of crop districts within the prairie region. That made more sense, except that the plan was to be administered on the basis of an 80 per cent grain yield. I have spoken to producers who had only 20 per cent of their usual annual hay yield and yet had close to a normal grain crop. So there is not necessarily any correlation between a poor hay crop and a poor cereal grain crop.

I have also spoken in the last month or six weeks to producers in the west whose applications had been turned down, some for very technical reasons. I know of two brothers who farm together; one received assistance, and one did not. I have heard of neighbours who worked together, one living across the road from the other, and one received the assistance while the other did not. Nobody knows why, so people say, "If my neighbour gets it, then I should be eligible."

I know the minister has established a review committee to look into these problems, but I am sure many of these problems could have been avoided if thought had been given to the way the program was developed and administered. Its present administration has caused some ill will in western Canada.

Just after the new year I had occasion to visit the offices in Regina where the plan is administered. The people administering the plan were doing a good job under very trying circumstances, as they had a large number of applications with which

to deal, and they worked in a small office. I must compliment them on the job they are doing, but they were trying to work with a plan that had not been given enough thought.

I see that the Minister of Agriculture is in the House tonight. We have not seen much of him recently, but I know he has been busy travelling. I have followed his journeys around the country, and I have read most of his speeches. An hon. member who spoke earlier told us that his son was forced to watch when the minister was making a speech, and he jokingly mentioned that it was punishment. I do not know if I want to make that sort of comment about the minister's speeches, but I did read most of them.

I am very concerned about what is happening to the proposed meat import law. I can trace the history of the catastrophe which has fallen upon the Canadian beef industry since 1976, when Australia and New Zealand sent massive amounts of beef to this country. For a long time cattlemen all across the country have been asking for a beef import law. The bill was finally introduced before Christmas, but it was a meat import law rather than a beef import law. It will apparently apply to things other than beef. We applaud the introduction of that bill, but we have not seen anything of it recently.

The minister will be well aware of what has happened to cattle prices since the new year. There has been a ten-cent per pound decrease in the price of live cattle. This is the time of year when producers make decisions about how many heifers to breed, about the size of cow herds for the coming summer and the size of the resultant calf crop a year from now. This will determine the amount of beef available to the Canadian consumer two years from now. This is a critical time of year for many people in the beef industry. They must decide how many cattle to keep and how many heifers or cows to breed for the coming year. The minister has not shown any interest in this meat import law.

It is disgraceful that the Standing Committee on Agriculture has not met this year. This afternoon I presented a motion under Standing Order 43 protesting this. The agriculture committee is very able; it is one of the least partisan committees of this House. It has a genuine interest in agriculture in this country, but it has nothing to do at the moment.

If the bill were referred to the committee, it would receive immediate attention and fairly swift passage, but for some reason the minister cannot seem to prevail upon his House leader to bring it before the committee.

The drop in live cattle prices has come about largely because of imports from the United States. That is another story, and I hope to get into it later. It is mainly because of the influx of U.S. fat cattle that beef prices have dropped. Feed prices have risen, which I think this is a healthy sign as far as general agriculture is concerned. Interest costs are high, and this is one of the major factors in the cost of finished animals. These costs are even greater than the yardage cost of keeping an animal. It would give some stability and assurance to the beef industry in western Canada if the government cared about it, and if the meat import law were brought before this House and passed. I admit that it would not solve all the problems of the industry, but it would be a major factor in bringing stability to the beef industry. I therefore urge the government to give serious consideration to referring that bill to committee as soon as possible.

As I said earlier, the committee has not met since before Christmas. I think that is deplorable. It is a very good committee, but it has nothing to do, and important legislation just waits.

Things like that disturb us when we are asked to comment on the government's spending plans. This borrowing bill does not take into account nor answer some of the legitimate questions of Members of Parliament about what the government intends to do with the money.

The hon. member for Crowfoot (Mr. Malone) spoke eloquently this afternoon about the debt awaiting newborn children when they enter the world as Canadian citizens. I did not write down the figures he used, but I think he said something to the effect that five years ago each newborn Canadian would assume a debt of $800 and that today it would be something like $2,200. That is a deplorable situation.

When we campaign for election to this House, we speak to people all across the country. I think the most exciting people I talk to are young people. I am sure we have all had meetings with high school students, and I know I find these more intimidating than the all-candidates meeting arranged by different groups in constitutencies. Young people ask very solid, penetrating, simple and straightforward questions. They want to know their future, their chances of earning a living, of staying in the province or the region of their choice and of pursuing their lines of interest. We cannot help but admire them for the questions they put to us, but then we think about the debt the government is passing on to them. Their questions are legitimate, and they are questions Members of Parliament must ask the government. These things concern me when I study this borrowing authority bill.

Let me conclude by emphasizing a couple of points. We all realize that the government must borrow more money. That is a way of life for all of us whether we operate businesses or farms or practise professions.

• (2150)

Whatever we do to earn a living, we should realize that when we borrow money, we have to be accountable for that money being repaid. In turn, the people from whom we borrow must be satisfied that we are responsible and able to repay it. In my opinion, this bill does not meet that kind of criteria. I think all of us would feel much better if we could be confident that the government, which is asking to borrow massive amounts of money in currencies around the world, would use that borrowing to invest in this country for a more productive future. By doing that we would have less debt to pass on. We would be able to leave the young people of this country with a place and a chance to make a living, just as we started out, without some of this massive government debt we all now bear.

Mr. Gordon Taylor (Bow River): Mr. Speaker, first I would like to read part of Bill C-59. If this bill is passed, it will give the government authority to borrow $14 billion. In part, clause 2(1) reads:

—by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rates of interest and on such other terms and conditions as the governor in council may approve, such sum or sums of money, not exceeding in the whole, fourteen billion dollars, as may be required for public works and general purposes.

That statement alarms me. It does not give any definite purpose for the borrowing or any indication of what the interest will be. Nor does it give any consideration to terms. It simply asks the House of Commons for a blank cheque to borrow $14 billion. When I heard hon. members of the NDP supporting this bill so vehemently the other day, I could not help but think of the phrase which would seem to symbolize what they were saying. They were saying that the government now has a debt of some $80 billion; it is going to borrow another $14 billion; in other words, it is trying to borrow its way out of debt.

I think it is possible to borrow one's way out of debt. The statement often used in the west that this country was built on credit is correct. It was not built simply by borrowing, but by making sure the money borrowed would create and produce. But too often the borrowed money is used for routine services.

I could not help but think when I heard members of the NDP urging the government to borrow more and saying $14 billion is not enough that they want to hasten the day when this country goes bankrupt.

During the last few years we have not reduced our national debt. We have been increasing it continually. We are not borrowing our way out of debt; we are getting deeper and deeper into debt. If the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) were running a private business in Canada this way, they could not get a loan from a bank. They would be bankrupt along with the other 5,000 or 6,000 companies which have gone bankrupt recently. Practical people in Canada fear that we will go bankrupt. The only difference between the NDP and the Liberals is that we would go bankrupt faster under the NDP. The NDP would really have to speed to go faster than the Liberals are going right now; they would have to put everything in super high gear. I am concerned about this.

A difference should be pointed out to NDP members and to Liberal members who support this bill. Simply borrowing will not get us out of debt. I can borrow $1,000 from the bank if my credit is good. If I use that $1,000 to live high, to take a trip or to buy the girlfriend a beautiful new outfit as a Christmas present, to go to a hockey game to see the parliamentarians play or go to national league play, I could spend that $1,000 without any difficulty. But, when the time comes to pay it back, I then realize it has not created a thing, nor have I produced any more wealth.

I read in the paper the other day about someone from the east who had moved to Calgary. He said he was living in Calgary because people in the west produce and create. It is not that people do not create and produce in the east, but his impression was that too many of the eastern people were getting into the habit of borrowing money for routine expenses. They were not using their money to produce additional wealth.

Let us examine the following proposition: how will I pay back $1,000 plus the carrying charges and make a profit if I do not produce new wealth; it is impossible. It would be just as difficult if I tried to raise myself from the elevation on which I stand by pulling on my boot straps. I can pull and pull and pull, but I will never get any higher. If I want to get higher, I have to make an effort, climb a ladder or do something to reach a higher elevation. If I am to make use of the money I am borrowing, I have to produce new wealth. If I borrow this amount of $1,000—I am using the nominal amount of $1,000 to make it easy to follow—and I buy some calves or cattle and a really good bull and thus produce more cattle and more cattle, it will not be too long before I will be able to pay back the $1,000 plus the carrying charges and have some profit left. By doing this, I have created some wealth.

The same thing can be said if I buy some land, sow it and work it; I then produce wealth. Perhaps I might buy some additional land and fertilize it. The same thing happens; I produce more wealth and I can repay the loan. But that is not what the Canadian government has been doing. It has been borrowing and borrowing and borrowing to the point where we now have $80 billion in debt, and we are still borrowing. We cannot even see daylight at the end of the tunnel. We are going deeper and deeper into debt. If we keep this up, we will go right into the chasm of bankruptcy, and that is a pretty black hole.

Canadian people do not mind borrowing if the money is used to create new production and new wealth. That is the way to do it. But simply to borrow to use the money for routine expenses or to hire more people who produce nothing—they might do some work, but they produce nothing—will not get this country off the rocks or off the shoals we are now going toward. We will simply go deeper and deeper into debt.

When people say this country was built on credit, they are talking about the kind of credit of which I referred a minute or two ago. Breaking new land, creating new wealth, creating new production: those are the things which will increase the gross national product. The more we borrow simply for routine expenses, for high living or for trips, the more we will plunge deeper into this chasm of debt.

It is now ten o'clock, Mr. Speaker. I want to deal with the shame of some of our foreign debts when I resume, with your permission, tomorrow.

Adjournment Debate

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PENSION ACT—INQUIRY RESPECTING DELEGATION OF AUTHORITY UNDER SECTION 33

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, on November 18, as reported at page 4805 of *Hansard* of that day, I asked the Acting Minister of Veterans Affairs the following question:

In recent months Canadian Pension Commission claims for awards under Section 33 of the Pension Act, that is for funeral and burial grants, have had to wait many months for adjudication because of staffing problems. Would the minister consider implementing the proposal of the Woods Committee which would delegate authority to the senior pension medical examiner in the district offices to adjudicate matters of a routine nature under section 33 of the Pension Act? This action on the part of the government would go a long way in assisting widows of veterans during a time of great emotional and financial strain.

The minister promised to look into the matter, but to date I have not heard anything further. I hope to have an answer tonight from the parliamentary secretary.

I should like to point out also that the Department of Veterans Affairs has a long backlog of cases in all facets of its operations. The measure which I am suggesting tonight, which was also suggested by the Woods committee, that there be district offices in the provinces, would help alleviate at least one bottleneck in the department.

On the same day, on November 18, as reported at page 4806 of *Hansard*, I asked the following supplementary question:

At the present time the grant under section 33 of the Pension Act for funeral and burial expenses is not to exceed $550 for the funeral director, plus the cost of the grave, the opening, closing and a marker. For the Department of National Defence this amount is $850. Would the minister increase the amount allowed for a funeral and burial as provided by the veterans' burial regulations and Section 33 of the Pension Act to correspond to the amount provided by the Department of National Defence? I am sure this small increase for a decreasing number of widows will not be inflationary.

I understand that the maximum burial grant now is $625. This is still too low, in view of the fact that grants from the Department of National Defence are $850, and of course, the devastating effects of the Liberal budget and the National Energy Program are causing serious consequences for low income and middle-income widows in the country.

Also, questions have been asked recently about the length of time veterans have to wait for their pension applications to be processed. The problem is that many of them are dying before their applications are processed. On January 30 of this year a question was asked in the House, pointing out the length of time it takes to get a hearing before the Pension Commission or the War Veterans Allowance Board. The government member who asked this question pointed out that:

As a Member of Parliament one hesitates to recommend to a veteran that he go through the appeal procedure, since it takes so long.

That is quite a devastating statement coming from a member of the government party. The minister answered as follows:

I can assure the hon. member that the backlog will most likely be eliminated within six or eight months.

We have been listening to that for years. For years we have been told that the backlog will be cleared up and that it will only take another six or eight months.

In today's question period I asked the Acting Minister of Veterans Affairs a question with regard to veterans' widows. I said that because of the phased in lowering of the 48 per cent disability entitlement in Bill C-40, approximately 1,500 widows became eligible for pensions in 1980. I said that as of December, 1980, the Department of Veterans Affairs had heard from fewer than one third of these widows inquiring about their eligibility.

● (2205)

If only one-third have been heard from, I suggest to the parliamentary secretary tonight that as the proportionate pension was to be phased in over six and a half years, the phasing in period should be reduced to, say, five years. That would allow more widows to become eligible for pensions in a shorter period of time. I would like the parliamentary secretary to look into this so that we can reduce the length of the phasing in period because of the small number applying.

I also asked the minister to make sure his department is advertising and contacting widows to notify them that they can apply for this pension increase.

I am also very concerned because the Standing Committee on Veterans Affairs has not been called to deal with these particular questions. Problems are mounting, and I hope I can get some commitment from the parliamentary secretary tonight that she will raise this matter with the minister, so that the Standing Committee on Veterans Affairs can be called as soon as possible.

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, before I begin I should point out that the hon. member opposite has asked not one but four questions. I have only three minutes in which to reply, so I will deal only with the first one, if I may.

I think the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) should be thanked for the opportunity he has given the House to clarify the subject matter he raised on November 18.

The Pension Act provides that the matter of approving burial grants by the Canadian Pension Commission is not routine but is dependent upon the size of a pensioner's estate, and an individual decision must be made based on each case. To enable a decision to be made, the commission is required by law to determine the size of the estate and whether it is sufficient to pay for the expenses of the last illness and burial. It often takes considerable time to obtain this information

from surviving family members or executors of an estate. The matter of delegating authority to district offices of the commission to deal with these claims has been considered, and approval has been given to work toward decentralizing decision-making on these applications.

The Pension Act provides that the amounts payable in burial grants are the same as those authorized for the Department of Veterans Affairs under the veteran's treatment regulations. The conditions under which the Department of National Defence and the Department of Veterans Affairs determine the amount payable to funeral directors differ. The Department of National Defence pays for the funerals of all service members regardless of the financial circumstances of their families, as this is regarded as a condition of service. The Department of Veterans Affairs pays a funeral grant as a matter of right when a veteran's death is related to his service and when the death results from other causes, on the basis of the financial circumstances of the deceased's estate. The Canadian Pension Commission pays a funeral grant when a disability pensioner's estate is not sufficient to cover the expenses of his last illness and burial.

Each department determines its rate using different criteria. The DND rate is based on the national average cost of a civilian funeral. The DVA rate is based on the national average rate paid by provinces and municipalities for funeral costs which are their responsibility.

As the hon. member said, the DVA rate has been revised regularly since 1975 and was increased to $625 as recently as June, 1980. We will continue to ensure that the rate is closely monitored.

In both departments the aim is to provide that servicemen and women or ex-servicemen and women are buried in dignity and in a manner which honours them as people as well as their service rendered to Canada. The present rates are considered to achieve this aim.

CUSTOMS TARIFF—REQUEST FOR REMOVAL OF DUTY ON BODY ARMOUR

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Mr. Speaker, recently I asked the Minister of State for Finance (Mr. Bussières) a question about bulletproof vests for members of our law enforcement agencies across Canada. There is a 25 per cent duty on importing such body armour into Canada. "Body armour" and "bulletproof vests" are terminologies for the same thing.

● (2210)

In view of the information the minister gave me, if we are producing good quality bulletproof vests in Canada, then I agree we should protect our own industry and jobs for Canadians.

My real concern arose out of the serious acts of violence we hear about today, and quite often the personnel of our law enforcement agencies become the targets of such violence simply because they symbolize the law and its administration. It is up to us as citizens who want law and order to lend our real support to them if we expect them to do the crucial and necessary job which all of us want done.

This important task of supporting our law enforcement agencies applies to municipal, provincial and federal police and other security agencies. Policemen should not have to purchase bulletproof vests on their own; this item should be part of their regular or normal equipment.

There should be considerable testing of such equipment to make sure it is practical and dependable. It is my understanding that there really are not any set standards in operation now in Canada. If a company does not meet specific standards, then it should not be allowed to sell its product on the market. If it does produce a product which meets proven standards, then purchases could readily be made from that firm for law enforcement agencies anywhere.

With regard to the information I received from the minister's officials, I find the name of one Canadian producing company, which I have since been informed does not at the present time produce body armour but is considering doing so. The company did produce this product for a period of time but stopped a short time ago. The company in question is doing considerable research, I understand, with the RCMP and other useful sources. Even at this time and under these circumstances this company's production is probably six months down the road.

The second company the officials discussed with me is still producing bulletproof vests and is making sales abroad, for example, in some countries in the Middle East and a few in the United States. The reason this second company is not making very many sales in the United States is because of the stiff competition there from companies which have a lot of experience in the field. There is no reason why we cannot produce a good Canadian product or products if we make use of all research facilities applicable for experimentation and testing. I should add that the second company in question has sold many of its vests to some municipal and other police forces in Canada, and it has also worked very closely with the Department of National Defence—and is still doing so.

Ironically enough, this Canadian company has had its equipment tested by an American firm which I believe is called H. & P. White Co. Ltd. This company springs from the old Henry Packard and White Co. Earlier in this century, this company was approached by Al Capone, who asked it to build him a bulletproof car. Today, the offspring of that company is renowned for the testing of bulletproof vests. Anything approved by it passes the test and becomes a government approved and lawful item of body armour.

The Brinks Security firm and special constables at the Olympics in Montreal, for example, have been and were provided with body armour, some of which was made in Canada. Therefore, from my limited research on this subject, I am convinced we can produce a good product in Canada.

In the best interests of all our law enforcement agencies, including military police and special agencies, my main inter-

est in raising this subject is twofold. First, we should have very strict testing of body armour made in Canada, and it must be tested by well-qualified people. By the same token, foreign imports should also receive the same stringent test. A product of this nature should not be allowed on the market until it passes such tests. We in Canada are quite capable of supplying our own domestic market as well as foreign markets, but we should put more emphasis on testing and approvals.

Second, this should be part and parcel of standard police equipment. Individual law enforcement officers should not have to pay for their own. Surely we do not have to wait until more tragedies occur, such as the one which started in my constituency and ended in the constituency of the hon. member for Parry Sound-Muskoka (Mr. Darling) just before Christmas, before we apply a serious policy of co-ordination at all levels of government and make every effort to protect and assist our law enforcement officers when carrying out their duties.

● (2215)

I and many others would like to see this happen in all jurisdictions, again in order to help protect those individuals across Canada who try to make Canada a safe place for all to live. I cannot emphasize enough, regardless of whether a peace officer is municipal, provincial or federal, that they are in fact participating in this important aim. I would like to see a sincere effort in co-ordinating this matter with various levels of government and at the same time in ensuring that the vests are of excellent quality and Canadian made.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, first I commend the hon. member for Renfrew-Nipissing-Pembroke (Mr. Hopkins) for his analysis of the situation we face with regard to body armour and the hazards facing our law-enforcement officers. In fact, I would go so far as to say that everything he said tonight was something with which I could agree entirely. The area to which I am able to respond as the Parliamentary Secretary to the Minister of Finance deals specifically with the question of the 25 per cent import duty placed on body armour at the moment under the most-favoured nation customs duty. Indeed, the possibility of removing the customs duty on bulletproof vests for police officers was reviewed very carefully by the Department of Finance in response to a number of requests, not only from the hon. member for Renfrew-Nipissing-Pembroke, but from users who advanced the argument that the vest is a piece of safety equipment which should be accorded the same duty-free privilege as firemen's safety helmets and industrial helmets.

The investigation of the department revealed that duty free entry for firemen's safety helmets and industrial safety helmets, such as miners' helmets, was established in the late 1920s at a time when these helmets were not produced in Canada. In 1947 Canada entered into a commitment under the general agreement on tariffs and trade not to impose a customs duty on these helmets. On the other hand, bulletproof vests are produced in Canada by at least two companies, one of which is International Uniforms Limited of Montreal that manufactures several varieties. As the hon. member for Renfrew-Nipissing-Pembroke indicated, this company sells these vests not only in Canada but also to outlets in the United States. Currently this company is working very closely with the RCMP to further improve its product so that all the standards to which my hon. friend referred will be met as they should be. The other known producer is Safeco Manufacturing Limited of Scarborough, Ontario. Currently that company is not producing but is in the research phase of developing products which I am sure will meet the standards to which my hon. friend referred.

It is my view that the operations of these two companies would be adversely affected if the duty on body armour vests were removed. I think it is desirable to have this kind of equipment made in Canada to the standards recommended by my hon. friend. Granting tariff protection to Canadian manufacturers will assist in realizing this objective and help manufacturers to expand sales in Canada and abroad.

CANADIAN ARMED FORCES—REPORTED TESTING OF CHEMICAL DEFOLIANTS

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, on January 23, on January 26 and on January 27 of this year and again today, I asked the Prime Minister (Mr. Trudeau) and the Minister of National Defence (Mr. Lamontagne) a series of questions surrounding the matter of the testing of chemical defoliants at Canadian Forces Base Gagetown in June, 1966 by the United States army.

The government's answers to the questions my colleagues and I directed on this matter have served more to cloud the issue than to enlighten those of us who sought answers.

● (2220)

Two fundamental questions arise out of the Gagetown incident. First, what is the nature and extent of Canada's involvement in chemical and biological warfare testing and, second, why have Canadian governments repeatedly denied—and in fact continue to deny to this day—that Canadian chemical research at any defence establishment in this country was for the aid of the American effort in Vietnam?

The credibility of the Department of National Defence is at stake in this matter, and every day that department continues to deny Canada's role in chemical warfare testing only adds to its incredibility. After we discovered that Winnipeggers had been used as guinea pigs in a 1953 test over that city, the Minister of National Defence told us that this was the last revelation, that there were no other instances of open air testing. Well, six months later we learn of the Gagetown tests in which the carcionogenic chemicals, Agents Orange, White, Purple, and Blue, were used. Now that the government has stated categorically that there were no other tests, I am sure we need only wait a few more months for yet another incident of that kind to come to light. Surely Canadians deserve better from their government than this feeble display of excuses following one after the other.

On March 10, 1970, the then minister of defence, Leo Cadieux, issued a statement to the Standing Committee on External Affairs and National Defence detailing Canada's participation in chemical and biological warfare testing. The document stressed that Canada's only involvement was from a defensive point of view, to test defensive measures to be used in case of attack. There are, however, two very interesting points that should be drawn from that 1970 document.

In describing Canada's role in any testing, the report indicated:

—it is therefore entirely Canada's decision whether certain experiments will take place on Canadian soil.

The report also went on to indicate categorically:

—It should perhaps be stated in this connection that no research carried out by the Department of National Defence has affected the use of chemicals in Vietnam.

Obviously these 1970 statements do not jibe with what we have discovered happened at Gagetown.

Now the minister and his officials have gone out of their way to puff up a story about the 1966 tests being related only to brush control experiments at CFB Gagetown. The Department of National Defence and the minister himself have insisted that there was no suggestion on the part of Canadian defence officials or the U.S. Army that the tests were for the development of chemical warfare agents, specifically defoliants for use in Vietnam.

It seems that these gentlemen cannot read if they insist or deny that Canadians, or Americans for that matter, had intentions of putting the results of the Gagetown tests to use in Vietnam.

Technical Memorandum 141, Defoliation Tests in 1966 at Base Gagetown, New Brunswick, Canada, a U.S. Army document, indicated:

—large areas similar in density to areas of interest in Southeast Asia were needed—

The memorandum went on:

—this land located at CFB Gagetown, Oromocto, New Brunswick, was suitable in size and density and contained a mixture of conifer and deciduous broadleaf species in a dense undisturbed forest cover that would provide similar vegetation densities to those of temperate and tropical areas such as Southeast Asia.

It is clear that the Americans were using Gagetown because conditions were similar to those of their interest in Southeast Asia, that is, Vietnam.

The Canadian version of the report on the 1966 Gagetown test entitled "Vegetation Control" shows beyond a doubt that Canadians were well aware of the reasons for U.S. interest in testing in Gagetown. I quote from that report:

—U.S. interest is understandable. A great amount of effort has been expended to find some means of destroying the jungle canopy of Southeast Asia.

In 1966 Canadian officials knew that the Gagetown tests were a result of U.S. Army desires to destroy the jungle canopy in Vietnam. In 1981 Canadian officials do not seem to be able to make that connection.

Two other reports confirm that these tests were to aid the U.S. effort in Vietnam. A Pentagon official recently confirmed that the Gagetown tests were indeed Vietnam-related. Second, a book entitled "The Science of 2, 4, 5, T by Rodney Bovy and Alan Young stated that the U.S. military:

—did not disperse experimental or untested herbicides. Field tests for military purposes were applied in Puerto Rico, Hawaii, Thailand, Canada and other areas.

The ominous part of that last quote is that it leaves open to speculation the possibility that other tests could have been carried out in Canada. Agent Orange and related chemicals are not harmless, as the minister suggested.

My questions on this issue have yet to be answered by this government. I want to know when the government will stop this ridiculous charade of innocence concerning the government's participation in Vietnam-related tests and admit that it was a willing co-conspirator. When will the government explain why it has involved itself in such testing of offensive chemical weapons? Finally, when will this government come clean with the Canadian public and detail the nature and extent of all chemical and biological warfare testing in Canada?

• (2225)

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I remind hon. members that in 1966 the Americans were doing extremely well in Vietnam. Indeed, I believe they controlled three quarters of the land. Therefore, it was not necessary for them to do any experiments in Canada. They had all the land they wanted in Vietnam. It is a fact that for its own reasons the Department of National Defence co-operated in the testing by the U.S. army of chemical defoliants at Canadian Forces Base Gagetown in 1966.

It is also a fact that all of the materials used were commercially available and registered with the Department of Agriculture for commercial use on forest, pasture and range land. These chemicals had been in use for quite some time before the Gagetown tests and have been used more extensively since then for hydro and highway bush clearing operations, as well as by commercial users.

It is also a fact that the Gagetown tests were carried out entirely on isolated Crown property, miles from the closest inhabited areas. The fact that the spraying was done from a low-flying helicopter in calm weather conditions makes it virtually impossible that the chemicals would have been spread outside the test area.

Let it be said that we are not talking here of a massive area or of entire forests but rather of clearly marked plots totalling less than 400 acres well inside the boundary of the camp, which itself contains over 250,000 acres. Furthermore, the 2-4-D, 2-4-5 T mixture was tested on considerably less than the 400 acres.

Bush control at CFB Gagetown has always been a problem of considerable magnitude. Evidence of the problem is not only contained in departmental documents but also in publications such as *Hansard*, page 7281, of August 26, 1964, and the

minutes of the Standing Committee on External Affairs and National Defence of June 26, 1966.

It is a matter of record that Canadian interest in the testing of chemical defoliants was purely in finding a better product for bush control at CFB Gagetown. This fact is very clear in the report of the Canadian liaison officer which the hon. member opposite requested and received from the Minister of National Defence (Mr. Lamontagne).

I would like to emphasize that the Department of National Defence will not distribute documents that belong to another government; however, when the hon. member opposite asked for the Canadian document relating to the Gagetown test, he promptly received a copy and was also given a tour and a briefing at base Gagetown when he asked for one.

Having been given the facts, it was either irresponsible or simply ignorant of NDP members opposite to link herbicides with chemical warfare, as they have repeatedly tried to do. Let me also say that it may be an indication of their intellectual integrity that, in question period earlier today, they quoted only one sentence from the document the minister made available to them, and it was quoted out of context as well.

Let me suggest that the most significant health hazard in this matter may well be the anxiety created by the irresponsible allegations and innuendos of NDP members. I believe their interest in keeping this matter alive should be seen for what it is—a convenient political expedient to make headlines.

The department has acted very responsibly in this matter, as it does in any other matter. All information on the spray trials has been made available to the federal Department of National Health and Welfare and to New Brunswick health authorities. The department will co-operate fully in any further study which relevant authorities may want to undertake in the matter. In the meantime, the three Canadian personnel who were directly involved in the trials have been medically examined by competent authorities and given a clean bill of health.

In conclusion, what we have asked ourselves and what the members opposite should also ask themselves is just how relevant the matter of some very limited brush control spraying done 15 years ago is when we all know that the same compounds have been used and are still in use extensively by agriculture and industry in many places. If their concern is about the essence of the matter, namely, the safe use of chemical products not only for agricultural but for all purposes, they should state their case clearly and not make false allegations and innuendos.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m.

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

END OF VOLUME VI