



CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

1988-89
FIRST SESSION, THIRTY-FOURTH PARLIAMENT
37-38 ELIZABETH II

Parliament was opened on December 12, 1988

and was prorogued on February 28, 1989

THE SPEAKER

THE HONOURABLE GUY CHARBONNEAU

THE LEADER OF THE GOVERNMENT

THE HONOURABLE LOWELL MURRAY, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEACHEN, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

CHARLES A. LUSSIER, LL.L.

CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

LAW CLERK AND PARLIAMENTARY COUNSEL

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

GENTLEMAN USHER OF THE BLACK ROD

RENÉ M. JALBERT, C.V., C.D.

THE MINISTRY

According to Precedence

December 12, 1988

| | |
|--------------------------------------|---|
| The Right Hon. Martin Brian Mulroney | Prime Minister |
| The Right Hon. Charles Joseph Clark | Secretary of State for External Affairs and Acting Minister of Justice and Attorney General of Canada |
| The Hon. John Carnell Crosbie | Minister for International Trade |
| The Hon. Donald Frank Mazankowski | Deputy Prime Minister, President of the Queen's Privy Council for Canada and Minister of Agriculture |
| The Hon. Elmer MacIntosh MacKay | Minister of National Revenue |
| The Hon. Arthur Jacob Epp | Minister of National Health and Welfare |
| The Hon. Robert R. de Cotret | Minister of Regional Industrial Expansion and Minister of State for Science and Technology |
| The Hon. Henry Perrin Beatty | Minister of National Defence and Acting Solicitor General of Canada |
| The Hon. Michael Holcombe Wilson | Minister of Finance |
| The Hon. Harvie Andre | Minister of Consumer and Corporate Affairs |
| The Hon. Otto John Jelinek | Minister of Supply and Services and Acting Minister of Public Works |
| The Hon. Thomas Edward Siddon | Minister of Fisheries and Oceans |
| The Hon. Charles James Mayer | Minister of State (Grains and Oilseeds) |
| The Hon. William Hunter McKnight | Minister of Indian Affairs and Northern Development and Minister of Western Economic Diversification |
| The Hon. Benoît Bouchard | Minister of Transport |
| The Hon. Marcel Masse | Minister of Energy, Mines and Resources |
| The Hon. Barbara Jean McDougall | Minister of Employment and Immigration |
| The Hon. Gerald Stairs Merrithew | Minister of Veterans Affairs and Minister for the purposes of the Atlantic Canada Opportunities Agency Act |
| The Hon. Monique Vézina | Minister of State (Employment and Immigration) and Minister of State (Seniors) |
| The Hon. Frank Oberle | Minister of State (Science and Technology) and Acting Minister of State (Forestry) |
| The Hon. Lowell Murray | Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations) and Acting Minister of Communications |
| The Hon. Paul Wyatt Dick | Associate Minister of National Defence |
| The Hon. Pierre H. Cadieux | Minister of Labour |
| The Hon. Jean J. Charest | Minister of State (Youth) and Minister of State (Fitness and Amateur Sport) |
| The Hon. Thomas Hockin | Minister of State (Finance) |
| The Hon. Monique Landry | Minister for External Relations |
| The Hon. Bernard Valcourt | Minister of State (Small Businesses and Tourism) and Minister of State (Indian Affairs and Northern Development) |
| The Hon. Gerry Weiner | Minister of State (Multiculturalism and Citizenship) |
| The Hon. Douglas Grinslade Lewis | Minister of State and Minister of State (Treasury Board) and Acting President of the Treasury Board |
| The Hon. Pierre Blais | Minister of State (Agriculture) |
| The Hon. Lucien Bouchard | Secretary of State of Canada and Acting Minister of the Environment |
| The Hon. John Horton McDermid | Minister of State (International Trade) and Minister of State (Housing) |
| The Hon. Shirley Martin | Minister of State (Transport) |

THE MINISTRY

According to Precedence

At Prorogation, February 28, 1989

| | |
|--------------------------------------|---|
| The Right Hon. Martin Brian Mulroney | Prime Minister |
| The Right Hon. Charles Joseph Clark | Secretary of State for External Affairs |
| The Hon. John Carnell Crosbie | Minister for International Trade |
| The Hon. Donald Frank Mazankowski | Deputy Prime Minister, President of the Queen's Privy Council for Canada and Minister of Agriculture |
| The Hon. Elmer MacIntosh MacKay | Minister of Public Works and Minister for the purposes of the Atlantic Canada Opportunities Agency Act |
| The Hon. Arthur Jacob Epp | Minister of Energy, Mines and Resources |
| The Hon. Robert R. de Cotret | President of the Treasury Board |
| The Hon. Henry Perrin Beatty | Minister of National Health and Welfare |
| The Hon. Michael Holcombe Wilson | Minister of Finance |
| The Hon. Harvie Andre | Minister of Regional Industrial Expansion and Minister of State for Science and Technology |
| The Hon. Otto John Jelinek | Minister of National Revenue |
| The Hon. Thomas Edward Siddon | Minister of Fisheries and Oceans |
| The Hon. Charles James Mayer | Minister of Western Economic Diversification and Minister of State (Grains and Oilseeds) |
| The Hon. William Hunter McKnight | Minister of National Defence |
| The Hon. Benoit Bouchard | Minister of Transport |
| The Hon. Marcel Masse | Minister of Communications |
| The Hon. Barbara Jean McDougall | Minister of Employment and Immigration |
| The Hon. Gerald Stairs Merrithew | Minister of Veterans Affairs |
| The Hon. Monique Vézina | Minister of State (Employment and Immigration) and Minister of State (Seniors) |
| The Hon. Frank Oberle | Minister of State (Forestry) |
| The Hon. Lowell Murray | Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations) |
| The Hon. Paul Wyatt Dick | Minister of Supply and Services |
| The Hon. Pierre H. Cadieux | Minister of Indian Affairs and Northern Development |
| The Hon. Jean J. Charest | Minister of State (Youth) and Minister of State (Fitness and Amateur Sport) and Deputy Leader of the Government in the House of Commons |
| The Hon. Thomas Hockin | Minister of State (Small Businesses and Tourism) |
| The Hon. Monique Landry | Minister for External Relations |
| The Hon. Bernard Valcourt | Minister of Consumer and Corporate Affairs |
| The Hon. Gerry Weiner | Secretary of State of Canada and Minister of State (Multiculturalism and Citizenship) |
| The Hon. Douglas Grinslade Lewis | Minister of Justice and Attorney General of Canada and Leader of the Government in the House of Commons |
| The Hon. Pierre Blais | Solicitor General of Canada and Minister of State (Agriculture) |
| The Hon. Lucien Bouchard | Minister of the Environment |
| The Hon. John Horton McDermid | Minister of State (Privatization and Regulatory Affairs) |
| The Hon. Shirley Martin | Minister of State (Transport) |
| The Hon. Mary Collins | Associate Minister of National Defence |
| The Hon. Alan Redway | Minister of State (Housing) |
| The Hon. William Charles Winegard | Minister of State (Science and Technology) |
| The Hon. Kim Campbell | Minister of State (Indian Affairs and Northern Development) |
| The Hon. Jean Corbeil | Minister of Labour |
| The Hon. Gilles Loiselle | Minister of State (Finance) |

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Prorogation, February 28, 1989

| Senator | Designation | Post Office Address |
|--------------------------------------|-------------------------------------|-------------------------|
| THE HONOURABLE | | |
| David A. Croll | Toronto-Spadina | Toronto, Ont. |
| Hartland de Montarville Molson | Alma | Montreal, Que. |
| John Michael Macdonald | Cape Breton | North Sydney, N.S. |
| Jacques Flynn, P.C. | Rougemont | Quebec, Que. |
| David James Walker, P.C. | Toronto | Toronto, Ont. |
| Rhéal Bélisle | Sudbury | Sudbury, Ont. |
| Orville Howard Phillips | Prince | Alberton, P.E.I. |
| Azellus Denis, P.C. | La Salle | Montreal, Que. |
| Daniel Aiken Lang | South York | Toronto, Ont. |
| Earl Adam Hastings | Palliser-Foothills | Calgary, Alta. |
| Charles Robert McElman | Nashwaak Valley | Fredericton, N.B. |
| Douglas Keith Davey | York | Toronto, Ont. |
| Hazen Robert Argue, P.C. | Regina | Kayville, Sask. |
| Douglas Donald Everett | Fort Rouge | Winnipeg, Man. |
| Andrew Ernest Thompson | Dovercourt | Kendal, Ont. |
| Herbert O. Sparrow | Saskatchewan | North Battleford, Sask. |
| Richard James Stanbury | York Centre | Toronto, Ont. |
| William John Petten | Bonavista | St. John's, Nfld. |
| Gildas L. Molgat | Ste. Rose | St. Vital, Man. |
| Ann Elizabeth Bell | Nanaimo-Malaspina | Nanaimo, B.C. |
| Edward M. Lawson | Vancouver | Vancouver, B.C. |
| George Clifford van Roggen | Vancouver-Point Grey | Vancouver, B.C. |
| Sidney L. Buckwold | Saskatoon | Saskatoon, Sask. |
| Mark Lorne Bonnell | Murray River | Murray River, P.E.I. |
| Henry D. Hicks | The Annapolis Valley | Halifax, N.S. |
| Bernard Alasdair Graham | The Highlands | Sydney, N.S. |
| Martial Asselin, P.C. | Stadacona | La Malbaie, Que. |
| Joan Neiman | Peel | Caledon East, Ont. |
| Raymond J. Perrault, P.C. | North Shore-Burnaby | Vancouver, B.C. |
| Maurice Riel, P.C. | Shawinigan | Westmount, Que. |
| Louis-J. Robichaud, P.C. | L'Acadie-Acadia | Saint Antoine, N.B. |
| Jack Austin, P.C. | Vancouver South | Vancouver, B.C. |
| Paul Lucier | Yukon | Whitehorse, Yukon. |
| David Gordon Steuart | Prince Albert-Duck Lake | Regina, Sask. |
| Pietro Rizzuto | Repentigny | Laval sur le Lac, Que. |
| Willie Adams | Northwest Territories | Rankin Inlet, N.W.T. |
| Horace Andrew Olson, P.C. | Alberta South | Iddesleigh, Alta. |
| Royce Frith | Lanark | Perth, Ont. |
| Peter Bosa | York-Caboto | Etobicoke, Ont. |
| Duff Roblin, P.C. | Red River | Winnipeg, Man. |
| Joseph-Philippe Guay, P.C. | St. Boniface | St. Boniface, Man. |
| Stanley Haidasz, P.C. | Toronto-Parkdale | Toronto, Ont. |
| Philip Derek Lewis | St. John's | St. John's, Nfld. |
| Jack Marshall | Humber-St. George's-St. Barbe | Corner Brook, Nfld. |
| Margaret Jean Anderson | Northumberland-Miramichi | Newcastle, N.B. |
| Robert Muir | Cape Breton-The Sydneys | Sydney Mines, N.S. |
| L. Norbert Thériault | Baie du Vin | Baie Ste-Anne, N.B. |
| Dalia Wood | Montarville | Montreal, Que. |

SENATORS—ACCORDING TO SENIORITY

| Senator | Designation | Post Office Address |
|-------------------------------------|--------------------------------|----------------------------|
| THE HONOURABLE | | |
| Fernand-E. Leblanc | Saurel | Montreal, Que. |
| Reginald James Balfour | Regina | Regina, Sask. |
| Lowell Murray, P.C. | Grenville-Carleton | Ottawa, Ont. |
| Martha P. Bielish | Lakeland | Warspite, Alta. |
| Guy Charbonneau (Speaker) | Kennebec | Montreal, Que. |
| Arthur Tremblay | The Laurentides | Quebec, Que. |
| C. William Doody | Harbour Main-Bell Island | St. John's, Nfld. |
| Heath Macquarrie | Hillsborough | Victoria, P.E.I. |
| Nathan Nurgitz | Winnipeg North | Winnipeg, Man. |
| Cyril B. Sherwood | Royal | Norton, N.B. |
| Peter Alan Stollery | Bloor and Yonge | Toronto, Ont. |
| Peter Michael Pitfield, P.C. | Ottawa-Vanier | Ottawa, Ont. |
| William McDonough Kelly | Port Severn | Mississauga, Ont. |
| Jacques Hébert | Wellington | Montreal, Que. |
| Leo E. Kolber | Victoria | Westmount, Qué. |
| Philippe Deane Gigantès | De Lorimier | Montreal, Qué. |
| John B. Stewart | Antigonish-Guysborough | Bayfield, N.S. |
| Michael Kirby | South Shore | Halifax, N.S. |
| Jerahmiel S. Grafstein | Metro Toronto | Toronto, Ont. |
| Anne C. Cools | Toronto Centre | Toronto, Ont. |
| Charlie Watt | Inkerman | Kuujuuaq, Qué. |
| Lorna Marsden | Toronto-Taddle Creek | Toronto, Ont. |
| Leonard Stephen Marchand, P.C. | Kamloops-Cariboo | Kamloops, B.C. |
| Daniel Phillip Hays | Calgary | Calgary, Alta. |
| Joyce Fairbairn | Lethbridge | Lethbridge, Alta. |
| Colin Kenny | Rideau | Ottawa, Ont. |
| Pierre De Bané, P.C. | De la Vallière | Montreal, Que. |
| Allan Joseph MacEachen, P.C. | Highlands-Canso | R. R. 1, Whycocomagh, N.S. |
| Roméo LeBlanc, P.C. | Beauséjour | Grand-Digue, N.B. |
| Eymard Georges Corbin | Grand-Sault | Grand-Sault, N.B. |
| Thomas Henri Lefebvre | De Lanaudière | Davidson, Que. |
| Charles Robert Turner | London | London, Ont. |
| Finlay MacDonald | Halifax | Halifax, N.S. |
| Brenda Mary Robertson | Riverview | Shediac, N.B. |
| Efstathios William Barootes | Regina-Qu'Appelle | Regina, Sask. |
| Richard J. Doyle | North York | Toronto, Ont. |
| Paul David | Bedford | Montreal, Que. |
| Jean-Maurice Simard | Edmundston | Edmundston, N.B. |
| Michel Cogger | Lauzon | West Brome, Que. |
| Norman K. Atkins | Markham | Markham, Ont. |
| Ethel Cochrane | Newfoundland | Port au Port, Nfld. |
| Eileen Rossiter | Prince Edward Island | Charlottetown, P.E.I. |
| Mira Spivak | Manitoba | Winnipeg, Man. |
| Jean Bazin | De la Durantaye | Montreal, Que. |
| Gerald R. Ottenheimer | Waterford-Trinity | St. John's, Nfld. |
| Roch Bolduc | Golfe | Ste. Foy, Que. |
| Solange Chaput-Rolland | Mille Isles | Montreal, Que. |
| Jean-Marie Poitras | De Salaberry | Quebec, Que. |
| Gérald-A. Beaudoin | Rigaud | Hull, Que. |

Note: For names of senators who resigned, retired, or died during the First Session of the Thirty-fourth Parliament, see Index.

SENATORS OF CANADA

ALPHABETICAL LIST

At Prorogation, February 28, 1989

| Senator | Designation | Post Office Address |
|-----------------------------------|--------------------------------|----------------------|
| THE HONOURABLE | | |
| Adams, Willie..... | Northwest Territories | Rankin Inlet, N.W.T. |
| Anderson, Margaret Jean..... | Northumberland-Miramichi | Newcastle, N.B. |
| Argue, Hazen, P.C..... | Regina | Kayville, Sask. |
| Asselin, Martial, P.C..... | Stadacona | La Malbaie, Que. |
| Atkins, Norman K..... | Markham | Markham, Ont. |
| Austin, Jack, P.C..... | Vancouver South | Vancouver, B.C. |
| Balfour, Reginald James..... | Regina | Regina, Sask. |
| Barootes, Efstathios William..... | Regina-Qu'Appelle..... | Regina, Sask. |
| Bazin, Jean..... | De la Durantaye | Montreal, Que. |
| Beaudoin, Gérald-A..... | Rigaud..... | Hull, Que. |
| Bélisle, Rhéal..... | Sudbury..... | Sudbury, Ont. |
| Bell, Ann Elizabeth..... | Nanaimo-Malaspina | Nanaimo, B.C. |
| Bielish, Martha P..... | Lakeland..... | Warspite, Alta. |
| Bolduc, Roch..... | Golfe..... | Ste. Foy, Que. |
| Bonnell, M. Lorne..... | Murray River..... | Murray River, P.E.I. |
| Bosa, Peter..... | York-Caboto..... | Etobicoke, Ont. |
| Buckwold, Sidney L..... | Saskatoon..... | Saskatoon, Sask. |
| Chaput-Rolland, Solange..... | Mille Isles..... | Montreal, Que. |
| Charbonneau, Guy (Speaker)..... | Kennebec..... | Montreal, Que. |
| Cochrane, Ethel..... | Newfoundland..... | Port au Port, Nfld. |
| Cogger, Michel..... | Lauzon..... | West Brome, Que. |
| Cools, Anne C..... | Toronto Centre..... | Toronto, Ont. |
| Corbin, Eymard Georges..... | Grand-Sault..... | Grand-Sault, N.B. |
| Croll, David A..... | Toronto-Spadina..... | Toronto, Ont. |
| Davey, Keith..... | York..... | Toronto, Ont. |
| David, Paul..... | Bedford..... | Montreal, Qué. |
| De Bané, Pierre, P.C..... | De la Vallière..... | Montreal, Que. |
| Denis, Azellus, P.C..... | La Salle..... | Montreal, Que. |
| Doddy, C. William..... | Harbour Main-Bell Island..... | St. John's, Nfld. |
| Doyle, Richard J..... | North York..... | Toronto, Ont. |
| Everett, Douglas D..... | Fort Rouge..... | Winnipeg, Man. |
| Fairbairn, Joyce..... | Lethbridge..... | Lethbridge, Alta. |
| Flynn, Jacques, P.C..... | Rougemont..... | Quebec, Que. |
| Frith, Royce..... | Lanark..... | Perth, Ont. |
| Gigantès, Philippe Deane..... | De Lorimier..... | Montreal, Qué. |
| Grafstein, Jerahmiel S..... | Metro Toronto..... | Toronto, Ont. |
| Graham, Bernard Alasdair..... | The Highlands..... | Sydney, N.S. |
| Guay, Joseph-Philippe, P.C..... | St. Boniface..... | St. Boniface, Man. |
| Haidasz, Stanley, P.C..... | Toronto-Parkdale..... | Toronto, Ont. |
| Hastings, Earl A..... | Palliser-Foothills..... | Calgary, Alta. |
| Hays, Daniel Phillip..... | Calgary..... | Calgary, Alta. |
| Hébert, Jacques..... | Wellington..... | Montreal, Que. |
| Hicks, Henry D..... | The Annapolis Valley..... | Halifax, N.S. |
| Kelly, William McDonough..... | Port Severn..... | Mississauga, Ont. |
| Kenny, Colin..... | Rideau..... | Ottawa, Ont. |
| Kirby, Michael..... | South Shore..... | Halifax, N.S. |
| Kolber, Leo E..... | Victoria..... | Westmount, Qué. |
| Lang, Daniel A..... | South York..... | Toronto, Ont. |

SENATORS—ALPHABETICAL LIST

| Senator | Designation | Post Office Address |
|---------------------------------|-------------------------------|----------------------------|
| THE HONOURABLE | | |
| Lawson, Edward M. | Vancouver | Vancouver, B.C. |
| Leblanc, Fernand-E. | Saurel | Montreal, Que. |
| LeBlanc, Roméo, P.C. | Beauséjour | Grand-Digue, N.B. |
| Lefebvre, Thomas Henri | De Lanaudière | Davidson, Que. |
| Lewis, Philip Derek | St. John's | St. John's, Nfld. |
| Lucier, Paul | Yukon | Whitehorse, Yukon. |
| MacDonald, Finlay | Halifax | Halifax, N.S. |
| Macdonald, John M. | Cape Breton | North Sydney, N.S. |
| MacEachen, Allan Joseph, P.C. | Highlands-Canso | R. R. 1, Whycocomagh, N.S. |
| Macquarrie, Heath | Hillsborough | Victoria, P.E.I. |
| Marchand, Leonard Stephen, P.C. | Kamloops-Cariboo | Kamloops, B.C. |
| Marsden, Lorna | Toronto-Taddle Creek | Toronto, Ont. |
| Marshall, Jack | Humber-St. George's-St. Barbe | Corner Brook, Nfld. |
| McElman, Charles | Nashwaak Valley | Fredericton, N.B. |
| Molgat, Gildas L. | Ste. Rose | St. Vital, Man. |
| Molson, Hartland de M. | Alma | Montreal, Que. |
| Muir, Robert | Cape Breton-The Sydneys | Sydney Mines, N.S. |
| Murray, Lowell, P.C. | Grenville-Carleton | Ottawa, Ont. |
| Neiman, Joan | Peel | Caledon East, Ont. |
| Nurgitz, Nathan | Winnipeg North | Winnipeg, Man. |
| Olson, Horace Andrew, P.C. | Alberta South | Iddesleigh, Alta. |
| Ottenheimer, Gerald R. | Waterford-Trinity | St. John's, Nfld. |
| Perrault, Raymond J., P.C. | North Shore-Burnaby | Vancouver, B.C. |
| Petten, William J. | Bonavista | St. John's, Nfld. |
| Phillips, Orville H. | Prince | Alberton, P.E.I. |
| Pitfield, Peter Michael, P.C. | Ottawa-Vanier | Ottawa, Ont. |
| Poitras, Jean-Marie | De Salaberry | Quebec, Que. |
| Riel, Maurice, P.C. | Shawinigan | Westmount, Que. |
| Rizzuto, Pietro | Repentigny | Laval sur le Lac, Que. |
| Robertson, Brenda Mary | Riverview | Shediac, N.B. |
| Robichaud, Louis-J., P.C. | L'Acadie-Acadia | Saint Antoine, N.B. |
| Roblin, Duff, P.C. | Red River | Winnipeg, Man. |
| Rossiter, Eileen | Prince Edward Island | Charlottetown, P.E.I. |
| Sherwood, Cyril B. | Royal | Norton, N.B. |
| Simard, Jean-Maurice | Edmundston | Edmundston, N.B. |
| Sparrow, Herbert O. | Saskatchewan | North Battleford, Sask. |
| Spivak, Mira | Manitoba | Winnipeg, Man. |
| Stanbury, Richard J. | York Centre | Toronto, Ont. |
| Stewart, David Gordon | Prince Albert-Duck Lake | Regina, Sask. |
| Stewart, John B. | Antigonish-Guysborough | Bayfield, N.S. |
| Stollery, Peter Alan | Bloor and Yonge | Toronto, Ont. |
| Thériault, L. Norbert | Baie du Vin | Baie Ste-Anne, N.B. |
| Thompson, Andrew | Dovercourt | Kendal, Ont. |
| Tremblay, Arthur | The Laurentides | Quebec, Que. |
| Turner, Charles Robert | London | London, Ont. |
| van Roggen, George | Vancouver-Point Grey | Vancouver, B.C. |
| Walker, David, P.C. | Toronto | Toronto, Ont. |
| Watt, Charlie | Inkerman | Kuujuuaq, Qué. |
| Wood, Dalia | Montarville | Montreal, Que. |

Note: For names of senators who resigned, retired, or died during the First Session of the Thirty-fourth Parliament, see Index.

SENATORS OF CANADA

BY PROVINCE

At Prorogation, February 28, 1989

ONTARIO—24

| Senator | Designation | Post Office Address |
|-------------------------------------|---------------------------|---------------------|
| THE HONOURABLE | | |
| 1 David A. Croll..... | Toronto-Spadina..... | Toronto. |
| 2 David James Walker, P.C..... | Toronto..... | Toronto. |
| 3 Rhéal Bélisle..... | Sudbury..... | Sudbury. |
| 4 Daniel Aiken Lang..... | South York..... | Toronto. |
| 5 Douglas Keith Davey..... | York..... | Toronto. |
| 6 Andrew Ernest Thompson..... | Dovercourt..... | Kendal. |
| 7 Richard James Stanbury..... | York Centre..... | Toronto. |
| 8 Joan Neiman..... | Peel..... | Caledon East. |
| 9 Royce Frith..... | Lanark..... | Perth. |
| 10 Peter Bosa..... | York-Caboto..... | Etobicoke. |
| 11 Stanley Haidasz, P.C..... | Toronto-Parkdale..... | Toronto. |
| 12 Lowell Murray, P.C..... | Grenville-Carleton..... | Ottawa. |
| 13 Peter Alan Stollery..... | Bloor and Yonge..... | Toronto. |
| 14 Peter Michael Pitfield, P.C..... | Ottawa-Vanier..... | Ottawa. |
| 15 William McDonough Kelly..... | Port Severn..... | Mississauga. |
| 16 Jerahmiel S. Grafstein..... | Metro Toronto..... | Toronto. |
| 17 Anne C. Cools..... | Toronto Centre..... | Toronto. |
| 18 Lorna Marsden..... | Toronto-Taddle Creek..... | Toronto. |
| 19 Colin Kenny..... | Rideau..... | Ottawa. |
| 20 Charles Robert Turner..... | London..... | London. |
| 21 Richard J. Doyle..... | North York..... | Toronto. |
| 22 Norman K. Atkins..... | Markham..... | Markham. |
| 23..... | ..... | ..... |
| 24..... | ..... | ..... |

SENATORS BY PROVINCE

QUEBEC—24

| Senator | Electoral Division | Post Office Address |
|---------------------------------------|-----------------------|---------------------|
| THE HONOURABLE | | |
| 1 Hartland de Montarville Molson..... | Alma | Montreal. |
| 2 Jacques Flynn, P.C. | Rougemont | Quebec. |
| 3 Azellus Denis, P.C. | La Salle | Montreal. |
| 4 Martial Asselin, P.C. | Stadacona | La Malbaie. |
| 5 Maurice Riel, P.C. | Shawinigan | Westmount. |
| 6 Pietro Rizzuto | Repentigny | Laval sur le Lac. |
| 7 Dalia Wood | Montarville | Montreal. |
| 8 Fernand-E. Leblanc | Saurel | Montreal. |
| 9 Guy Charbonneau (Speaker) | Kennebec | Montreal. |
| 10 Arthur Tremblay | The Laurentides | Quebec. |
| 11 Jacques Hébert | Wellington | Montreal. |
| 12 Leo E. Kolber | Victoria | Westmount. |
| 13 Philippe Deane Gigantès | De Lorimier | Montreal. |
| 14 Charlie Watt | Inkerman | Kuujuuaq. |
| 15 Pierre De Bané, P.C. | De la Vallière | Montreal. |
| 16 Thomas Henri Lefebvre | De Lanaudière | Davidson. |
| 17 Paul David | Bedford | Montreal. |
| 18 Michel Cogger | Lauzon | West Brome. |
| 19 Jean Bazin | De la Durantaye | Montreal. |
| 20 Roch Bolduc | Golfe | Ste. Foy. |
| 21 Solange Chaput-Rolland | Mille Isles | Montreal. |
| 22 Jean-Marie Poitras | De Salaberry | Quebec. |
| 23 Gérald-A. Beaudoin | Rigaud | Hull. |
| 24 ..... | ..... | ..... |

SENATORS BY PROVINCE—MARITIME DIVISION

NOVA SCOTIA—10

| Senator | Designation | Post Office Address |
|------------------------------------|------------------------------|-----------------------|
| THE HONOURABLE | | |
| 1 John Michael Macdonald..... | Cape Breton..... | North Sydney. |
| 2 Henry D. Hicks..... | The Annapolis Valley..... | Halifax. |
| 3 Bernard Alasdair Graham..... | The Highlands..... | Sydney. |
| 4 Robert Muir..... | Cape Breton-The Sydneys..... | Sydney Mines. |
| 5 John B. Stewart..... | Antigonish-Guysborough..... | Bayfield. |
| 6 Michael Kirby..... | South Shore..... | Halifax. |
| 7 Allan Joseph MacEachen, P.C..... | Highlands-Canso..... | R. R. 1, Whycocomagh. |
| 8 Finlay MacDonald..... | Halifax..... | Halifax. |
| 9 ..... | ..... | ..... |
| 10 ..... | ..... | ..... |

NEW BRUNSWICK—10

| Senator | Designation | Post Office Address |
|--------------------------------|-------------------------------|---------------------|
| THE HONOURABLE | | |
| 1 Charles Robert McElman..... | Nashwaak Valley..... | Fredericton. |
| 2 Louis-J. Robichaud, P.C..... | L'Acadie-Acadia..... | Saint Antoine. |
| 3 Margaret Jean Anderson..... | Northumberland-Miramichi..... | Newcastle. |
| 4 L. Norbert Thériault..... | Baie du Vin..... | Baie Ste-Anne. |
| 5 Cyril B. Sherwood..... | Royal..... | Norton. |
| 6 Roméo LeBlanc, P.C..... | Beauséjour..... | Grand-Digue. |
| 7 Eymard Georges Corbin..... | Grand-Sault..... | Grand-Sault. |
| 8 Brenda Mary Robertson..... | Riverview..... | Shediac. |
| 9 Jean-Maurice Simard..... | Edmundston..... | Edmundston. |
| 10 ..... | ..... | ..... |

PRINCE EDWARD ISLAND—4

| Senator | Designation | Post Office Address |
|--------------------------------|---------------------------|---------------------|
| THE HONOURABLE | | |
| 1 Orville Howard Phillips..... | Prince..... | Alberton. |
| 2 Mark Lorne Bonnell..... | Murray River..... | Murray River. |
| 3 Heath Macquarrie..... | Hillsborough..... | Victoria. |
| 4 Eileen Rossiter..... | Prince Edward Island..... | Charlottetown. |

SENATORS BY PROVINCE—WESTERN DIVISION

MANITOBA—6

| Senator | Designation | Post Office Address |
|-----------------------------------|----------------------|---------------------|
| THE HONOURABLE | | |
| 1 Douglas Donald Everett | Fort Rouge | Winnipeg. |
| 2 Gildas L. Molgat | Ste. Rose | St. Vital. |
| 3 Duff Roblin, P.C. | Red River | Winnipeg. |
| 4 Joseph-Philippe Guay, P.C. | St. Boniface | St. Boniface. |
| 5 Nathan Nurgitz | Winnipeg North | Winnipeg. |
| 6 Mira Spivak | Manitoba | Winnipeg. |

BRITISH COLUMBIA—6

| | | |
|---------------------------------------|----------------------------|------------|
| THE HONOURABLE | | |
| 1 Ann Elizabeth Bell | Nanaimo-Malaspina | Nanaimo. |
| 2 Edward M. Lawson | Vancouver | Vancouver. |
| 3 George Clifford van Roggen | Vancouver-Point Grey | Vancouver. |
| 4 Raymond J. Perrault, P.C. | North Shore-Burnaby | Vancouver. |
| 5 Jack Austin, P.C. | Vancouver South | Vancouver. |
| 6 Leonard Stephen Marchand, P.C. | Kamloops-Cariboo | Kamloops. |

SASKATCHEWAN—6

| | | |
|-------------------------------------|-------------------------------|-------------------|
| THE HONOURABLE | | |
| 1 Hazen Robert Argue, P.C. | Regina | Kayville. |
| 2 Herbert O. Sparrow | Saskatchewan | North Battleford. |
| 3 Sidney L. Buckwold | Saskatoon | Saskatoon. |
| 4 David Gordon Steuart | Prince Albert-Duck Lake | Regina. |
| 5 Reginald James Balfour | Regina | Regina. |
| 6 Efstathios William Barootes | Regina-Qu'Appelle | Regina. |

ALBERTA—6

| | | |
|----------------------------------|--------------------------|-------------|
| THE HONOURABLE | | |
| 1 Earl Adam Hastings | Palliser-Foothills | Calgary. |
| 2 Horace Andrew Olson, P.C. | Alberta South | Iddesleigh. |
| 3 Martha P. Bielish | Lakeland | Warspite. |
| 4 Daniel Phillip Hays | Calgary | Calgary. |
| 5 Joyce Fairbairn | Lethbridge | Lethbridge. |
| 6 ..... | ..... | ..... |

SENATORS BY PROVINCE

NEWFOUNDLAND—6

| Senator | Designation | Post Office Address |
|-------------------------------|-------------------------------------|---------------------|
| THE HONOURABLE | | |
| 1 William John Petten | Bonavista | St. John's. |
| 2 Philip Derek Lewis | St. John's | St. John's. |
| 3 Jack Marshall | Humber-St. George's-St. Barbe | Corner Brook. |
| 4 C. William Doody | Harbour Main-Bell Island | St. John's. |
| 5 Ethel Cochrane | Newfoundland | Port au Port. |
| 6 Gerald R. Ottenheimer | Waterford-Trinity | St. John's. |

NORTHWEST TERRITORIES—1

| | | |
|-----------------------|-----------------------------|---------------|
| THE HONOURABLE | | |
| 1 Willie Adams | Northwest Territories | Rankin Inlet. |

YUKON TERRITORY—1

| | | |
|-----------------------|-------------|-------------|
| THE HONOURABLE | | |
| 1 Paul Lucier | Yukon | Whitehorse. |

THE SENATE

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| Director of Finance | Siroun Aghajanian |
| Director of Committees | Gary W. O'Brien, M.A. |
| Editor of Debates and Chief of Reporting Services (English) | Hubert D. Griffith |
| Editor of Debates and Chief of Reporting Services (French) | Flavien J. Belzile, B.A. |
| Director of Journals | Monique Grenier Tomka |
| Director of Information Services | Gord Lovelace |

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| Assistant Editor of Debates (French) Reporters | Maurice Bolduc V. Aucoin, A. Hénault, B. C. Keeley, C. Little, J. W. Morrison, B. Neuberger, D. Olsen, K. Olszewska, M. Porter, M. Roy, R. G. Tremaine. |

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Department of Secretary of State

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| Associate Parliamentary Librarian | Richard Paré, B.A., B.L.S. |

THE SENATE

Monday, December 12, 1988

THIRTY-FOURTH PARLIAMENT

OPENING OF FIRST SESSION

Parliament having been summoned by Proclamation to meet this day for the dispatch of business—

The Senate met at 9 a.m., the Speaker in the Chair.
Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S DEPUTY SECRETARY, OPERATIONS

The Hon. the Speaker informed the Senate that a communication had been received from the Deputy Secretary, Operations, to the Governor General, as follows:

RIDEAU HALL

December 7, 1988

Sir,

I am commanded to inform you that the Right Honourable Brian Dickson, Chief Justice of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to open the First Session of the Thirty-Fourth Parliament of Canada on Monday, the twelfth of December 1988 at 9:00 a.m.

I have the honour to be,
Sir,
Your obedient servant,
Jean M. Sévigny
Deputy Secretary, Operations

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure to await the arrival of the Deputy of Her Excellency the Governor General.

The Right Honourable Brian Dickson, Chief Justice of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne,

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that:

It is the desire of the Right Honourable the Deputy of Her Excellency the Governor General that they attend him immediately in the Senate Chamber.

● (0920)

The House of Commons being come.

The Hon. the Speaker said:

Honourable Members of the Senate:

Members of the House of Commons:

I have it in command to let you know that Her Excellency the Governor General does not see fit to declare the causes of her summoning the present Parliament of Canada until a Speaker of the House of Commons shall have been chosen according to law; but this afternoon at the hour of four o'clock Her Excellency will declare the causes of her calling Parliament.

The House of Commons withdrew.

The Right Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Secretary to the Governor General, as follows:

RIDEAU HALL
OTTAWA

December 7, 1988

Sir,

I have the honour to inform you that Her Excellency the Governor General will arrive at the Speaker's Entrance of the Senate at 3:50 p.m. on Monday, the 12th day of December, 1988.

When it has been indicated that all is in readiness, Her Excellency will proceed to the Chamber of the Senate to formally open the First Session of the Thirty-Fourth Parliament of Canada.

Yours sincerely,
Jean M. Sévigny
for Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That the Senate do now adjourn until three-thirty o'clock this afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until 3.30 p.m.

SECOND SITTING

The Senate met at 3.30 p.m., the Speaker in the Chair.

The Hon. the Speaker: As there is no business before the Senate, is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to await the arrival of Her Excellency the Governor General?

The Senate adjourned during pleasure.

At 4 p.m., Her Excellency the Governor General having come and being seated upon the Throne—

The Hon. the Speaker said:

Gentleman Usher of the Black Rod,

You will proceed to the House of Commons and acquaint that House that it is the pleasure of Her Excellency the Governor General that they attend her immediately in the Senate Chamber.

The House of Commons being come,

Their Speaker, the Hon. John A. Fraser, P.C., said:

May it please Your Excellency,

The House of Commons has elected me their Speaker, though I am but little able to fulfil the important duties thus assigned to me.

If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons, whose servant I am, and who, through me, the better to enable them to discharge

[The Hon. the Speaker.]

their duty to their Queen and Country, humbly claim all their undoubted rights and privileges, especially that they may have freedom of speech in their debates, access to Your Excellency's person at all reasonable times, and that their proceedings may receive from Your Excellency the most favourable construction.

The Hon. the Speaker of the Senate answered:

Mr. Speaker, I am commanded by Her Excellency the Governor General to declare to you that she freely confides in the duty and attachment of the House of Commons to Her Majesty's Person and Government, and not doubting that their proceedings will be conducted with wisdom, temper and prudence, she grants, and upon all occasions will recognize and allow, their constitutional privileges. I am commanded also to assure you that the Commons shall have ready access to Her Excellency upon all reasonable occasions and that their proceedings, as well as your words and actions, will constantly receive from her the most favourable construction.

SPEECH FROM THE THRONE

Her Excellency the Governor General was then pleased to open the First Session of the Thirty-fourth Parliament with the following speech:

Ladies and gentlemen, Honourable Members of the Senate,

Ladies and gentlemen, Members of the House of Commons:

It is my great pleasure to greet you on this, the first day of the Thirty-fourth Parliament since Confederation. This ceremony is rich in history, custom, tradition and symbolism. It is also a renewal of the vital relationship among Crown, people, parliament and government that, today as in the past, is the essence of Canadian democracy.

The people have spoken in a general election three weeks ago. Their members in the House of Commons have today claimed from the Crown the ancient rights and privileges that enable them to carry out their responsibilities.

In the election, my government sought and received a mandate for its policies, including the Free Trade Agreement between Canada and the United States that is to take effect on January 1, 1989. The purpose of this early session of the Thirty-fourth Parliament is to seek your approval for legislation to implement this Agreement as scheduled. Similar legislation was passed by the House of Commons in August. It had also received approval in principle in the Senate and had reached the stage of Senate committee study, prior to dissolution of the Thirty-third Parliament.

My government is determined to secure the benefits of economic opportunity for this and future generations of Canadians. This Agreement reflects my ministers' confidence in Canada's ability to compete with the best in the world.

In due course, we will hold a second session of this Parliament, at which time my ministers will place before you a statement of policy for this, their second mandate in office. Meanwhile, you may be asked at the present session to consider other matters as deemed advisable by my government.

Ladies and gentlemen, Honourable Members of the Senate,

Ladies and gentlemen, Members of the House of Commons:

As you carry out the will of the people and serve the national interest, may Divine Providence be your guide and inspiration.

—————
The House of Commons withdrew.

Her Excellency the Governor General was pleased to retire.

—————
The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. C. William Doody (Deputy Leader of the Government) presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION AT NEXT SITTING

The Hon. the Speaker: Honourable senators, I have the honour to inform you that Her Excellency the Governor General has caused to be placed in my hands a copy of her Speech delivered this day from the Throne to the two Houses of Parliament. It is as follows—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this Speech be taken into consideration?

Hon. C. William Doody (Deputy Leader of the Government) moved:

That the Speech of Her Excellency the Governor General, delivered this day from the Throne to the two

Houses of Parliament, be taken into consideration at the next sitting of the Senate.

Motion agreed to.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

That all the Senators present during this Session be appointed a Committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said Committee have leave to meet in the Senate Chamber when and as often as they please.

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

That pursuant to Rule 66(1), the following Senators, to wit: the Honourable Senators Corbin, Denis, Doody, Frith, Macdonald (*Cape Breton*), Molgat, Nurgitz, Petten and Phillips, be appointed a Committee of Selection to nominate (a) a Senator to preside as Speaker *pro tempore*; and (b) the Senators to serve on the several select committees during the present Session; and to report with all convenient speed the names of the Senators so nominated.

Motion agreed to.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government) with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That the Senate do now adjourn until tomorrow, Tuesday, 13th December, 1988, at ten o'clock in the forenoon.

Motion agreed to.

The Senate adjourned until tomorrow at 10 a.m.

THE SENATE

Tuesday, December 13, 1988

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—TERMINATION OF DEBATE NO LATER
THAN EIGHTH SITTING DAY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

That the proceedings on the Order of the Day for resuming the debate on the motion for an Address in reply to Her Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated.

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, because of the unusual nature of the Speech from the Throne, dealing as it does with just one subject, should we not have the motion read "... be concluded no later than the eighth sitting day ..." instead of "... on the eighth sitting day ..."? Surely, we can conclude the debate before the eighth sitting day. It is quite a different matter with a full-fledged Speech from the Throne where there are so many subjects dealt with, but in this case I think we should modify it to say "... no later than the eighth sitting day ..."

Senator Doody: Honourable senators, I have no problem with that, but it really does not matter if this sits on the order paper for eight days and disappears or whether the terminology is changed now to make sure that the debate does not go beyond eight sitting days. It is a matter of small concern to me if senators wish to make that adjustment.

The Hon. the Speaker: Is it the wish of honourable senators that I modify the wording?

Hon. Senators: Agreed.

The Hon. the Speaker: The motion will now read:

... be concluded no later than the eighth sitting day on which the order is debated.

Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion, as modified, agreed to.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 20th December, 1988, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[English]

THE CABINET

PRINCE EDWARD ISLAND REPRESENTATION

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate. Since the province of Prince Edward Island has gone Liberal red, since that province is not likely to be represented by any cabinet minister—

Hon. C. William Doody (Deputy Leader of the Government): Bonnell for cabinet!

Some Hon. Senators: Hear, hear!

Senator Bonnell:—and keeping in mind that all provinces should be represented in cabinet, I should like to suggest to the Leader of the Government that he suggest to the Prime Minister that there are three excellent senators on the government side who represent Prince Edward Island, any one of whom could represent that province well in the cabinet.

We have, for example, Senator Phillips, who is the Government Whip.

Hon. Senators: Hear, hear!

Senator Steuart: This is known as the kiss of death!

Senator Bonnell: Senator Phillips was a member of Parliament for Prince County, the riding in which the fixed link was supposed to have been built—and I might mention that those who advocated that fixed link have all faded into oblivion—and I know that he would represent the government well. He has answered questions in this chamber in the absence of the Leader of the Government and the Deputy Leader of the Government, and he could bring forth many good responses on behalf of Prince Edward Island.

We also have Senator Macquarrie,—

Hon. Senators: Hear, hear!

Senator Bonnell:—one of the longest standing members of the House of Commons. He has been a member of Parliament since 1957—and I might add that he lives very close to the site of the proposed fixed link, at Victoria—and has represented that province well in the Government of Canada.

Then, since the Conservative Party was unable to elect a lady in all of Atlantic Canada, I must point out that we also have Senator Rossiter.

Hon. Senators: Hear, hear!

Senator Bonnell: It is only right, I think, that in the cabinet there be female representation of Atlantic Canada. Perhaps Senator Rossiter would be the one.

As far as we in Prince Edward Island are concerned, honourable senators, we would be pleased if any one of those three senators could be named to the cabinet of Canada to represent our province. That would do it justice and it would be much better served than it has ever been over the past four years.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, first, I welcome the belated recognition by Senator Bonnell of the great merits of my colleagues from Prince Edward Island. We have taken note of that. I have also taken note of his view that the election results, so far as Prince Edward Island is concerned, constitute a rejection of the fixed-link concept. I take it he is now personally opposed to that, and it is interesting to have that news on the record.

He will know that decisions regarding the composition of the ministry are made by the Prime Minister and will be announced by him at the appropriate time. I do, however, have to remind him that there were times under Liberal governments when there was no representation in the cabinet from Prince Edward Island, although there were members of the House of Commons from that province. There were other times when there were no Liberal members of the House of Commons from Prince Edward Island, but Prime Minister Pearson and Prime Minister Trudeau did not see fit to appoint Senator Bonnell or other senators from Prince Edward Island to the cabinet. Indeed, if I recall correctly, Senator MacEachen from Nova Scotia, then a member of the House of Commons—and Mr. Jamieson at another time—had the responsibility of representing Prince Edward Island's interests in the cabinet.

Senator Petten: And they represented Prince Edward Island well.

Hon. Orville H. Phillips: I should like to ask a supplementary question to that of Senator Bonnell. Senator Bonnell stated that he is opposed to the fixed link. I would ask the Leader of the Government in the Senate if the Premier of Prince Edward Island has informed him whether or not he is also opposing the fixed link.

Senator Murray: Not recently, honourable senators.

Senator Bonnell: Honourable senators, I have a supplementary question. First, let me state that I do not think that the Premier of Prince Edward Island has ever said he is opposed to the fixed link. Therefore, the words "not recently" give a wrong impression.

Secondly, I would like to suggest that I have never said that I am opposed to the fixed link. Therefore, that is another wrong impression. The Conservative Party lost its four seats in Prince Edward Island by giving wrong impressions.

Honourable senators, if there is to be a fixed link, we want to ensure that the environment is protected. We do not want the environment of our province destroyed. We want an environmental study, and we want the people to be informed. We do not want anything underhanded. That is our rationale, and that is why we think any one of those three senators would protect us and look after our rights. They know our Island; they know our people; and they would do a good job.

[Translation]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of Her Excellency the Governor General's Speech at the opening of the session.

Hon. Solange Chaput-Rolland, seconded by Honourable Richard J. Doyle, moved:

That the following Address be presented to Her Excellency the Governor General of Canada:

To Her Excellency the Right Honourable Jeanne Sauvé, a Member of the Queen's Privy Council for Canada, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit upon whom has been conferred the Canadian Forces's Decoration, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

She said: Honourable senators, Mr. Speaker, I do not know if the rules of this house allow me to express to you my respect and deference to your decisions, but our friendship of many years prompts me to tell you how pleased I am to sit in this noble and historic chamber with all my colleagues, whatever their political beliefs.

Honourable senators, nobody here or in the other place could be surprised by the highly serene royal speech or, especially in the present circumstances, its conciseness.

However, the very distinguished colleagues around me would be surprised and probably quite taken aback if, in my maiden speech in the Senate, despite the trepidation I feel, I took the liberty of offering a very detailed analysis of the

strictly economic consequences of the Free Trade Agreement between the United States and our country. Canadians of all regions, of all opinions as well as of all origins seem to have understood better than most of our experts the democratic qualities inherent in this agreement. Of all our spiritual, intellectual and national resources, Canadian democracy that has inspired American democracy and has been inspired by it is undoubtedly one of the most highly respected realities throughout the world.

The clauses of the Free Trade Agreement and the appeal tribunal that will decide on its orientations or perhaps its exaggerations are living proof of the open-mindedness between Canada and the United States.

[English]

The free trade negotiations may have been more arduous between those who set the rules for their respective countries than we suspect, but they have been, on another level, a model of friendship which has not passed unnoticed in far away countries that will be linked together in 1992 by a common market between nations and people who, in the past, have been more often enemies than friends.

● (1010)

Our free trade treaty ratifies the openness and friendship of one of the longest frontiers in the world and will recall to other countries that there was never division, dissent or revolution between our two countries, which we French-speaking citizens all over the world often call, respectfully,

[Translation]

the mouse and the elephant,

[English]

meaning that proportions between the United States and Canada are akin to what ex-Prime Minister Trudeau once described—and I was present in the National Press Club in Washington—as “sleeping next to an elephant.” He added, “However friendly is the beast we feel every twitch and every grunt.”

Honourable senators, the very fact that a treaty of that nature will be signed soon—because Canadians expressed their confidence in its value on November 21—will demonstrate to the world that it is possible to come to terms with an overwhelming military and industrial power, because it is also possible, in a fraternal entente cordiale, to share the inventiveness of millions with the artistic incentive of thousands and yet be influenced in the right directions in cultural and industrial matters. Competition with the United States, when well understood, can be stimulating. This is precisely what the Free Trade Agreement suggests to older countries that have been traditionally at odds with each other.

[Translation]

Honourable senators, although many of us, individually and as an institution, have thought that these agreements with the United States could be a danger to the vitality of some of our industries, it is nevertheless true that any open-mindedness or freer trade between a weaker country and a stronger one is

[Senator Chaput-Rolland.]

irrefutable evidence that if the peoples of the earth wanted to reach agreements as we did with the United States, they could.

Canada is a prime example of a democracy that is based more on people's spiritual than material interests.

Honourable senators, let me say aloud that I did not come to the Senate to support those who for partisan reasons want to abolish or radically transform our parliamentary system. To be sure, I, like many others, reserve the right, if you allow me, one day to make some suggestions that I have accumulated during my career. At a time of free trade with our neighbours, protecting what distinguishes our institutions from theirs seems to me to be a supreme imperative for the vitality of our national identities.

The more we weaken our British traditions to which we are all attached, francophones, English-speaking people or those from any other country who have come to live with us, the more we model them on those created by the great American people, the faster, perhaps, we will disappear into our neighbours' melting pot. Honourable senators, although I am not naïve enough at my age

[English]

to believe and say that Meech Lake and free trade are of the same cement, I see both of these accords as conducive to a stronger Canada, because I cannot, and will not, accept the belief that our country and our central government might be weakened by the strength of our regions. Those who assert such false statements are precisely those who want a strong country at the expense of weak regions.

[Translation]

Honourable senators, I did not accept the invitation to sit here after living through difficult times

[English]

to sit and sleep on things I want to tell you but to stand on the principles in which I have believed for the last 35 years. I do not intend to impose my will on others—and why should I? I also do not intend to display disrespect for the majority of Liberal senators. Yet I wish to say as clearly as I can that, when a majority of non-elected members believes that it has inherited a morality of decisions, then it does not serve its country nor its party very well.

Senator McElman: That is your opinion.

Senator Chaput-Rolland: Yes, it is.

● (1020)

[Translation]

The four new senators from Quebec have the honour to represent not only the choice made by the Prime Minister of Canada—to whom I express my gratitude—but also that of that province—to whom I also express my gratitude—following Premier Bourassa's decision to put us on his list. I, for one, will demonstrate first and foremost the respect which non-elected representatives should have for the legislative will of elected representatives. In my opinion, any infringement on this political order of things would only tend to frustrate the electoral democratic process which I hold in high esteem.

My loyalty to Canada also reflects the loyalty which Canada has for Quebec, the land to which I owe everything I am. Honourable senators, I must confess though that as a francophone Quebecer, I have often wondered over the past forty years if Canada really considered me as a first class citizen, especially after its refusal to honour the promises made during the 1980 Referendum. The day will come when those of us who fought for the "no" through speeches in some 45 Quebec towns will have to clearly express our disappointment with regard to the aftermath of the referendum. But this is not the time to do so. I would overtax your patience and my ignorance of your rules if I were to venture into such dangerous ground.

But after the elections showed the interests of citizens are reflected in the Right Honourable Brian Mulroney's Canadian beliefs, I am still more deeply convinced than before of free trade's and Meech Lake's advantages for a country that is just starting to benefit from the positive efforts and exceptional performances of the Conservative government in finally institutionalizing and constitutionalizing the national reconciliation.

Honourable senators, I would like, if I may, to suggest that I will be neither too submissive nor too insubordinate to the rules of this place. I will use all the energy still left in me to support the efforts of members of this house who, like myself, will want to restore the people's confidence in this institution whose prime goal has always been profound individual reflection and overall serenity, with partisanship and confrontation being its last goal.

As an aside, let me tell you that for more than 35 years I have been living at the heart of communications, being a journalist. I know this is not a very popular title, but just like you I am proud of my profession. Just like you, I am proud of the opportunity it gave me to meet hundreds of thousands of Canadians from sea to sea, to speak to them, to listen to them and to try to understand them from the bottom of my soul. To me, honourable senators, Canada's map is not simply a drawing in history text-books but rather faces, smiles, people who are hurting and searching; people who are tired of our in-fighting, who are asking us to solve their problems rather than adding new political problems to their own daily problems. I take the liberty to say so because rather than the thought of a new senator much too inexperienced to give lessons to anyone, this is primarily the product of 35 years of reflection, meetings, travelling through all provinces, all areas and most cities and villages of my country.

Honourable senators, I feel that our fellow citizens more and more need a haven of peace, islands of social and cultural security. In the coming months, despite a clear-cut victory, we will together go through difficult moments in the aftermath of the free-trade debate, of the efforts of those who openly seek to sabotage the Meech Lake Agreement and who do not care whether Quebec remains outside Canada. Of course, we are all anxiously awaiting the judgment which will be rendered this coming Thursday by the Supreme Court whose wisdom and profundity we do not doubt. This is why we will have to stick

together and provide our fellow citizens with the opportunity they are asking for.

As the great author François Mauriac once put it, "The people do not always know what they want, but they have a gut knowledge of what they do not want".

If need be, the peoples in Canada can accept political debates—the ramps to freedom of speech—but deep down they expect answers to their problems from their seniors, meaning by that most of us here in this house. Thus we have a duty to provide them without partisanship, in all friendliness, with the benefit of the experiences gone through by each of us who like myself have white hair. We have lived, won, lost, loved, suffered—there are things we know. One of those things is that even if our experience is not requested, honourable senators, it is still of great value. This is why I would like that in this house we be—

[English]

a group of individuals capable not only of a second sober thought but also of a third, a fourth, a fifth or even a tenth sober thought—but never a first somber thought.

[Translation]

Honourable senators, you have been more than patient with me and I want to thank you.

Hon. Senators: Hear, hear!

[English]

Hon. Richard J. Doyle: Honourable senators, our colleague, Madame Chapat-Rolland, said that she was suffering from stage fright. I hesitate to think how forceful she might be when she is not. I am, indeed, indebted to my colleague for a splendid statement on the motion for an Address in reply to the Speech from the Throne which is before the house.

However, it is my understanding that it is somewhat traditional for senators responding to the Speech from the Throne to say something of the region they represent in this chamber. It is an honour for me, I can assure you, to bring greetings from the splendid Province of Ontario—

Some Hon. Senators: Hear, hear!

Senator Doyle:—which, with customary modesty, hesitates to describe its endowments from the Almighty or the embroidery work that man and successive governments in Ottawa have done to those endowments. Indeed, the only doubt of the day might well be: "Will success spoil Ontario?"

I can put that proposition best by noting that no province of the Dominion and very few states of the Union face equal problems of garbage and waste disposal. Is our progress to be impeded by the vast quantity and unspeakable quality of what we throw away?

It is a fact that there are fewer unemployed in my province than the national average and even fewer in the city of my birth. Will that success spoil Toronto, where prosperity attracts the jobless from all parts of the country and every part of the world where men and women see migration as the only guarantee of a better future for their children?

• (1030)

So the airports are choked, the road systems are inadequate for the rushes and the apartment vacancy rate shrinks to half of 1 per cent. Being hooked on drugs is one escape from the tensions. Ontario wrestles with the dilemma that the riches of the cities and of the prime agricultural lands are spread very thin in the regions, particularly in the north, where miners and lumbermen extracted the bounty that originally fuelled much of the prosperity of the south.

It is all very well to build an opera house and a domed stadium to signal the success of Ontario. However, to face up to the issues that threaten to spoil it all is what must be done by the legislature that directs the future of this province.

The role that the Government of Canada must play in easing the difficulties of my province is not inconsiderable. The health and prosperity of Canada as a whole depend, to a great degree, on the continuing success of Ontario. That prosperity has just been entrusted for another four years to the Progressive Conservative government.

A previous Prime Minister, Mr. Pierre Trudeau, was given to reminding Canadians, when they were critical of his policies, that the only way they could change them was with their vote at the next election. I would not subscribe to the proposition that the ballot box is the only vehicle for effective expression of dissent; nor would I expect any member of this chamber to champion that thesis. Indeed, in its first mandate—the greatest ever given to a government of this country—Progressive Conservatives demonstrated a willingness to listen to and to act upon the response of the people to government initiatives.

Was that not the case with free trade with the United States, which had not been advocated in 1984 but which was found to be the wiser course when our great neighbour to the south entered upon a protectionist course in 1985? It was that year, honourable senators, that this chamber chose to participate in the joint parliamentary committee which held public hearings on free trade across this country. From Halifax and Vancouver, under the chairmanship of Mr. Tom Hockin and Senators Flynn and Simard, we listened to the briefs of businessmen, union members and consumer advocates. We came back to Ottawa, after an exciting summer of listening and arguing, and we prepared our report to Parliament. We urged that the Prime Minister immediately undertake the steps that would lead to a treaty that would produce freer trade between the United States and Canada. Both Liberal and Conservative members signed that report. When that treaty was agreed upon, it went to the Foreign Affairs Committee of this chamber and, at the end of six months, the chairman, Senator van Roggen, in an article of praise in *The Financial Post*, described the agreement as salutary.

The opposition insisted, and the Liberals in the Senate made certain, that the free trade issue was unresolved when the election was called. It was a use of Senate power beyond the reasonable purposes of this place. At least, that is my opinion and the opinion of many Canadians from whom more will be heard when the Meech Lake Accord has been ratified and

[Senator Doyle.]

Senate reform comes to the agenda of the First Ministers, as it most certainly shall in this new mandate.

But in the meantime free trade was the most discussed of all the issues before the Canadian people in the 1988 election. That ballot was not a one-issue referendum; in the end it had much to do with which party the people believed was best fitted to deal with the management of this country in the next four years. The management record of the Conservatives in the last four years, as the opposition kept reminding us, was another vital factor in the decision-making process.

As many of my colleagues on both sides of this chamber—colleagues who involved themselves in the campaign—can testify, there were questions asked on many matters, although we were never too far away from things related to free trade.

It was my privilege to speak at several campaign gatherings in Ontario, including those held at homes for senior citizens. At one meeting I was introduced as a “real, live senator”. I will tell honourable senators, as I told the audience, that the description was a compliment that would please any member of this chamber. To be realistic and to be lively was implied, and what more could a senator ask?

At the same meeting a woman in a wheelchair, who had a formidable visage and a firm voice, told us that she was tired of hearing all the nonsense about people in the homes and how they were worried sick about losing their pensions and their medical aid. “I’d be concerned”, she said, “if I thought there was any truth in that, but what I’m really worried about is what’s going to happen to my grandchildren, and nobody’s talking about that!” I should not have been surprised. Most older people I know are not selfish; they are concerned that the generations that follow them will be spared the trials they faced and will be open to opportunities they did not know. The woman who spoke up could accept free trade and rewards that might not be fully realized for ten years. She could accept that by voting for a candidate who seemed best equipped by record and by intent to provide prudent management of her country. Matters of such consequence are not settled by plebiscites.

I was reminded, honourable senators, of lines from the report of the commission which Mr. Trudeau appointed to look into the economy. Honourable senators will remember that that commission was headed by Donald Macdonald, the former finance minister who, three years ago, told us:

Protective barriers may seem on the surface to offer a measure of security in an uncertain environment. We must also recognize them, however, as unmistakable confessions of weakness. Until these barriers are gone, the exhilaration that can come from a true sense of maturity will remain beyond our reach.

How I have wished that those words had been on the tip of my tongue that morning in the senior citizens’ home!

Yesterday, in the Speech from the Throne, Her Excellency noted that the people had spoken in an election and that we would be moving in this session to implement the free trade legislation so that it might be in place on January 1, as

scheduled. That will secure the benefits which the agreement provides.

It is encouraging to me to note that in statements to the press senators on both sides of this chamber have indicated their intention to deal with this historic business with dispatch.

Later, as the Governor General indicated, there will be another Speech from the Throne, at which time the government will set forth its agenda for the days ahead. It is then that we might anticipate legislation dealing with child care and broadcasting and with new initiatives for Parliament's consideration. It was here that Her Excellency spoke of the renewal which is the essence of Canadian democracy. For "real, live senators" renewal is an invigorating challenge.

Honourable senators, it is well that we dwell on the bright promise a new session brings to these precincts. The mood of optimism is heightened, too, by the fact that we are together again on the eve of the holiday season when differences of outlook and persuasion are dimmed by the sharing of traditions, beliefs and hopes.

Yet it is impossible to ponder our own good fortune without acknowledging that all pleasure is clouded by the great tragedy which has befallen the people of Armenia. Last week's earthquake was one of the greatest disasters of our history. It is almost impossible for us to conceive of loss of life on such a scale or damage to property so extensive.

From all parts of this cynical world of ours aid is pouring in to the crushed and rubble cities—Spitak, Leninakan, Kirovakan and Stepanavan—places that most of us had scarcely heard of a week ago. Our government has committed \$550,000 in relief and has promised \$5 million more. Mr. Clark has offered expertise in clearing the ruins left by the quake. Help from Canadian organizations and individuals has been swift and generous.

But how little it seems to those who give. Whatever, it goes with prayers for rescue and recovery and with understanding of the special grief of Armenian Canadians.

Hon. Senators: Hear, hear!

On motion of Senator Gigantès, debate adjourned.

PRIVILEGE

Hon. H.A. Olson: Honourable senators, I should like to raise a question of privilege. My question of privilege has to do with the action that has been taken by the members of this chamber, in an unusual sitting—in that the Senate met at ten o'clock this morning—to do away with the sittings for the rest of the week, and the main reason for my rising is that this action also washes out all of the Question Periods for this week.

Honourable senators know full well that we have not had a chance to get at the government for over three months to ask questions that we have an obligation to ask and that the government has an obligation to answer. I wanted to raise a number of questions about the rescue team that is being held up at Mirabel Airport in Quebec, which has been trying to get

over to Armenia to be of assistance. It is comprised of trained people from western Canada who have carried out this sort of operation before, and the government did not give them the kind of clearance they needed in order to be part of that rescue operation, which the whole world realizes is so desperately needed. I wanted to raise questions about Canada's failure to respond to the speech made by Chairman Gorbachev at the U.N. a few days ago. I wanted to raise questions about the GATT meeting and the absolute failure of Canada to do anything positive respecting the agricultural problems that were brought up there.

● (1040)

I know what happens. You ask a question and the Leader of the Government, who is responsible for giving or obtaining the answer, takes the question as notice, and sometimes you get an answer a few days later. Anyway, he has an obligation to carry such questions to the ministers who are responsible and to come back with answers. Now that is not going to happen.

I say to you, honourable senators, that it is an irresponsible act on the part of this chamber to meet for one short Question Period and then adjourn for a week, when we have all those matters in which the Canadian people are interested, in which they are desperately interested in some cases, and now we do not even have a chance to get at the government.

Senator Flynn: You have a chance now!

Senator Olson: I understand that, but when you were sitting on this side of the house you had an obligation to ask the questions; and we accepted our obligation when we sat over there to provide answers to them. That does not happen anymore, and I am getting fed up with the way this government responds to its public responsibility.

Senator Flynn: That is not a question of privilege!

Senator Olson: It is a question of privilege—

Senator Flynn: No!

Senator Olson: —because we are changing the rules of this house. Normally, we meet at two o'clock. I had an appointment at the hospital at ten o'clock this morning so, after you changed the hour of sitting, I was unable to be here.

Some Hon. Senators: Oh, oh!

Senator Olson: I don't like it, and it is wrong in my view. I know my colleagues agreed to sitting at 10 a.m.—I was not at that meeting either—but I object to the Senate's abdicating its responsibility to provide an opportunity for members of the opposition to ask questions and to oblige the Leader of the Government to seek answers to them.

I know that you are going to go through the process. You have leave to adjourn a little later until next Tuesday, but I give notice now that there is not going to be unanimous consent any more for this chamber to abdicate its responsibility and adjourn so that we wash out Question Periods.

Senator Flynn: We had one when you were not here!

Hon. C. William Doody (Deputy Leader of the Government): I think the honourable senator is very exercised, and I really do not know what got him so excited this morning. I hope that his trip to the hospital was not in any way—

Senator Olson: If you understand plain English, you might have heard what I just said! I want some Question Periods.

Senator Doody: I heard the honourable senator say that he was upset because he did not get to Question Period this morning.

Senator Olson: Yes, and now there will be no Question Period tomorrow.

Senator Doody: I am sorry about that. I regret very much that happening, but the major thrust of his complaint appears to be one of not having communication with his caucus. I had no problem at all in discussing this matter in our caucus, and the people on this side agreed that this was the procedure we would adopt. My understanding was that the people on the other side did exactly the same thing.

If Senator Olson did not communicate with his people or did not have them communicate with him, then I am sorry about that, but there is nothing I can do about it. If there are enough senators here who want to come back tomorrow, or this evening, or this afternoon, or any time that is convenient for them, then certainly we are prepared to do exactly that. There is no desire to cut off Question Period and there is no desire to deprive the honourable gentleman of all the information he needs about these matters of tremendous import that he has raised, and we will see that he gets the information as soon as the Senate is prepared to sit and discuss them.

Senator Olson: I am glad it is in writing.

Senator Doody: In the meantime, I feel that there was no question of privilege.

Senator Flynn: It is as if he was born yesterday!

● (1050)

NATIONAL DEFENCE

NOTICE OF MOTION TO APPOINT SPECIAL COMMITTEE

Leave having been given to revert to Notices of Motions:

Hon. Henry D. Hicks: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(d), I move, seconded by the Honourable Senator Molgat, deputy chairman of the previous Special Committee on National Defence—Senator Marshall is not here and that is why Senator Molgat is seconding this motion:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate:

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman,

[Senator Flynn.]

Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 31st March, 1989.

May I be permitted a brief word in explanation, honourable senators?

Hon. Orville H. Phillips: Before the honourable senator does that, may I rise on a point of order? I believe the motion as moved by the honourable senator is out of order. My understanding of the rules is that the Committee of Selection, not the individual moving such a motion, selects the members of the committee.

Senator Hicks: In reply to that I would say that this is not a select committee: this is a special committee and one which is being continued from the previous Parliament.

I should say, if I may be permitted to go a little further, that the committee was within a few weeks of completing its work when Parliament was dissolved. Had we had another three or four weeks the work of the committee would have been completed and the report would have been ready by the middle of December, which was the original undertaking.

As it is now, of course, certain delays have been introduced. It is important, I think, that this work be finished as quickly as possible. I should say that there is enough money left in the budget in this fiscal year—

Senator Phillips: There is no budget.

Senator Hicks: —to pay for the work of the committee. I agree that this committee has to be reconstituted, but the moneys have been budgeted for and are there. I think it is of vital importance that the work of this committee be completed as soon as possible.

I asked for leave to make this motion so as to reconstitute the committee and to complete the work of the committee as quickly as possible.

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

Hon. Royce Frith (Deputy Leader of the Opposition): No.

Hon. C. William Doody (Deputy Leader of the Government): No, honourable senators.

Hon. Jacques Flynn: Senator Hicks was granted leave to give notice of this motion, not to proceed with it.

Senator Frith: Yes. It will be dealt with at the next sitting of the Senate.

The Hon. the Speaker: This is a notice of motion; so it will appear on the order paper at the next sitting of the Senate.

Senator Doody: Yes.

Senator Hicks: I would be satisfied with that, honourable senators.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Before I move that the Senate do now adjourn, honourable senators, I should like to say how impressed I was with

the speeches given by the mover and the seconder of the motion for an Address in reply to Her Excellency the Governor General's gracious Speech from the Throne. They were two of the finest performances I have heard here and I simply want to congratulate them both.

Having bootlegged that in, I move that the Senate do now adjourn.

The Senate adjourned until Tuesday, December 20, 1988, at 8 p.m.

THE SENATE

Tuesday, December 20, 1988

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

THE HONOURABLE IAN SINCLAIR

TRIBUTES ON RETIREMENT FROM THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to draw your attention to the fact that our colleague, the Honourable Ian Sinclair, has reached that time in his career when he can no longer remain a member of the Senate of Canada. In fact, Ian Sinclair will reach that magic moment on December 27 next. However, because this is the last day he will spend with us in the Senate, I thought I ought to rise and say something about his remarkable career, not only as a lawyer and a businessman but also as a parliamentarian in the five years that he has spent as a member of this chamber.

It is unnecessary for me to review in detail Senator Sinclair's career, except to say that, initially, he made his reputation as a solicitor in the legal department of the Canadian Pacific Railway. During that period he gained great experience in making presentations and arguments on behalf of the railway before such notable commissions as the Kellock Royal Commission and the MacPherson Royal Commission on Transportation. In fact, he became known as the "Perry Mason" of railway law.

That career as a lawyer subsequently led to even higher responsibilities when, in 1966, he became president of the CPR. During his leadership of that organization it was transformed from a single operation to an important Canadian conglomerate. The name "Sinclair" became synonymous with the CPR. In fact, it is said that many people believed that he owned the CPR. Probably he behaved as if he owned it.

Senator Sinclair was a realist in those days. He knew—in much the same way as we all know about the Senate—that the CPR was not really loved. He said that he worked desperately to secure respect for the CPR even if he could not win the love of the Canadian people for that institution. Honourable senators, he has taken somewhat the same attitude since he has come to the Senate. He knows that the Senate, too, is not the most loved institution in Canada, but he has worked very hard to increase respect among the Canadian people for the Canadian Senate.

I believe that by his participation in the law, in business and in various public service activities Ian Sinclair was well prepared to become an active contributor to the Canadian Senate. For example, in 1982 he took on the onerous task of heading up the restraint program called the "six-and-five program". During his undertaking of that task he exercised all of his

persuasive ability in informing not only the business community and the labour unions but also citizens in general of the necessity for taking action to restrain price increases.

Honourable senators, one might have expected that Ian Sinclair, in coming to the Senate, would regard the work of this chamber as having a low priority among his many responsibilities and the many urgent demands made upon his time. Quite the contrary; the Senate became one of his chief priorities. He performed his work as a member of the Standing Senate Committee on Banking, Trade and Commerce with great care; subsequently, as chairman of the committee, he maintained the high standard of operations of that committee that had been set by his illustrious predecessors.

It may have surprised some people that, as a member of that committee, he would become an investigator of the pricing habits of the multinational pharmaceutical industry, but that, indeed, is what happened. This business tycoon adapted easily to the necessity of ensuring, to the best of his ability, that the interests of the Canadian people were protected. In a sense, he transformed the concept of the Senate as a place of special privilege. Those who knew Ian Sinclair were not surprised that he would take on a role of that kind. Former Canadian Pacific Chairman Fred Burbidge stated that Ian "genuinely enjoyed doing things . . . If there wasn't a crisis going, he'd create one. Partly out of fun, partly from a desire for the resolution of an issue."

It must be said that Ian Sinclair really has enjoyed the Senate. Certainly, he enjoyed that first caper, if I may call it that, that attracted so much attention at the time, but that was small in and of itself—namely, holding up the borrowing bill until the Main Estimates were tabled. Today that caper looks like a small incident, but in the period in which it occurred it was regarded as somewhat of a parliamentary crisis. So all I can say at this moment to Senator Sinclair and his colleagues is that he has been a tower of strength as a member of the Canadian Senate.

Senator Perrault: Hear, hear!

Senator MacEachen: He has been a doer. He has insisted on making a contribution and, despite all the other demands on his time, has been able to give a high priority to the work of the Canadian Senate.

I regret very much indeed that Senator Sinclair will no longer be one of my colleagues. However, I hope that he will drop around now and then to the committee meetings so that the next time we need a crisis we may call Senator Sinclair as an important witness to give it that atmosphere which he enjoys so much.

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I want to thank the Honourable Leader of the Opposition for having drawn our attention to the departure, soon, of our esteemed colleague, Senator Ian Sinclair. I am sure that Senator MacEachen would not expect me and my colleagues on this side of the chamber to share his enthusiasm for all of Senator Sinclair's senatorial initiatives or for all of the precedents he set while a member of this chamber and a member of its various committees, but I do agree that he embarked on them all and saw them through with enormous energy, enthusiasm and dedication and, really, with incomparable skill and eloquence.

● (2010)

Senator MacEachen has alluded to the fact that our friend, Senator Sinclair, has had, in succession—contemporaneously, really—three careers: one in the law; one as a business executive; and another as a parliamentarian. It is his career as a parliamentarian that is now drawing to a close. While he is not as active as he once was in his profession and in business, still, wherever intellect and strength of character and conviction are respected in this country or anywhere else, Ian Sinclair is certainly a force to be reckoned with.

Senator MacEachen has referred to Senator Sinclair's early career, when I believe as a native of Manitoba he took law and later lectured in the subject at university, and to his distinguished career in business, in particular with Canadian Pacific.

I should note that our colleague was made an Officer of the Order of Canada in 1979 and that we have had him here as a colleague since 1983. During the past five years he has proven himself to be a very spirited debater—certainly, he rarely shrank from argument. I noticed a quotation attributed to him a couple of years ago in which he is alleged to have said: "Guys like Ian Sinclair don't back off. I mean, we press." I must say we have seen that characteristic demonstrated not once but many times during Senator Sinclair's senatorial career. It was the melancholy lot of Senator Finlay MacDonald to serve as deputy chairman of the Standing Senate Committee on Banking, Trade and Commerce under Senator Sinclair's chairmanship, and, while his spirit is not completely broken by the experience, he does have scars to show for it—and he may reveal some of them tonight before we finish this brief exchange.

I must say that my own experience with Senator Sinclair, when I was chairman of the Standing Senate Committee on Banking, Trade and Commerce and he was deputy chairman, was totally different. One could not have asked for a more "docile", cooperative colleague. Future generations who may want to read *Hansard* should note that these things are being said somewhat in jest and in good humour, especially since Senator Sinclair is going to have the last word! Certainly, the word "docile" in reference to Senator Sinclair is hardly justified at any time. He has been a most robust debater and a very effective participant in the work of this chamber.

Honourable senators, on behalf of my colleagues on this side and, indeed, on behalf of the Prime Minister and the government, I do want to wish Senator Sinclair the best. I want to express our appreciation that his contribution to parliamentary debate and to the parliamentary process has been of the highest quality, as have been his contributions to the professional life and business life of the country. So we say, "au revoir" and "bonne chance" to an esteemed and respected colleague.

Hon. Senators: Hear, hear!

Hon. Finlay MacDonald: Honourable senators, over the last number of years I have come to dislike these occasions, but, if the purpose of this exercise is to usher Senator Sinclair into a life of affluent obscurity, I should like to tell you that I wish to participate with great enthusiasm. If this is the last spike, I should like to help drive it.

Senator Cools: Dream on!

Senator MacDonald: I wish to tell honourable senators that in the few years during which I had the pleasure of serving as deputy chairman to Senator Sinclair my main task was to comfort and to apologize to the many witnesses who appeared before Senator Sinclair, witnesses whose spirit and almost physical condition were broken as a result of facing the senator.

There is a book—I think you pay \$25 for it and I think Senator Sinclair has bought most of the copies—called *Lords of the Line* in which there is a chapter called "The Bucca-ner", and that is Senator Sinclair.

I must say that he was a great teacher. I found him to be a rather rough individual, sometimes tending to the obscene. I think that in another life he should have been a Supreme Court judge, because when he grabbed something he grabbed it like a bulldog and would never let it go. He was horribly frustrating to work for, but extremely fair and always straight. As for those of us who worked on committees with him, even though we disagreed on a number of occasions we never had reason to question his integrity or the truth that he sought.

I remember that on one particular occasion he gave a group of union members the roughest time I had ever seen given to a group of witnesses, at the end of which I said to them, "Gentlemen, you have to understand that what the chairman is seeking here is the truth." They were worried about job security. It was a privatization bill and they were worried, of course, about their future. I said, prophetically, "You might be pleasantly surprised by what this committee finally comes up with under the clear influence of the chairman." Indeed, one of those men wrote to me afterwards and said, "We would not have believed it." All that Senator Sinclair was seeking from them, in a very difficult period of questioning, was to know what they wanted, why they wanted it, and why they felt that they deserved it. The committee report gave them just what they were asking for.

I considered it a great pleasure to work with Senator Sinclair.

It was an experience, Ian, which I shall never forget. I enjoyed it enormously and I enjoyed our personal friendship, particularly after committee meetings when we might get together and have some "warm milk" and—

Senator Cools:—cookies.

Senator MacDonald:—discuss the day's activities.

I only wish to say, however, since Senator Sinclair will now be going home for lunch, that I wish to extend my sincere sympathies to his wife.

Hon. Senators: Hear, hear!

Hon. Sidney L. Buckwold: Honourable senators, it has been my privilege to be the third party of the steering committee of the Standing Senate Committee on Banking, Trade and Commerce; as such, I was somewhat of a go-between for Senator Sinclair and his deputy, Senator MacDonald, on the occasions we met to discuss our programs and our decisions.

I am not sure whether the decisions ever emanated from the steering committee on the occasions that it met. We had a chairman who, like an engine, really did not need steering and managed to stay on the tracks on that main line all the while.

I am sure many of my fellow citizens from Saskatchewan will be astounded that anyone from that province would have a good word to say about anyone connected with the Canadian Pacific Railway. The CPR and the chartered banks are the number one targets of everyone from that province, and that remains the case to this very day.

● (2020)

So far as Senator Sinclair is concerned, I think all honourable senators would agree that he has been an exemplary Canadian who, in the careers that we have heard outlined this evening, has shown a brilliance rarely exceeded by others in the business world.

I enjoyed being a member of his committee. He ran that committee in a unique way. Unlike the CPR, the meetings always started on time and finished on time. When a meeting was called for 9.30 a.m., at exactly 9.30 a.m. the chairman called for order and the meeting got under way. That was true whether anybody was there or not. It really did not matter to the chairman.

Senator Sinclair could be a little rough on witnesses sometimes, as Senator MacDonald has said. I recall when the Minister of Communications appeared before the committee; a nice young lady, she appeared before the committee when it was considering amendments to the Patent Act and the Copyright Act. She was given a very rough ride. I apologized to her, as Senator MacDonald did, but I think that in the end she recognized that the chairman was after the facts, and in the conclusion of the committee's report she found that her concerns were well satisfied.

That is exactly the way the chairman operated. He was fair; he was considerate in the end, though not always in the beginning; he was truthful; and he always "said it like it was". He did not hesitate to question witnesses on matters that bothered him. I think we all respected him for that.

[Senator MacDonald.]

On behalf of the other members of the committee let me say that we enjoyed our association with Senator Sinclair. Not only was it a learning experience but it was a privilege to be a member of his committee. He showed leadership and made a great contribution to the Senate and to the country.

Some Hon. Senators: Hear, hear!

Hon. John B. Stewart: Honourable senators, I have a special reason for speaking because, as honourable senators know, I have been Senator Sinclair's seatmate for the past few years.

Senator MacEachen said that Senator Sinclair's legal and business experience prepared him well to be a member of the Senate. That comment reminded me of an article that Philip Givens, sometime mayor of Toronto and sometime member of the House of Commons, wrote explaining why successful businessmen are almost certain to be complete failures in politics. As I recall, Givens said that businessmen are quite unprepared for the adjustments and compromises that are inevitably required in politics; that they are shocked that their errors and bumbles would be revealed to the public, things which, in their private corporations, are kept quiet, secret and clandestine; and that they are impatient with the slowness with which the political mills operate. Givens laid it on. One could conclude that it was evident that no businessman—certainly no big businessman—would ever be a success in either the House of Commons or the Senate.

One now would have to say that Senator Sinclair has shown that at least once in a while the view stated by Givens is incorrect. As Senator Sinclair's seatmate I can testify that he has enjoyed his work in the Senate and has been vigorous in his contribution to the country through the Senate. Often the quiet, little conversations we have had here as seatmates reminded me of the kind of chats that go on in school when the teacher is not being too attentive. I must say that I found those conversations stimulating and, at the same time, encouraging. I want to say to you, honourable senators, that today I feel a very special sense of loss. I want to thank Senator Sinclair for the stimulation and the encouragement he has given me.

Hon. Senators: Hear, hear!

Hon. Lorna Marsden: Honourable senators, Senator Sinclair is a legendary figure in this country and in our time, and he was long before he came to this chamber. He is a person about whom I had heard many powerful Canadians speak with great awe, but I must say, from the perspective of a feminist arriving in the Senate, that my expectations were not very high. However, I was delighted to find that I was wrong about that, because, in addition to his creative attitude towards this chamber and towards his work as chairman of the Banking, Trade and Commerce Committee, which I think has been an inspiration to those of us who had the privilege of sitting on it, to my delight and somewhat to my amazement, it became very evident when dealing with the Privatization Bill that Senator Sinclair understood absolutely the concerns of women and women workers in this country, in that he not only ensured that those questions were raised but vigorously pursued or pressed the witnesses on that account. Those of us who are

concerned about these matters noted that with delight and we are very grateful to him.

I was most interested in Senator MacDonald's comment about Senator Sinclair's natural talent for the Supreme Court, and with that in mind I should like to thank Senator Sinclair and extend our best wishes for his next career.

Hon. Senators: Hear, hear!

Hon. Ian Sinclair: Colleagues: How sweet it is!

As someone has said, this is the end of my third career, which I have enjoyed, and I am actively pursuing a fourth one. I had to make a few adjustments when I came here; however, I should like to say to my colleagues that, surprisingly, I am the first person to have among his papers a congratulatory letter from John Diefenbaker, which I received when I was appointed the president of Canadian Pacific. Those of you who know John Diefenbaker's background know that it took a lot for him to congratulate me on anything that had to do with Canadian Pacific. I also have among my papers a kind note from Mike Wilson, whom I have known for many years; I think Canada has been blessed with having him in the position of responsibility that he has had and continues to have.

I recall the many famed upsets of Senator Flynn in this chamber. When I went to school they told me cumulus clouds did not exceed 20,000 feet. After listening to Senator Flynn it occurred to me that that was wrong, because he often went beyond 20,000.

● (2030)

I came here with the feeling that this institution was not appreciated. During the course of my other careers I appeared before committees of both the House and the Senate. I always felt that the Senate committees were better able to understand the problems we were dealing with. However, the public generally had a very poor view of the Senate. I am happy to say that I believe the Senate has a duty to carry out in the legislative process. I also think few people realize that the first time our National Finance Committee objected to the passing of an appropriations bill without the necessary preliminary work a statistical analysis indicated that the Senate had saved the country \$15 million because of our delay. Now, I tell you, you have to make some pretty broad assumptions to arrive at that number. Nevertheless—

Senator Frith: You have no problem with that!

Senator Sinclair: —I have no trouble in making those assumptions.

In any event, honourable senators, I have to say that it has been a pleasure to work in committee with Senator MacDonald. Before coming here I did not know him, but I knew of him. My good friend Cedric Ritchie, who runs the Bank of Nova Scotia, warned me about him. He said, "He'll charm you out of your shoes." Honourable senators, he has done that all his life and I am sure he will continue to do so.

As to the committee, well, I suppose you can run a committee as a democrat—

Hon. Senators: Oh! Oh!

Senator Sinclair: But I never did—I didn't know how to do it as a democrat. But, honourable senators, what we did do was to arrive at a conclusion. At one point, because of some associations I had, I could not really take part in the chairmanship of the committee as I wanted to so I went through a surrogate process involving Senator Kirby. Someone mentioned to me later that he had never known that Senator Kirby understood the Banking Committee so well until he heard him put questions before that committee, and I felt pretty good about that.

Honourable senators, we have had problems here, have we not? And we have had those problems because the process does not enable us effectively to do the job we have before us. That process has to be changed. How it is going to be changed is in the hands of other people, of course, but those who have been appointed to this chamber, in my view, have been appointed to undertake a stewardship, with all the meaning that that word conveys. Yet we cannot be stewards and we cannot make the contributions that a steward should make because of the fact that we are an appointed body somewhat out of step with the modern process—and we have to change that fact! I hope that that will happen and that the very great capabilities that are in this chamber will be able to be made manifest in the future.

Thank you so much for being kind to me in the last five years.

[Translation]

LIBRARY OF PARLIAMENT

ANNUAL REPORT OF PARLIAMENTARY LIBRARIAN TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Parliamentary Librarian for the fiscal year 1987-88.

[English]

OFFICIAL LANGUAGES

THE ESTIMATES, 1988-89—PRIVY COUNCIL VOTE 15B—REFERRAL TO JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons as follows:

HOUSE OF COMMONS
CANADA

Friday, December 16, 1988

ORDERED,—That Privy Council Vote 15B, for the fiscal year ending March 31, 1989 be referred to the Standing Joint Committee on Official Languages; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

Robert Marleau
The Clerk of the House of Commons

● (2040)

COMMITTEE OF SELECTION

FIRST REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, chairman of the Committee of Selection, presented the following report:

Tuesday, December 20, 1988

The Committee of Selection has the honour to present its

FIRST REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on each of the following select committees:

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Barootes, Bolduc, Corbin, Doyle, Guay, Kelly, Kenny, LeBlanc (*Beauséjour*), Lefebvre, Lewis, *MacEachen (or Frith), Marchand, McElman, *Murray (or Doody), Nurgitz, Petten and Wood.

**Ex officio* members

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Bazin, Beaudoin, Bosa, Doyle, Frith, Gigantès, Grafstein, Kelly, LeBlanc (*Beauséjour*), *MacEachen, *Murray (or Doody), Ottenheimer, Stewart (*Antigonish-Guysborough*), Stollery

**Ex officio* members

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[The Hon. the Speaker.]

INTER-PARLIAMENTARY UNION

EIGHTIETH CONFERENCE, SOFIA, BULGARIA—NOTICE OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Wednesday next, December 28, 1988, I shall call the attention of the Senate to the Eightieth Inter-Parliamentary Conference, held at Sofia, Bulgaria, from September 19 to 24, 1988.

● (2050)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 27th December 1988, at two o'clock in the afternoon.

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

Some Hon. Senators: Agreed.

Hon. H.A. Olson: Honourable senators, I do not give my consent to that motion. We have not met in this chamber for over three months and I have a long list of questions to put to the Leader of the Government in the Senate concerning some matters that are of importance to the people I am supposed to represent here in the Senate. Last week, when we met in this chamber, we had hardly any Question Period; in fact, it was over by the time I arrived in the chamber. Therefore, since Question Period is the only opportunity afforded to members of the chamber for asking questions, I hope the minister is prepared now for a lengthy Question Period, since I intend to make some inquiries respecting crop insurance, drought payments and a great many other matters that are of vital importance to the people I represent.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, if I may, the effect of the honourable senator's denying leave for this motion would be that the Senate would return tomorrow. However, I would not want the honourable senator and his colleagues to come back here under false pretences. Unfortunately, I will not be in the chamber tomorrow or Thursday since I have government business to attend to. I think the honourable senator will appreciate that. Frankly, I had included in my own plans the assumption that we would not be sitting beyond tonight, and I regret that I will not be able to be present in this chamber tomorrow or the next day.

Last week I took notice of some subject matters that were raised by Senator Olson. I am prepared to attempt to deal with those and other questions he may wish to put to me this evening and to make every effort to obtain replies as quickly as

possible to any questions that I am not able to reply to this evening.

Senator Olson: Honourable senators, I can appreciate what the minister has just said and, of course, I can well understand the futility of having Question Period without the minister's being present. I know that in the absence of the Leader of the Government the deputy leader very graciously takes questions as notice and gives undertakings to obtain replies, and that he does so as soon as possible, although it sometimes takes a week or a month.

As I say, I can appreciate what the Leader of the Government has said. I simply want to advise him that, if I give leave for the passage of the Deputy Leader of the Government's motion, it will be necessary to have a fairly lengthy Question Period this evening, since I have many questions to ask. I appreciate his undertaking in advance to endeavour to obtain answers to my questions.

However, before we continue with the motion I should like to advise the Leader of the Government in the Senate that I have a question or two respecting the use of the social insurance number, and if I do not receive satisfactory answers I shall be asking for leave to revert to Notices of Motions in order to give notice of a motion respecting this matter. I may say to the Honourable Leader of the Government in the Senate that the recent extended use of this number is disturbing a great number of Canadians.

With those comments I withdraw my objection to the deputy leader's motion.

The Hon. the Speaker: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Tremblay, with leave of the Senate and notwithstanding rule 45(1)(g):

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 27th December 1988, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

SOCIAL INSURANCE

ABUSE OF SIN—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate whether the government intends to make good on its undertaking, given in a news release dated June 8, 1988, that it is the government's intention to restrict the use of the social insurance number in federal institutions. A short time after that news release the

government introduced Bill C-139, which expands very significantly the use of the social insurance number. Since that bill is now law, it is now therefore an offence for both the seller and the buyer of any interest-bearing financial instrument to fail to notify the income tax collection department of that transaction.

I want to know whether or not the minister will give an undertaking that he will diligently seek the removal of this expanded use of the SIN, since the news report put out by the then Minister of Justice stated unequivocally that the government intended to restrict the social insurance number to those uses for which it was originally intended: namely, as an identification number for the purposes of unemployment insurance and the Canada Pension Plan.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, what I shall diligently do is direct the attention of my colleagues to the inconsistency that the honourable senator perceives between the action that the government took, on the one hand, and the commitment that was made, on the other. Since I do not know enough about the matter at the moment I cannot acknowledge that there is any inconsistency. However, I shall look into the question raised by the honourable senator and report back very quickly.

Senator Olson: Honourable senators, I have a supplementary question. Perhaps the Honourable Leader of the Government should also look at the undertakings that were sought by one of the most illustrious leaders of the Conservative Party, the Right Honourable John Diefenbaker, when these identification numbers were first introduced in 1964. I think there are one or two things that need to be said about this matter. On April 8, 1964, at page 1918 of *House of Commons Debates*, Mr. Diefenbaker had this to say:

Mr. Diefenbaker: Mr. Speaker, would the minister give an unequivocal answer that the information contained on the forms used in this system, which bears a strange relationship to dictatorship—

Some hon. Members: Oh, oh.

Mr. Diefenbaker:—will not be made available in any way, directly or indirectly, to any other department?

By the way, the minister who was answering at that time was the Honourable Allan J. MacEachen, and he gave the right answer—

Senator Perrault: Hear, hear!

Senator Olson: I might also say that he even had the clairvoyance to see that some government of the future might perpetrate this terrible invasion of privacy.

Senator Murray: Well, he was a member of most of the governments of the future.

Senator Olson: On the same page Mr. MacEachen is reported as saying:

Mr. MacEachen: I am not in a position to indicate at this stage what system of government record keeping will be involved in the future, but that is the present attitude of the government.

Mr. Diefenbaker: Oh; income tax, and so on?

Mr. Pearson: Certainly not.

Of course, Mr. Pearson was the Prime Minister at that time.

Mr. Diefenbaker: The Prime Minister is butting in. I ask him, will he give the undertaking on behalf of the government that this information will not be made available to other departments of government? We want to know that this is not a snooping operation for the use of the government.

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, the same and, I would hope, more effective precautions will be taken in this regard as were taken under the regime of the right hon. gentleman.

Honourable senators, all that that means is that at that time the Leader of the Conservative Party, who was then the Leader of the Opposition, sought and obtained an undertaking from the government of the day, including the Prime Minister and the Minister of Labour, that they would not use the social insurance number for any purpose other than the Canada Pension Plan.

● (2100)

Now we have Bill C-139, which was brought in by the government, passed by the House of Commons on August 29 and given Royal Assent on September 13, doing exactly what Mr. Diefenbaker objected to—namely, handing over such authority to the super-snoopers in the—

Senator Barootes: Liberal Party.

Senator Olson:—Department of National Revenue. That is why I am asking the Leader of the Government to honour the commitments made by past governments and to give consideration to the millions of Canadians who resent the use of the social insurance number in this way. If the leader will give that undertaking, I will accept it for a while; if not, I should like to put a motion before the chamber.

Senator Murray: Honourable senators, I hope I understood the honourable senator correctly, because for almost as long as I have been paying income tax I, as have all of us, have had to write my social insurance number on the income tax form. I do it every year. The honourable senator seems scandalized by that fact, but, if he will look up the forms of the Department of National Revenue, which he has undoubtedly filled in every year, he will see that he has added his SIN.

However, I have heard the commitments made by the then minister, Mr. MacEachen as he was then, and by the then Prime Minister, Mr. Pearson, and I shall be glad to determine to what extent those commitments have been respected by all governments since then, including the present government, and, if there has been a change of policy, I shall so state it in the chamber.

[Senator Olson.]

Senator Olson: Honourable senators, let me ask what I hope is my final question on this matter. The government has brought in a bill. Before that bill was brought in it was not an offence to open a bank account or to buy guaranteed interest-bearing certificates of any kind without giving your social insurance number, and the banks or the financial institutions were not obliged under the law to obtain that number.

An Hon. Senator: Yes, they were.

Senator Olson: No, they were not. Not until that bill was passed and given Royal Assent on September 13 did it become an offence—an offence for both parties. That bill makes matters worse. I have not said that things were perfect before that bill. I realize that there has been a steady encroachment. As a matter of fact, in his report the Privacy Commissioner has commented to the effect that there has been a tremendous degradation of privacy in this country because of the government's use of the social insurance number.

This bill is an even worse insult. Canadians can no longer open bank accounts or buy financial instruments without giving their number, which means that in many cases it will show up in the income tax department and, according to the Privacy Commissioner, in about 1,500 private data banks in this country. I ask the minister to withdraw that provision.

Hon. Henry D. Hicks: Honourable senators, I have a supplementary question. Is the minister aware that when you apply for a salmon fishing licence, for example, in his province of New Brunswick, you are obliged to give your social insurance number?

Senator Murray: Honourable senators, I was not aware of that point either.

Senator Frith: The salmon are entitled to know!

Senator Nurgitz: It makes good sense to me.

Senator Murray: However, I am aware that it frequently happens that, when one goes into a place of business seeking to conduct some business and does not have other identification, one is asked for one's social insurance number. It happens all the time.

Senator Olson: But, until this bill, you were not obliged by law to give it.

Hon. Eymard G. Corbin: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. Is he aware that insurance companies are now sending memos and notes to people they insure asking them for their social insurance number? This is totally new. I received a letter from La Laurentienne, an insurance company with which I have been insured for years. For the first time in my life I was told by them that under the law and the regulations I was obligated to supply them with my SIN. I did not supply the number, and I hope that people in this house hear what I am saying. Instead, I scribbled a note asking, "Under what law and under what regulation are you obliging me to supply you with my social insurance number?" To this day I am awaiting an answer. I feel that the insurance company is invading my privacy. Is the minister aware of such actions?

Senator Murray: Honourable senators, I must confess that I am not aware. Possibly the Banking, Trade and Commerce Committee will want to look into this matter in due course.

CANADA-UNITED STATES FREE TRADE AGREEMENT

EFFECT ON U.S. COMPANIES—CREATION OF JOBS IN CANADA BY OPENING OF NEW PLANTS—U.S. REFUSAL TO ELIMINATE TARIFF ON CANADIAN SHAKES AND SHINGLES—GOVERNMENT ACTION

Hon. Raymond J. Perrault: Honourable senators, I have a question for the Leader of the Government in the Senate. It is about the impending Free Trade Agreement between Canada and the United States. A spokesman for one of the committees supporting the deal said the other day in Vancouver, "There are going to have to be adjustments on both sides of the line." He said, "Let's face it, some flowers must die so that other flowers can be born"—"flowers" being workers. So some will have to be sacrificed in order to make the necessary adjustments to assure the implementation of this pending agreement.

Since November 21, 1988, we have experienced:

November 24, Gillette Canada, a manufacturer of razor blades and other products associated with shaving, located in Montreal and Toronto, announced that it will shut down its Canadian operations and that 590 jobs will be phased out over the next 18 months.

November 25, Ortho Diagnostic System, a subsidiary of Johnson and Johnson—oh yes, this is one of those drug companies that were going to invest so much more in Canadian research—announced that it will close down its North York laboratory next month, phasing out 16 jobs.

November 26, P.P.G. Canada Inc., a subsidiary of Pittsburgh Paint, and a resin manufacturer located in Toronto, announced that it will close in February, causing the loss of 139 jobs.

November 28, British Footwear, a shoe plant located in Lachine, Quebec, indicated that it will phase out 50 jobs in March.

This is the adjustment process and these are the "flowers" that will die in that process.

December 7, Northern Telecom, Canada, a communications company, indicated that it would close its plants in Aylmer and Belleville, phasing out 870 jobs over the next nine months—another bunch of "flowers" that will die.

December 7, Tapis Elite, a carpet manufacturer, indicated that it would be unable to meet impending competition from Atlanta, Georgia, and other southern producers that pay their workers 50 per cent of the wages paid to Canadians. This company is located in Sainte-Thérèse, Quebec, and it will mean the loss of 87 jobs. It will happen soon.

December 8, Canada Packers Inc. indicated that it would close its poultry processing plant in Winnipeg in February, causing the loss of 90 jobs, according to my information.

I could go on, but I want to ask the Leader of the Government in the Senate this question: In this agonizing process of

adjustment on both sides of the line, would he share with us the names of American companies that are closing down their operations in the United States in order to cope with new Canadian competition? Would he give us an answer to that question before I ask my supplementary questions?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I regret that the honourable senator did not have an opportunity to make that speech during the free trade debate before dissolution and that he should give it to us tonight.

Senator Perrault: The closures have been announced since the election.

Senator Murray: Honourable senators, let me say first that barely a study has been done on this matter in this country by qualified organizations that has not forecast considerable increases in employment, in incomes and in living standards throughout this country as a result of the Free Trade Agreement with the United States.

● (2110)

Secondly, I draw to the honourable senator's attention the fact that something like one-third of Canadian workers change jobs every year. That is the extent of the adjustment that takes place in our economy month after month, year after year, and it takes place without the kinds of upheaval and agony that the honourable senator is talking about.

Thirdly, I point out to him that, while I did not take note of all the firms he mentioned, most of the firms whose names have figured in the media have taken considerable pains to emphasize that the decisions they were taking to rationalize their operations, or to adjust, were not taken as a result of or in connection with the Free Trade Agreement with the United States.

Finally, in the context of the very considerable and quiet worker adjustments and job changes that take place in our economy every year, there is in the Government of Canada a whole series of very effective programs to assist communities, to assist companies and, most of all, to assist workers to adjust to changing economic conditions.

Senator Perrault: The Leader of the Government's statement will be cold comfort to the workers of Canada who will be displaced in the very near future as a result of this impending trade arrangement with the United States.

He has not answered the questions. He has not cited examples where U.S. companies are going to close down because they are faced with the possibility of increased competition from Canadian companies.

Let me then ask him this question: Have there been any corporate announcements of any extent in recent weeks—post election—that there will be additional plants put in place to create new jobs for Canadians as a result of this trade arrangement? For the Leader of the Government to come here tonight and say that in the normal course of events any of these shutdowns could have happened suggests a naiveté that would

make the Leader of the Government a candidate to buy the Brooklyn Bridge.

Honourable senators, I would refer to the Gillette company. Of all the colossal, corporate nerve to say, the day after the election, "We are closing down in Canada. We did not make the announcement yesterday because we thought it might affect the outcome of the election." They are damned right! It would have affected the outcome of the election!

Senator Barootes: Good for them.

Senator Perrault: Many more opposition members would have been elected. A profitable corporation with a long history in Canada is callously closing down its operation and moving to New York state. It is showing no sense of corporate loyalty to Canada at all. Honourable senators will remember all of the pap we heard during the campaign, with the Conservatives saying that two million jobs would be created from coast to coast in Canada and that we were just going to luxuriate in high employment. The first things we hear are the closure, closure, closure announcements.

Honourable senators, I want to ask the Leader of the Government another question. On June 6, 1986, President Reagan imposed a five-year tariff relief plan for the Americans against imports of Canadian shakes and shingles. The relief tariff was originally set at 35 per cent; scheduled to fall to 20 per cent on December 6, 1988; to 8 per cent on December 6, 1990; and to be removed entirely on June 6, 1991. They did not provide any economic justification for their action. In the manner they are wont to pursue, they were unable to win the economic argument with Canadian shingle producers, so they just acted unilaterally to punish Canadian industry. In British Columbia it was hoped that one of the outcomes of a favourable vote for the trade deal would be that this iniquitous tariff on Canadian shakes and shingles would be removed.

I would point out to the Leader of the Government that we have lost 2,000 jobs in this industry in Canada since this unilateral action of the United States, and we had hoped that on December 6, 1988, President Reagan would cancel this unfair tariff. Instead, he announced that the five-year tariff relief plan would continue and that the schedule for removal would be accelerated. The current tariff of 35 per cent was reduced to 20 per cent on December 6, 1988, and he said that tariffs will remain at 20 per cent for one year instead of for two years. Various adjustments have been made, but there has been no cancellation of the tariff.

One would have hoped that, in the spirit of North American economic *glasnost*, we might have had some relief from this iniquitous impost on B.C. shakes and shingles and shingles produced by other provinces in Canada. No such luck! Just a gesture of that kind from the United States would have reassured many concerned Canadians, most of whom voted against this trade deal, but there was no relief forthcoming from President Reagan.

I should like to ask the Leader of the Government what reaction the government intends to pursue, if any, in the face

[Senator Perrault.]

of the U.S. refusal to back off from this tariff levy which has adversely affected so many jobs in Canada.

Senator Murray: Honourable senators, my friend has already noted that the President indicated that they would accelerate the removal of the reduction of the tariff. I simply wish to make the point that incidents such as the shakes and shingles situation, and others, point out very clearly the need for a mechanism such as the dispute-settlement mechanism contained in the Free Trade Agreement, which the honourable senator and others will be called upon to support and approve in this house, I trust, next week.

With regard to his rather lengthy preliminary remarks, I simply want to deplore the fact that the honourable senator should cast doubt on the integrity of the corporate citizenry not only of the Gillette company but of numerous other companies that have made plans to adjust and have felt it necessary to explain that what they are doing is not in any way related to the Free Trade Agreement. The reason they have felt obliged to do so is that honourable members of opposition parties seize on every such decision now taking place in the economy and on every ailment that manifests itself in the body economic or the body politic, however transitory the ailment, and blame it on the Free Trade Agreement.

Finally, I want to say to him that some months from now he and I and other senators will, I know, be celebrating the considerable increases in investment and employment which, I trust, in fairness, he will agree to ascribe to the Free Trade Agreement with the United States. He takes a very pessimistic view of the future, but there is nothing new in that so far as the honourable senator and his colleagues are concerned. A little more than four years ago, when Mr. Michael Wilson introduced his first economic white paper, friends of Senator Perrault in the other place were predicting a loss of 200,000 jobs in Canada as a result of Mr. Wilson's policy. The result of Mr. Wilson's policy four years later has been the creation of 1.3 million new jobs in this country, including, if I may say so, 156,000 jobs in my friend's province of British Columbia.

Senator Perrault: I hope the Leader of the Government is not suggesting that Mr. Wilson through his own talent and capacity created all of these jobs. Much of the credit for job creation in the province of Ontario is as a result of a change of government in that province to the Liberal government of Mr. Petersen.

Honourable senators, I am not pessimistic about the future, but the preliminary indications are that the deal is going to be bad for many Canadians. Of course, these are only "flowers" that, according to the leader of this group supporting the trade deal, will have to die.

● (2120)

For the record, Mr. Leader, let me answer your question and your statement about shakes and shingles. The tariff on shakes and shingles is not covered by the GATT, but it is covered by the Free Trade Agreement. Base tariffs on shakes and shingles are covered as Article 4418 of the U.S. tariff schedules and, therefore, are bound under the FTA. Canada

will therefore have recourse to dispute settlement resulting from any future tariff actions by the United States against Canadian shakes and shingles. However, the FTA in no way prevents the U.S. industry from pursuing a similar trade action against Canada in the future. As a matter of fact, Articles 1902 and 1904 make it clear that the U.S. retains all of its rights to continue to use countervailing and antidumping duties against Canadian exports.

The ministers who were negotiating this deal said it was essential that we be protected against this in the ultimate form of the agreement. Yet, that was not a feature of the final agreement.

Senator Murray: I beg your pardon. We are protected by the addition of a binding dispute-settlement mechanism. That is there in the agreement, the legislation for which, I trust, will be passed into law here next week.

Senator Perrault: We are not exempt from the basic capacity of the United States to proceed unilaterally against certain Canadian industries. That is a matter which will be debated more fully in this chamber. Honourable senators, I think there are many reasons for concern. For the Leader of the Government to come here this evening and say, "Well, the Gillette closing was going to happen in any case," is almost as though he would throw a farewell party as these industries leave Canada, and say to them, "We know that you are not leaving because of the trade deal. We wish you the very best as you go to New Jersey or New York or Atlanta, Georgia." If we are going to have a trade agreement, we need a government that will have the courage, capacity and fighting will to make sure that Canadian jobs and interests are protected.

OFFICIAL LANGUAGES

CHARTER OF RIGHTS—USE OF "NOTWITHSTANDING" CLAUSE
BY QUEBEC—POSITION OF FEDERAL-PROVINCIAL RELATIONS
MINISTER—MINISTER'S COMMENTS ON MANITOBA'S DECISION
RE MEECH LAKE ACCORD

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in his most important capacity as Minister of State for Federal-Provincial Relations. In light of the events of the past few days, could the minister tell us what is his position and that of the government with regard to the decision of the Bourassa government to invoke the "notwithstanding" clause in the present circumstances resulting from the Supreme Court decision?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the subject was rather fully covered yesterday and again today by the Prime Minister in the House of Commons. I may try to summarize or paraphrase what he said.

Senator Molgat: You are the minister.

Senator Murray: I appreciate that I am the minister, and the Prime Minister is the Prime Minister, and the honourable senator should surely not object if I direct his attention to

answers given by the Prime Minister in the House of Commons two days running. I will attempt simply to summarize very briefly what the Prime Minister said. He had spoken to Premier Bourassa on the weekend, prior to the premier's having announced his decision, and he had expressed the wish that it would be possible for the Government of Quebec to find a way to ensure the cultural security of French-speaking Quebecers while protecting the right to freedom of expression and the status of the English-speaking minority in that province, and to do so in a way that was fully consistent with the judgment handed down by the Supreme Court of Canada last week.

Senator Molgat: My specific question, Mr. Minister, was: Do *you* support the position taken by the Government of Quebec to use the "notwithstanding" clause?

Senator Murray: Honourable senators, it is obvious that Premier Bourassa and his government did not feel that it was possible to find a solution that would effectively balance the two concepts of ensuring cultural security for francophone Quebecers, on the one hand, and protecting freedom of expression fully as outlined by the Supreme Court without having recourse to the "notwithstanding" clause.

Senator Perrault: Where do *you* stand?

Senator Murray: It is not a matter of whether I or somebody else or the government supports the use of a clause that is part of our Charter of Rights, and has been since 1982.

Senator Frith: The Loughheed amendment.

Senator Murray: Mr. Bourassa said that the members of his government had 14 options before them, so it is impossible for me, or for anybody else who has not examined the 14 options they had before them, to answer the kind of question the honourable senator poses, even if it were proper to answer that kind of question, involving, as it does, a decision that, as the Supreme Court also pointed out, is purely within the provincial jurisdiction.

Senator Molgat: I am very interested in the response of the minister, who says that it is not really for him to comment on the decision of a provincial government, because he has been quite free to comment on decisions of the provincial government of my province.

Senator Austin: And of mine.

Senator Molgat: I am quoting now from the *Globe and Mail*, which says:

In Ottawa, Senator Lowell Murray, speaking for the federal Government, called Mr. Filmon's move a hasty reaction "made in the heat of the moment," and urged him to reconsider his decision lest it lead to serious constitutional consequences.

"It is a decision much to be regretted," Mr. Murray said.

Now, if the minister is able to offer such advice to the premier of my province gratuitously—

Senator Perrault: Good question.

Senator Molgat:—was he prepared and did he make similar statements to the Premier of Quebec and does he stand by the statements he made, as I quoted, regarding the decision of the Premier of Manitoba?

Senator Murray: Surely, honourable senators, my honourable friend sees the difference between the two subjects. In the case of Manitoba I was discussing a decision by the Premier of Manitoba, the Government of Manitoba, to withdraw a resolution from their order paper to implement or to ratify an accord that had been signed by the previous Government of Manitoba together with nine other provinces and the federal government. That is squarely a federal-provincial matter. What I was pointing out to the honourable senator about Bill 101 is that the judges of the Supreme Court of Canada had taken some pains to reaffirm in their judgment that these matters were squarely matters for the Province of Quebec to legislate on.

Senator Frith: Manitoba's right under the Constitution is purely provincial as well.

Senator Perrault: Of course it is.

Senator Olson: Poor excuse! That is not an excuse.

Senator Murray: The Constitution is not a purely provincial matter.

Senator Frith: No. Don't give me that!

Senator Murray: If the honourable senator wants to intervene, he may in a few minutes.

Some Hon. Senators: Order, order!

Senator Frith: Thanks for the permission.

Senator Murray: The judges of the Supreme Court were at some pains to reaffirm the legislative authority of the province to legislate on that matter. Having said that, the honourable senator is well aware of the position of this government and, in particular, of the Prime Minister on the question of linguistic minorities.

● (2130)

There is essentially no difference in the position that we have taken here from the position that we took last April, I believe it was, and last June in the case of Saskatchewan and Alberta.

The federal government, within provincial jurisdiction, always seeks to support linguistic minorities across the country. The federal government does so in cooperation with the provincial governments and through the mechanism of agreements which it has with all of the provincial governments, if I am not mistaken, and certainly with the Province of Quebec. So within the provincial jurisdiction we assist the linguistic minorities through cooperation with their provincial governments. We spend hundreds of millions of dollars every year on minority language education, as the honourable senator knows. Within our own jurisdiction, surely our language policy is obvious to all interested. Bill C-72 speaks for itself. That legislation was passed by the previous Parliament at the instigation of the Progressive Conservative government.

[Senator Perrault.]

Senator Frith: I think that is called a distinction without a difference.

Senator Molgat: Honourable senators, the minister has said that it was proper for him to make comments regarding the action of the Manitoba government because the Manitoba government had allegedly signed a certain document. The Manitoba government never signed any document dealing with the Meech Lake Accord, to my knowledge. The Premier at that time may have agreed at a meeting at Meech Lake, and at another hasty meeting at the Langevin Block, but the Manitoba government never—

Senator Murray: On whose behalf was he signing?

Senator Molgat:—agreed to that. Don't tell us that the Manitoba government is committed to something; the Manitoba government is not committed.

Senator Murray: Don't be so foolish!

Senator Molgat: You may have wanted that government to be committed, but it was not.

Senator Corbin: Neither was New Brunswick!

Senator Frith: The Constitution says "a legislature of a province".

Senator Molgat: I agree with my honourable friend when he says that the federal government has been assisting linguistic minorities across the country, but what has the federal government done for the linguistic minority in Quebec? Has my honourable friend spoken out?

So I come back to ask the minister this question: Does he support the actions of the Bourassa government, yes or no, and, if he is able to criticize the Premier of Manitoba in the way that he has criticized and lectured him as to what he ought to do and ought not to do, is he prepared to do the same with Mr. Bourassa?

Senator Murray: Honourable senators, the honourable senator is talking nonsense on a number of points.

Senator Molgat: Not at all!

Senator Murray: The honourable senator is suggesting that the premiers of ten provinces signed the Meech Lake Accord in some personal capacity without agreeing to bind their governments.

Senator Frith: To what!

Senator Murray: That is the most ridiculous thing I have ever heard.

Senator Frith: The Constitution says "a legislature", not "a government."

Senator Murray: I am aware of that.

Senator Molgat: Where is the minister coming from?

Senator Buckwold: Where is he going?

Senator Perrault: That's a better question.

Senator Murray: I never suggested that a premier had attempted to bind his legislature. I did say that on behalf of

their respective governments those premiers signed the Meech Lake Accord. So the honourable senator is really talking nonsense on that point.

Senator Molgat: Honourable senators, I object to that statement. I am not going to sit here and have the minister say that I am talking nonsense on what is an absolute fact. The Province of Manitoba did not sign that agreement.

Senator Murray: Honourable senators, the then Premier of the Province of Manitoba, on behalf of the then government, signed that agreement.

Senator Frith: And agreed to submit that to the legislature. And did he not withdraw?

Senator Murray: Quite right. The honourable senator invites me to condemn the Government of Quebec for having invoked the "notwithstanding" clause. I was invited to do the same by the media yesterday or the day before. I will give the honourable senator the same answer I gave then. The "notwithstanding" clause is part of the Charter of Rights and Freedoms that the honourable senator is so proud of and which was passed by the Parliament of Canada in 1982. The "notwithstanding" clause was accepted—

Senator Frith: Lougheed proposed that.

Senator Murray:—by Mr. Trudeau as the price of patriating the Constitution of Canada with nine provinces out of ten on board. Anyone who believes that individual rights and freedoms should be protected from governments has to believe, as the Prime Minister said yesterday, and as I repeated, that the existence of a "notwithstanding" clause is incompatible with that. It is incompatible with the existence of a Charter of Rights and Freedoms; nevertheless the "notwithstanding" clause is there. It is a legitimate part of the Constitution of Canada, which was passed by the honourable senator and his friends.

Senator Frith: As the price paid to Premier Lougheed!

Senator Murray: That was the price paid for patriating the Constitution with nine out of ten provinces on board.

As I said yesterday, I would not rush to condemn a government for using a disposition that is in the Constitution. Further to that, I said that it is not at the top of our agenda, as a government, to try to negotiate the "notwithstanding" clause out of the Constitution. There are other matters that we have agreed must be on the agenda—Senate reform, aboriginal rights and so forth.

Honourable senators had better get used to the fact that the "notwithstanding" clause is going to be there for a long time. The federal government has not had recourse to it, but the Saskatchewan government has had in a labour case and Quebec has had in one or two cases.

Senator Molgat: Honourable senators, the minister says that I asked him to condemn the Province of Quebec for using the "notwithstanding" clause. Not at all! I did not ask him to condemn anyone. I simply asked him the question: Does the minister agree with what the Province of Quebec has done, yes

or no, because the minister has made some very damaging statements regarding the Premier of the Province of Manitoba and the actions that he took? I am not asking him to condemn anyone.

Does the minister stand by the statements that he made with regard to the actions of the Premier of Manitoba in ceasing to hold hearings in that province on the Meech Lake Accord?

Senator Murray: Honourable senators, let me say that I find the position of the Premier of New Brunswick a good deal more congenial. While he continues to hold his reservations, he has announced that New Brunswick will be sending the—

Senator Molgat: Answer my question!

Senator Murray: My honourable friend should relax. This is very bad for his blood pressure.

Senator Molgat: The minister should hear the statements that are being made in Manitoba.

Senator Murray: I find the decision of the Government of New Brunswick to be more congenial and more constructive. It has decided to refer the Meech Lake Accord, which had been signed by Mr. McKenna's predecessor, to a legislative committee for public hearings.

Senator Perrault: Tell us about the government of Mr. Bourassa!

Senator Murray: Do I stand by the statements that I made with regard to the decision of the Government of Manitoba? Yes, I do, and I can provide, tomorrow perhaps, or later this evening, if my friend is interested, a transcript of the remarks that I made to the media yesterday on that subject.

Senator Molgat: One final question, if I may. The Province of Manitoba is committed to holding public hearings on constitutional changes.

Senator Murray: Oh!

Senator Molgat: That was a decision made by the Province of Manitoba some time ago.

If there are going to be constitutional changes, there must be public hearings. Does the minister believe that the Province of Manitoba should now proceed to hold public hearings on the Meech Lake Accord?

● (2140)

Senator Murray: Honourable senators, the answer must be evident. The then Premier of Manitoba committed his government to placing a resolution before the house. That commitment was respected as of last week by Premier Filmon, who made a very eloquent speech, I may say, on the subject of the importance of Meech Lake to the future of Canada; and, if I may be permitted to say so in parentheses, the reasons that he invoked in favour of Meech Lake last week are as valid today as they were then. If their rules provide, as my friend tells me and as I think we all recognize, that public hearings must follow the presentation of a constitutional resolution in the House, then, of course, public hearings would be an essential part of the commitment.

DIMINISHMENT OF MINORITY RIGHTS—GOVERNMENT
POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government whether he would help us understand precisely what the attitude of the Government of Canada is to the solution proposed by the Premier of Quebec. We all understand that the "notwithstanding" clause is available, and the effect of the "notwithstanding" clause in these circumstances is to remove rights from certain citizens which are guaranteed in the Canadian Charter of Rights and Freedoms and the Quebec Charter. I should like to know whether it is acceptable to the Government of Canada and whether it supports the diminishment of rights, through this process, of certain Canadian citizens.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I suppose Mr. Bourassa would make the argument that the situation of the linguistic minority under the present initiative is better than it was under Bill 101, but that is a matter of opinion. As I indicated earlier, Mr. Bourassa has said that the government had 14 options before it. I do not know what the options were; I did not examine them and, therefore, I am not in a position to judge whether the solution—

Senator Olson: Answer the question!

Senator Perrault: Very conservative! Waffle, waffle, waffle!

Senator Murray: I am not in a position to judge whether the so-called "inside-outside" solution is the appropriate one and whether it is the best one to balance, as the court suggested should be done, the valid objective—

Senator Perrault: Disgusting!

Senator Murray: —of preserving the "l'usage linguistique" of Quebec with the need to protect freedom of expression and the right of the anglophone minority.

Senator MacEachen: It is true that there apparently have been options available to the Government of Quebec. I don't know any more than the Leader of the Government knows about what those options are, but what we do know is that the Government of Quebec chose an option which has the effect of diminishing the rights guaranteed in the Charter to Canadian citizens. That is the option that has been accepted.

What the Leader of the Government is saying on this matter which has electrified the country both in Quebec and elsewhere is that the Government of Canada has no view.

Senator Perrault: No view. Future of the country!

Senator MacEachen: If the government is saying it does not have any view about this development, then I wish the Leader of the Government would tell us. If there is no view, then fine, we would know that.

Senator Murray: Honourable senators, once again I have tried to deal with the matter as fully as I can, and I would invite the attention of the honourable senator and others to the

[Senator Murray.]

statements that were made by the Prime Minister today and yesterday in the House of Commons on this matter. The honourable senator says there is a diminishment of rights. I have told him that the Bourassa government would probably argue that, in terms of those rights, the present measure is an improvement over Bill 101 in its original form, but that, as I said, is a matter of opinion.

The honourable senator should carefully read the unanimous judgment that was brought down by the Supreme Court of Canada on this matter.

Senator Frith: Which said their rights were diminished! Exactly!

Senator Murray: In that matter they discussed at some length the Canadian Charter of Rights and Freedoms and the Quebec Charter. As the honourable senator knows, in the Canadian Charter there is a limitation permitted on rights in Article 1—

Senator Frith: Yes, but they did not fall under Article 1.

Senator Murray: —in that the rights are subject to those limitations that can be justified, et cetera, in a free and democratic society. Secondly, there is Article 33, which was accepted by Mr. Trudeau as the price for patriation of the Constitution in 1982.

The Supreme Court went on to state very clearly that ensuring the cultural security of francophone Quebecers was a valid objective and an important objective for Quebec; that it was squarely within their jurisdiction to legislate in this matter. They discussed the guarantees of freedom of expression in the two Charters. They gave some hints as to how the government might effectively balance these two concepts. The Government of Quebec has responded, and, as I say, it responded having studied 14 options beforehand. I am not in a position to comment on the option it chose, not having seen the other 13.

Senator Frith: All of that must mean "no view"!

Senator MacEachen: That is just an extraordinary comment. The minister responsible for this dossier in Canada, on a development which the Premier of Manitoba has called an impending and developing crisis, is unable to give a view as to whether the action taken by the Quebec government is acceptable or unacceptable to the Government of Canada. "I have no view," says the minister on behalf of the government, "no view at all."

Senator Perrault: Sad!

Senator MacEachen: I think that is quite extraordinary.

Senator Perrault: Tragic!

Senator MacEachen: I want him to say how it is that the government has no view when one of his colleagues is quoted in *La Presse* as saying today that the action taken by the Government of Quebec is perfectly justified; in other words, that it is appropriate in these circumstances to diminish the rights of certain Canadian citizens which have been granted to them by the Charter. Now the leader says that the Govern-

ment of Canada has no view. I think that should be left on the record as an indictment of the government and its failure to be sensitive to this issue which has gripped the country.

Senator Perrault: Hear, hear!

Senator MacEachen: Everyone has a view except the government, because it is afraid to state a view.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, let the record show that the full statement by my colleague, the Secretary of State, Mr. Bouchard, was that having recourse to the "notwithstanding" clause is a legitimate and legal act in the context of the present Constitution. I have said no less than that myself. To put it more simply, if there is an indictment to be made, let it be made about that great defender of human rights and freedoms, Pierre Trudeau, who accepted—

Senator Frith: Oh, oh! Do you believe it?

Senator Perrault: The Conservatives would love you.

Senator Murray: —who accepted the "notwithstanding" clause and put it there in the Charter of Rights and Freedoms.

Senator Frith: Dr. Barootes, have you another Valium for your colleague?

Senator Barootes: Does it hurt?

Senator Molgat: Have you kept it in Meech Lake?

Senator Murray: Neither he nor anyone else should be astonished if a government has recourse to this provision of our Charter of Rights and Freedoms.

Senator Frith: Just pathetic!

● (2150)

Senator MacEachen: It is interesting that so defenceless is the minister in explaining the policy of the government that he has to have recourse to an attack on Mr. Trudeau, a former Prime Minister. When Mr. Trudeau was in this chamber for five hours discussing the questions of Meech Lake and human rights, the Leader of the Government did not have the courage to attend so as to confront him directly. Senator Murray absented himself in order to conceal his lack of policy, yet he now attacks Trudeau in his absence. That is the courage of this government.

Senator Frith: Let the record show that.

AGRICULTURE

DROUGHT RELIEF PROGRAM—REQUEST FOR DETAILS

Hon. H.A. Olson: Honourable senators, I do not want to raise another question unless this one is exhausted—

Senator Barootes: Let's have one on farming.

Senator Olson: All right, I will give you one on farming—I have two or three others, too. I want to know what happened to the drought program that was announced by spokesmen for the government just two or three days before the election. No

money has yet been received; there is in place no program that we know of; we have heard of no criteria for qualifying for assistance and no formula by which to work it out.

I assume that the minister will have to take this question as notice, but I must say that this is a sad state of affairs. Grain producers, who have a vital interest in this matter, do not yet know whether they will qualify for assistance or, if so, for how much. I want to acknowledge that a program has been announced for livestock producers; but that is not the case for the grain producers.

When the Minister of Agriculture, Mr. Mazankowski, was asked about this a few days ago, all he would say was that the government would honour its commitment. He gave absolutely no other details, so nobody knows what the program will be. Obviously the Leader of the Government has attended cabinet meetings. Can he tell us now whether he will provide us with at least a broad outline of the program, the criteria for qualification and the formula to be used in determining the payments to be made?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I shall do so.

UNITED NATIONS

ADDRESS BY PRESIDENT GORBACHEV—CANADIAN RESPONSE

Hon. H.A. Olson: Honourable senators, there is one other important matter to which I want to call attention tonight, since this appears to be the only Question Period we will have this week. Will the Leader of the Government seek some information as to when Canada will respond to President Gorbachev's speech to the General Assembly of the United Nations, in which he outlined a number of extremely important initiatives? Although he did not mention any criteria or complementary action with respect to arms reduction, he announced that there is to be a unilateral action in that regard. I understand that the United States is in an awkward position since it is between administrations and because it is required, as a leader of the Western World, to consult with its allies before it does respond, but Canada is not in such a position. Canada has demonstrated a number of times in the past—not with the present government but with previous governments—that it can make a useful contribution by taking a leading role in dealing with some of these matters.

Mr. Gorbachev also put forward a comprehensive proposal by which to deal with the vexing problems we are encountering in our environment. He has offered the use of the U.S.S.R.'s space station to conduct monitoring of the environment under the auspices of the United Nations. When is Canada going to respond to these overtures? Opportunities are only out there for a limited time.

President Gorbachev also offered some constructive suggestions respecting the crushing debt load of the Third World countries. I think it is fair to say that many of us have waited for years in the hope that the leaders of the U.S.S.R. would propose the sorts of offers that were made by Mr. Gorbachev

when he spoke before the United Nations. I think it is inappropriate for a country like Canada, which has in the past been actively involved in such matters, simply to be silent in this instance. Therefore, I ask the minister when there will be some response by the Canadian government to these very important questions that were raised by Mr. Gorbachev.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, on December 7, which was the date of President Gorbachev's address to the General Assembly of the United Nations, the Prime Minister issued a brief statement with regard to the President's announcement about unilateral reductions in military forces. Further to that, on December 8, the NATO ministers issued a statement on conventional arms control. Of course, Canada is part of that alliance. Our view is that, taken together, President Gorbachev's announcement and the December 8 statement on conventional arms control issued by NATO ministers indicate that both sides are preparing seriously for the negotiations, to begin next year, aimed at maintaining stability in Europe at lower levels of conventional forces. These will be important negotiations, because, even after the announced Soviet reductions have been implemented, serious conventional force imbalances to the benefit of the Warsaw Pact will remain. In our view the prospects for serious and productive negotiations have never been better. Honourable senators, that information is taken from a statement made by my colleague, the Secretary of State for External Affairs.

With regard to the proposals made by President Gorbachev on commercial debt reduction and a call for an international debt conference, I can tell honourable senators that these are also under consideration, although the government has reservations about any scheme to transfer responsibility for commercial debts to the public sector. We do believe that the use of existing international fora obviates the need for a debt conference.

Canada has been a leader in bilateral and multilateral efforts to ease the debt burden of developing countries and help them carry out essential economic reforms. We and a number of other developed countries have already written off much of the official development assistance debt for the least developed countries. We also took action at the Toronto Summit on the matter of debt relief. My colleague states that we are prepared to work constructively with the U.S.S.R. and other countries in finding realistic and constructive approaches to managing the problems of the less developed countries' indebtedness.

I do not have notes from my colleague with regard to the statements of President Gorbachev on environmental matters, but I shall ask him what comment he may wish to convey to the Senate in that regard.

Senator Olson: If I may, I will point out to the Leader of the Government that these statements, innocuous as they are, are not entirely satisfactory. Take, for example, the Third World debt problem, which we in this country have regarded as one of the major difficulties facing world commerce. Indeed, many

believe that a crisis will develop unless some additional action is taken. It seems to me that all the Leader of the Government has said is that Canada is acting cautiously and that the government does not believe that any further action needs to be taken. I think that is an inappropriate response.

I shall simply ask again whether the Government of Canada intends to take some further action involving the other half of the world—something which has never happened before—in trying to come to grips with this critical problem.

Honourable senators, I will go no further today, but I hope that the Leader of the Government will give us some indication of what the response of the government will be with respect to the significant offer made by President Gorbachev with respect to the environment.

FIRST MINISTERS

PROSPECTIVE MEETING—MEECH LAKE ACCORD AS AGENDA ITEM

Hon. Jack Austin: Honourable senators, I have a question supplementary to others that were raised earlier with respect to the situation in Quebec. I am sure the Leader of the Government is aware that this evening three members of the Bourassa cabinet, all anglophones, resigned from their positions, and the fourth member has not yet taken a decision in that regard. I raise the question simply to demonstrate once again the sensitivities that are being expressed in the province of Quebec in a language group that does feel threatened.

● (2200)

The *Toronto Star* today is quoting Senator Murray as having taken steps to organize an informal meeting of First Ministers in January. Can Senator Murray confirm that this is being done, and can he also tell us the purpose of that meeting?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I can only tell the house that in October the Prime Minister wrote to the First Ministers because the annual First Ministers' Conference had been scheduled for November and had to be cancelled because of the calling of the election. He wrote to them to indicate that he would be calling them together some time early in the new mandate, as he put it, for an informal meeting, and that this would probably be followed by a more formal meeting later on.

No date has been set, but we will be in touch with the provinces before long to arrange an informal meeting. This is the practice that was followed immediately after the 1984 election.

Senator Austin: Can we expect the question of the process of the approval of Meech Lake to be one of the agenda items?

Senator Murray: Honourable senators, I would be astonished if it were not.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Doyle, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Gigantès*). (*1st day of resuming debate*)

Hon. Philippe Deane Gigantès: Honourable senators, I yield temporarily to Senator Frith.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I asked Senator Gigantès to yield to me very briefly because I should like to make a comment about this debate.

I believe that we are departing from tradition—not from the rules but from tradition—in this place as it relates to the motion for an address to Her Excellency the Governor General in reply to her speech at the opening of the session. As I recall it in the twelve years that I have been here, this debate usually consists of a motion proposed by a new member of the house on the government side and seconded by another member of the house on the government side. The wording of the address is, in part:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

The tradition has been that the debate which follows consists of speeches by the mover and seconder speaking about the Senate and often about their province—some information or a position taken by the province, that is, the senator's province, in general, and usually the speech is very non-partisan. For that reason the debate usually ends there.

I may be wrong—and I hope that I am, in a sense, but I do not think I am—but I do not ever remember the debate consisting of anything more than the contribution by the mover and the seconder, because it is usually of such a non-partisan nature that nobody has any trouble supporting it. Therefore, the opposition does not intercede in the debate.

However, in this instance the mover, Senator Chaput-Rolland, apparently provoked Senator Gigantès by some of the things that she said.

Senator Barootes: That's easy to do.

Senator Frith: I cannot say that Senator Gigantès needs to feel perfectly lonely about this, because, for example, Senator Chaput-Rolland said that she wants to say as clearly as she can that:

... when a majority of non-elected members believes that it has inherited a morality of decisions, then it does not serve its country nor its party very well.

I cannot imagine anyone in this Senate, other than all of the senators on this side who would be so described, who would be

in Senator Chaput-Rolland's mind. The only reason I am less provoked, perhaps, than Senator Gigantès is that I do not know what "inherited a morality of decisions" means. Maybe Senator Gigantès will be able to tell us what that means.

If we are breaking with tradition—maybe we want to—perhaps the address in reply should be more partisan and should launch a general debate on the Speech from the Throne. However, my recollection is that it never has before: I preferred it the other way. I hope that the more partisan nature of the address in this case was not meant to set the tone for the Parliament that we are now launching.

Senator Gigantès: Honourable senators, I should like to congratulate Senator Solange Chaput-Rolland for reviving the noble 17th Century oratorical tradition of the French cathedrals, where grammar, syntax and vocabulary were mixed with incense in adulatory addresses to the rich and powerful. Not since Bossuet, or Fénelon even, has language played such music for a ruler's ear. Laudable indeed is loyalty.

Less laudable, however, are professions of devotion to national reconciliation when they are adulterated by the uttering of inventions authored by those whose avowed aim is the breakup of Canada.

The invention in question is the one echoed by the Honourable Senator Solange Chaput-Rolland when she said that the promises made to Quebec during the 1980 referendum were not honoured by the government of Prime Minister Pierre Elliott Trudeau.

The invention—the myth—is that to defeat the Péquistes in the referendum Mr. Trudeau promised to give Quebec a Meech Lake type of provincialist constitution, and that having defeated the separatists he reneged on his promise.

He did promise a renewed federalism, but it was unarguably clear from the very first, and throughout the referendum campaign, that he was promising what he eventually delivered with the Constitution of 1982, and nothing more.

Did Mr. Trudeau and his lieutenants deliberately allow the people of Quebec to mislead themselves into thinking that he had suddenly changed from being a believer in a strong national government to a proponent of more power for the "Billy Vander Zalms" or the "Sterling Lyons" of this world? Absolutely not.

Certainly, the late Mr. René Lévesque had no delusions about what Mr. Trudeau meant by "renewed federalism". In an interview printed by *Le Devoir* on May 16, 1980, four days before the referendum, Mr. Lévesque said that judging by

[*Translation*]

... some comments Trudeau made recently, ... the new formula (will) be as centralizing ... as ever.

[*English*]

This was not an attempt by Mr. Lévesque to distort the views of Mr. Trudeau and his government, apart from the fact that the late Premier of Quebec used the word "centralisateur" to describe the strong national government Mr. Trudeau wanted.

● (2210)

However, that is not all. Mr. Chrétien, speaking for the Trudeau government, made sure that no one could have any delusions about what Mr. Trudeau was promising. Towards the end of the referendum campaign Mr. Jeffrey Simpson of the *Globe and Mail* asked Mr. Jean Chrétien on CTV's *Question Period* what Mr. Trudeau's "renewed federalism" meant. Mr. Chrétien replied, and I quote:

What we have to do, basically, is to recognize some basic principles that should preside over the elaboration of a new constitution. The principles are that you need a national government;... that the federal government should be strong enough to be able to redistribute the wealth of Canada, and all that being done without giving any province a real special status.

One person who could not possibly have deluded herself about what Mr. Trudeau meant was the Honourable Senator Solange Chaput-Rolland. After all, she had been a member of the Pepin-Robarts commission that had proposed to Mr. Trudeau, as she has so often written, something close to the Meech Lake Accord, and she certainly made no secret—in numerous articles—of her anger at Mr. Trudeau for rejecting her constitutional blandishments. Suddenly, now she says she believes what she earlier knew not to be so.

What is wrong with that? What is wrong is that she encourages those who wish to deceive moderate Quebecers and make them bitter towards the national Government of Canada. What these people are saying—and it is a carefully orchestrated campaign of lies—is: "Those of you who voted against the Péquistes were tricked; you were lied to; you cannot trust Ottawa." It is a common tactic, the "we was robbed" tactic of the boxing manager. In this instance it is destructive of national unity, because it tells the citizens of a whole province that they cannot trust the rest of Canada. At this particular time it is particularly destructive. "You was robbed." It is a natural reflex. The Secretary of State, the Honourable Lucien Bouchard, was in the grip of that reflex, no doubt, when he said, during the campaign, that opposition to the free trade deal was a sinister, anti-Quebec plot hatched in Ontario—even though some of his cabinet colleagues were saying all over Ontario that it was Ontario which would most benefit from the trade deal. Pitting one province against another in a country such as ours is destructive of national unity.

However, I believe that the Honourable Senator Chaput-Rolland now truly believes what she earlier knew so well not to be so. Why do I believe that? Because I too have sinned. I once believed what I knew not to be believable. I once believed that in the Joint Committee on Canada's International Relations, of which both Senator Doyle and I were members, Tories and Liberals could use the same words to mean the same things. My father had warned me about the danger of making such assumptions. But I forgot, and I signed a document thinking its words meant what I thought they meant, in their entirety and in their context.

[Senator Giganti's.]

I am referring, of course, to the statement made by Senator Doyle in this chamber on December 13. He said, and I quote:

We urged that the Prime Minister immediately undertake the steps that would lead to a treaty that would produce freer trade between the United States and Canada.

Let me read to you what was actually recommended in the report that Senator Doyle and I both signed. I quote from page 147:

The committee recommends that the government make strenuous efforts to achieve orderly and balanced trade liberalization.

The committee believes it is important to begin a new round of multilateral trade negotiations as expeditiously as possible.

It is essential that any agreement between Canada and the United States be entirely consistent with the obligations of both countries to the GATT.

Honourable senators, these recommendations summarize the foreword and chapter six of the report written by the Joint Committee on Canada's International Relations.

Let me give you some more quotations. On page 14 of this report it says:

Most of these witnesses were worried that U.S. influence of one kind or another would undermine the country's independence. This concern showed itself in several policy contexts.

Then on page 68:

As we discussed in our interim report, these factors persuaded the government that it was necessary to explore the possibility of negotiating freer trade arrangements with the United States.

Honourable senators, the anxiety by all of the witnesses was clearly expressed. It was not something that this committee—or at least the Liberal members of this committee—signed enthusiastically; they signed with apprehension. The context in which we discussed the Free Trade Agreement with the U.S. was the GATT context and Article XXIV of the GATT, which defines a free trade zone as one in which all tariffs are eventually eliminated. We did not recommend, nor did we discuss, giving away such things as we gave away in Article 1603 of the Free Trade Agreement, relinquishing our GATT rights to impose conditions on foreign investors. Nor did we discuss in the committee giving Americans the right to buy unconditionally any Canadian company, as is set forth in the annex to Article 1607.3 of the Free Trade Agreement. We thought we were signing a document that dealt with what we had discussed. In the event, we are told by Senator Doyle that we signed much more. It was our mistake. Next time we Liberals should have lawyers define every word before we sign a unanimous report.

● (2220)

Therefore, honourable senators, if I could be led to believe what I earlier knew I should not believe, why should I object to Senator Chaput-Rolland showing the same intellectual frailty

in believing Mr. Claude Morin, who says on the first page of the foreword of his book, *Lendemain piégé*: "... les libéraux ont manqué à leur promesse référendaire", but who admits on page 16 of the same book that during the referendum "il était très clair ce que les libéraux avaient promis" a renewed federalism unlike that recommended by Senator Chaput-Roland, and totally like what Mr. Trudeau had always preached.

On motion of Senator Doody, debate adjourned.

NATIONAL DEFENCE

MOTION TO APPOINT SPECIAL COMMITTEE—DEBATE ADJOURNED

Hon. Henry D. Hicks, pursuant to notice of Tuesday, December 13, 1988, moved:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 31st March, 1989.

He said: Honourable senators, a word of explanation is probably in order. The predecessor to this committee, which was a subcommittee of the Foreign Affairs Committee, began its study of the Canadian Forces some five years ago and produced a report which had some influence, though not as much as we would have liked, on government policy with respect to manpower in our armed forces. That report was followed by one on Maritime Command, in which we recommended the acquisition of the Canadian Patrol Frigates. While I am sure that we were not the only body to make such a recommendation, it was subsequently adopted, and the government is now in the process of acquiring the second batch of patrol frigates. We also recommended certain other points with regard to Maritime Command. The committee then issued two reports having to do with our air forces—the first dealing with North American air defence and the second dealing with Air Transport Command. Up to that point our committee had covered the armed forces of Canada, with the exception of land forces. This last study on Canada's land forces, and chiefly Mobile Command, commenced somewhat

over one year ago has been held up because of delays in Parliament.

It is my intention, and my colleagues on the committee agree with me, to include in this last report an update of the cost of all the recommendations that we have made, with notations as to those recommendations that have been implemented, so that we may see in one document what recommendations we have made for the armed forces of Canada. The work on this report is almost completed. Indeed, had Parliament not been prorogued I believe we would have completed our text within three weeks of the time of prorogation and we would now be in the process of approval, editing and translation.

I am determined that we finish this report before the end of the current fiscal year, no matter what influence the election campaign may have had on our work. I think that, after the five years, more or less, that we have spent on this analysis of Canada's armed forces, it would be a great shame if we did not finish up our program as quickly as possible. I believe that it is possible to complete our task before the end of March. As for the budget, while it is true that we have no budget in a new Parliament, the moneys provided in the budget in the previous Parliament are more than enough to pay for the remaining work that has to be done by the committee.

I should think that this is a non-controversial motion, and I hope that it will receive the support of honourable senators. I believe that we will produce a document that will be important in its analysis of the Canadian Forces and Canadian defence. I invite honourable senators' support for the motion.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate.

Hon. Sidney L. Buckwold: Honourable senators, before that motion is put, would you allow me to ask a question of Senator Hicks?

Senator Frith: Of course.

Senator Buckwold: In view of what I can gather, the Senate and Parliament will not be in session until probably toward the end of February. Will that be enough time for the committee to do its work, to review its report and to have it printed by March 31, which is really just a few weeks later? I am wondering if our former chairman would consider changing the date from March 31 to April 30 to give the committee a little more time to look into a fully comprehensive report.

Senator Hicks: Honourable senators, I am a little puzzled at the deputy leader's motion to adjourn the debate. It seems to me that the matter is straightforward and that we ought to deal with it tonight so that we can get the research staff of the committee working as quickly as possible. If that were so, I believe we could complete the report, including its translation and printing, by the end of this current fiscal year. Therefore, I am unhappy that Senator Frith has moved the adjournment of the debate, which, coming at this time of the year, is bound to introduce long delays and which, I think, will add absolutely nothing to the material that will be placed before us before we make a decision on this motion.

● (2230)

Senator Frith: Honourable senators, I would prefer to explain my reasons for moving the adjournment of the debate to Senator Hicks rather than to the Senate. If, after my explanation, he still wishes that I explain my reasons to the Senate, I shall do so. The adjournment will be to the next sitting, which is next Tuesday. I can say that my reasons for moving the adjournment of the debate are the same as they were for not granting leave for the motion to be dealt with last week.

Senator Hicks: Honourable senators, I do not understand what they were either.

Senator Frith: I explained them to you at some length last week, and it would be a waste of time to explain them now.

Senator Hicks: Well, what they amounted to was a shooting down of the finishing of the work of the committee, and I certainly cannot agree to that.

Senator Frith: Then, I shall explain. The reason is that I asked Senator Hicks, as we ask all members on this side when they are moving motions on which they want the support of

our caucus, to bring the matter before caucus so that caucus may decide. If someone wants to move a motion without discussing it with caucus, then he must not expect that he can count on the support of caucus. I asked that I not have to explain—

Senator Doody: This is very embarrassing.

Senator Frith:—and that is what I explained to the honourable senator last week. Nothing has changed since that leave was refused, and the matter has not been discussed.

Senator Doody: These quarrels are very embarrassing.

Senator Hicks: Honourable senators, it is true that I have been absent from some events because of illness, but I had understood that this matter was placed before caucus in my absence.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Hicks: Nay.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, December 27, 1988, at 2 p.m.

THE SENATE

Tuesday, December 27, 1988

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

[Translation]

CLERK'S ACCOUNTS

STATEMENT TABLED

The Hon. the Speaker: Honourable senators, I have the honour of announcing that, in accordance with rule 112, the Clerk of the Senate has tabled a detailed statement of his revenues and expenditures for the fiscal year ending on March 31, 1988.

REFERRED TO COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government) moved:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[English]

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-2, to implement the Free Trade Agreement between Canada and the United States of America.

Bill read first time.

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

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Committee on Foreign Affairs have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such

bills, subject-matters of bills and estimates as are referred to it.

Motion agreed to.

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, 28th December and Thursday, 29th December, 1988, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

THE CONSTITUTION

MEECH LAKE ACCORD—FIRST MINISTERS' MEETINGS—
PARTICIPATION BY TERRITORIES

Hon. Paul Lucier: Honourable senators, in the spring of this year, when it appeared that the Meech Lake Accord was in some difficulty, I asked the Leader of the Government if he would consider calling meetings with the premiers to have further discussions. At that time he assured me that it was this accord or nothing. I accepted that. I do not know if I agreed, but I know that that was what he was saying.

The Meech Lake Accord has been brought into the Bill 101 question by the Premier of Quebec and by Mr. Filmon. They have been tied together, and it appears that there will now have to be meetings with the government and the premiers to discuss Meech Lake.

My question to the Leader of the Government is this: If such discussions concerning Meech Lake take place at any time in the future, will he ensure that the elected representatives of the Yukon and the Northwest Territories are present for those discussions? At this time I am not asking him what will or will not be discussed. I am only asking for the assurance that, if there are discussions, the elected leaders of both territories will be present for the discussions, because they were not present the last time.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister

of Communications): Honourable senators, my friend's question is based on a faulty hypothesis, namely, that discussions might be held to reopen the Meech Lake Accord. There is no intention of doing so.

The one point of the premise to his question with which I agree is that there will be meetings of First Ministers in the future. The Prime Minister so indicated in a letter he sent to the premiers in October, after the election was called, necessitating the cancellation of the meeting that had been scheduled for November. There will be a private luncheon or a private meeting of First Ministers after the turn of the new year, as was done following the 1984 election.

I believe we can probably look forward, if there is agreement, to a more formal public meeting of First Ministers later on. At that meeting, as at previous formal public sessions, the territorial governments would of course be represented and the leaders of those governments would be invited to speak.

Senator Lucier: Honourable senators, of course this is a hypothesis; it has to be. That is how Meech Lake came about. No one knew that it was happening until the day it took place, and then it was too late to speak about it.

● (1410)

The people of the Yukon and the Northwest Territories were not represented when the meetings took place. The whole of Meech Lake was done without the participation of either of the territories. I am asking for the minister's assurance that, if discussions take place again concerning Meech Lake, we shall be at the table and shall be represented by our elected representatives, as the other people of Canada are.

I have a quotation here from a statement made by the Premier of Alberta last week. He said:

Meech Lake is an agreement between first ministers. If there are any problems with Meech Lake, I think we should get together as first ministers and make sure we bring the premiers who are having trouble on side.

You do not have to know a lot more than that about the mentality of the premiers to know why I am asking this question. The people of the north want to be represented if the north is being discussed at any constitutional meetings.

I would like the assurance of the minister that the government will at least ask the premiers if they will have our elected representatives there. If they will not do that and the premiers object, we would like to know which premiers object.

Senator Murray: Honourable senators, the question remains hypothetical.

Senator Lucier: The answer remains very blank.

MEECH LAKE ACCORD—FIRST MINISTERS' MEETING—STATUS OF REPRESENTATIONS OF PREMIER OF MANITOBA—REQUEST FOR COPY OF GOVERNMENT'S REPLY

Hon. Jack Austin: Honourable senators, at the last sitting I asked the government leader whether Meech Lake would be on the agenda of a First Ministers' meeting. He said that he would be astonished if it were not.

[Senator Murray.]

With respect to that meeting, has the government leader just told us that the representations of Premier Filmon with respect to changes in the Meech Lake Accord will be rejected?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): The honourable senator had asked whether Meech Lake would be discussed. I hope I did not misunderstand his question, and I hope he did not misunderstand my answer. Of course, the status of the agreement that has been reached by the First Ministers is almost certain to come up at the meeting. However, that is not to say that the First Ministers would be addressing themselves to changes in the accord. That would astonish me.

Senator Austin: But, as I just said to the minister, Premier Filmon has said that he has changes to suggest in the Meech Lake Accord. Is the minister suggesting that those will be rejected or have already been rejected?

Senator Murray: Honourable senators, I am unaware of any changes being advocated by Premier Filmon.

Senator Austin: So the minister is saying that no representations have been made by the Premier of Manitoba with respect to the Meech Lake Accord that suggest any changes in the accord.

Senator Murray: That is correct, honourable senators.

Hon. Gildas L. Molgat: Honourable senators, I have a supplementary question. Has the Prime Minister, the Minister of State for Federal-Provincial Relations or the government received a letter from Premier Filmon requesting a meeting on constitutional matters?

Senator Murray: Yes, honourable senators. I believe that letter was made public by the Government of Manitoba. Further to that, the premier called me just before he announced that his government was withdrawing the resolution from the order paper of their legislature.

Senator Molgat: So the government has received the request, then, from Premier Filmon. Has the government responded that they would agree to such a meeting?

Senator Murray: Honourable senators, the response of the government was that the Prime Minister had already written to the premiers in October suggesting that an informal meeting would be held early in the second mandate of the government. That meeting will be held as soon as a mutually convenient date can be set.

Senator Molgat: So we are to understand that the government has not responded to the recent letter from the Premier of Manitoba. In other words, there has been no answer.

Senator Murray: Honourable senators, I cannot say for certain whether a letter has been sent to Premier Filmon, but I am virtually certain that his government and his officials have been reminded of the previous letter that the Prime Minister sent to the premiers in October. That constitutes our response to his call for a meeting.

Senator Molgat: Could the minister undertake to find out if a written reply has been made and if we can get a copy of that reply?

Senator Murray: Subject to the usual reservations, the answer is yes.

MEECH LAKE ACCORD—SENATE REFORM—REPRESENTATIONS
OF PREMIER OF MANITOBA

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government that is supplementary to my previous question. The *Globe and Mail* of yesterday's date quotes Premier Filmon as saying that the Meech Lake Accord is too narrow, because it fails to include any assurance of a reformed Senate. Premier Filmon has said that Senate reform is urgently needed to protect the interests of smaller provinces. I should like to ask the Leader of the Government in the Senate whether this information has been communicated to the minister.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the minister reads the *Globe and Mail*, as do my honourable friends opposite. I have seen the reference to which my honourable friend refers and my only comment on it is the same as I would make to the proposition advanced a week or so ago by Senator Molgat, that at Meech Lake we should have done something about the "notwithstanding" clause, because the purpose of the Meech Lake exercise was to repair the great gap that had been left in 1982 and to bring Quebec back into the constitutional family.

Further in reply to either Premier Filmon or Senator Molgat, or anyone else, in regard to the "notwithstanding" clause, reform of the Senate or any of these other important issues, I would say that it would not have made very good sense to hold Quebec's return hostage to a successful negotiation of these other, unrelated issues.

Hon. Royce Frith: But Quebec must have felt itself included in the Constitution in order to invoke the "notwithstanding" clause in that very Constitution.

MEECH LAKE ACCORD—CONSIDERATION OF
"NOTWITHSTANDING" CLAUSE IN CHARTER OF RIGHTS—
REPRESENTATION OF PREMIER OF MANITOBA—REQUEST FOR
REPLY TO PREMIER'S TELEPHONE CALLS

Hon. Joseph-Philippe Guay: Honourable senators, it seems to me that both the Leader of the Government in the Senate and the house leader in the other place invariably make reference to the 1981-82 constitutional negotiations when they talk about the "notwithstanding" clause. I am among those people who believe that that matter could have been rectified when the Meech Lake Accord was under consideration.

However, the present Premier of Manitoba, Mr. Filmon, was not involved in the discussions at Meech Lake. There have been questions by other honourable senators today as to whether or not the Prime Minister has answered Mr. Filmon's letters. I am not so concerned about the letters as I am about

the telephone call that Mr. Filmon made to the Prime Minister and to which, he has claimed, he did not receive a response. I would ask the Leader of the Government in the Senate if he would do something about this matter in order that Mr. Filmon might receive a satisfactory response.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, when Premier Filmon called me a week or ten days ago, I took the call. However, when Mr. Filmon tried to call the Prime Minister, the Prime Minister was on his way to Question Period in the House of Commons. I can assure the honourable senator that there was no discourtesy offered to the premier or to the Government of Manitoba, or to any other government. If the Premier of Manitoba wishes to enter into contact with the Prime Minister, that will be arranged as soon as possible. There is no problem there.

However, I do wish to come back to the matter of the "notwithstanding" clause and to other issues which people tell us we should have repaired at Meech Lake, whether it be the rights of the aboriginal peoples, improving the constitutional recognition of multiculturalism or whatever. There was one outstanding gap that remained to be filled after 1982, and that was to bring Quebec back into the constitutional family. Quebec had indicated that there were five conditions under which it would return to the constitutional family. The ten premiers, meeting in Edmonton in August of 1986, had agreed that the Quebec Round would concentrate on bringing Quebec back into the constitutional family on the basis of those five conditions, and that they would not allow linkages to take place with other issues, such as Senate reform and so forth, which would be put off to a second round of constitutional negotiations to take place after Quebec was back in.

Let me say that it would not have been fair and it would not have been very wise to have tried to settle a range of other constitutional issues—whether it be Senate reform, the "notwithstanding" clause or whatever—which were unrelated to the return of Quebec to the constitutional family.

● (1420)

Senator Guay: Honourable senators, the Prime Minister and the minister keep referring to that clause in the Charter of 1981 and 1982. Apparently they were aware that this clause should be rectified, but in fact it was not rectified in the Meech Lake Accord. It would have been easy at that time to change that particular clause, and it would not have done any harm with regard to "getting the whole family back together", as the honourable senator has put it.

Senator Murray: Honourable senators, not only would it have been difficult to make that change then but it would be no easier to do so today. That clause was accepted by Prime Minister Trudeau.

Senator Hastings: At the insistence of Peter Lougheed.

Senator Murray: Yes, it was demanded by various premiers. However, it is there in the Charter now, and to negotiate our way out of it would require other concessions.

Senator Buckwold: You have nothing left to concede!

Senator Murray: I do not want to get my honourable friend's hopes up about the "notwithstanding" clause; it will be there for some time to come. The First Ministers have agreed on a number of other matters, including Senate reform, that should be at the top of the constitutional agenda for the second round of discussions.

AGRICULTURE

WESTERN GRAIN STABILIZATION PROGRAM—FINAL PAYMENT

Hon. Hazen Argue: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. The first payment under the Western Grain Stabilization Program was announced some months ago. I realize that it is fairly late in the year for the final announcement, but can the minister make inquiries as to when this announcement may be made? People are waiting for the announcement and are waiting for their money.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I shall do so.

THE CONSTITUTION

INCLUSION OR EXCLUSION OF QUEBEC

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I ask a question of the Leader of the Government with regard to the phrase "in and out of the Constitution"? This phrase—namely, that Quebec is out of the Constitution, or that Quebec has to be brought back into the Constitution—has been used very frequently by the government in justification of the Meech Lake Accord. Quebec at least paid a short visit back into the Constitution to invoke the "notwithstanding" clause, which is part of the Constitution it says it was left out of, did it not?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the exclusion of Quebec in 1982 had a number of immediate effects. One was the routine invocation of the "notwithstanding" clause by two governments of Quebec up until, I believe it was, the month of March 1987. In other words, the Quebec government did not accept the legitimacy of the Canadian Charter of Rights and Freedoms and routinely exempted the laws of that assembly from the operation of the Canadian Charter of Rights and Freedoms.

Senator Frith: By using the Constitution to do it.

Senator Murray: In fact, the previous Parti Québécois government had proposed a return to negotiations under certain conditions, one of which was the exemption of Quebec from most of the provisions of the Canadian Charter of Rights and Freedoms. The second effect that the exclusion of Quebec from the Charter in 1982 had on our country was that Quebec

[Senator Murray.]

refused to take part in any further constitutional amendments until its own acceptance of the Constitution had been negotiated. The result was that in a series of First Ministers' constitutional conferences on aboriginal constitutional rights it was that much more difficult to achieve agreement because of the absence of one of the major players in Confederation.

Senator Frith: Flim-flam!

Hon. Paul Lucier: Honourable senators, I have a question of clarification for the minister. The minister continues to use the phrase "the exclusion of Quebec". I do not know whether I understand this properly, but I did not know that there was ever an exclusion of Quebec. I thought that Quebec had decided not to participate. I have never thought that Quebec was excluded, unlike the people of the north who were excluded from the Meech Lake Accord. We were told that we could not be included. I wonder whether the minister is making a distinction, if there is one, or whether I am just misunderstanding something.

Senator Murray: There was a very important long night when Quebec was not invited or present.

Senator Bosa: In the kitchen!

Senator Lucier: I think they were invited, but they chose not to come!

MEECH LAKE ACCORD—CONSIDERATION OF "NOTWITHSTANDING" CLAUSE IN CHARTER OF RIGHTS—IMPORTANCE OF CLAUSE TO QUEBEC—DIVERGENCE OF OPINION BETWEEN PRIME MINISTER AND SECRETARY OF STATE

Hon. Dalia Wood: Honourable senators, my question is to the Leader of the Government in the Senate. As I understand it, he has just said that the "notwithstanding" clause is going to be with us for some time and that it probably will not be changed. How will the government cope with the divergence of opinion between the Prime Minister and the Secretary of State, Mr. Bouchard, who says that the "notwithstanding" clause is essential for the survival of Quebec values?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the difference is largely in the mind of my honourable friend. It is not hard to see that so long as Quebec has not accepted the Constitution, has not returned to the constitutional fold, the constitutional family, the "notwithstanding" clause is a very important safeguard for that province.

OFFICIAL LANGUAGES

ALLOCATION OF MONEYS IN QUEBEC—PROVISION OF SOCIAL SERVICES

Hon. Dalia Wood: Since the Secretary of State presently has complete control over the moneys going into Quebec for bilingualism, if the Government of Quebec states, as it did on the weekend, that Montreal, for instance, will never be a

bilingual city, will the government retain some control of the moneys allocated to that area?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I am not sure what the honourable senator is trying to say about the Secretary of State's responsibility for minority language communities across the country, but the fact of the matter is that the present Secretary of State has completed a number of important agreements with the provinces and, in fact, some very important negotiations are now taking place with the Province of Quebec relating to such matters as provincial health and social services to the anglophone minority in Quebec.

The minister, as the record will show, is acquitting himself of his responsibility for minority linguistic communities in a very distinguished and successful fashion.

Senator Wood: The honourable senator knows that this weekend Mr. Bourassa said that even though Mr. Bouchard may have the right to allocate moneys to Quebec he will not allow those to be used for bilingual purposes. Therefore, my question is: Are the social services to be provided in only one language?

Senator Murray: Honourable senators, I have not seen the statement by Premier Bourassa to which the honourable senator refers. Let me first simply say that we have, in our own jurisdiction, Bill C-72, which applies across the country and to everywhere in the country. Second, in the provincial jurisdictions it has been our policy—and a successful one it is—to come to the aid of linguistic minorities through cooperation with provincial governments. We are doing that in Quebec. My goodness, tens of millions of dollars are being spent by the federal government pursuant to federal-provincial agreements to assist the minority linguistic community in Quebec now. This has been going on for some years.

[Translation]

THE CONSTITUTION

MEECH LAKE ACCORD—CONSIDERATION OF "NOTWITHSTANDING" CLAUSE IN CHARTER OF RIGHTS— POSITION OF QUEBEC ON POSSIBLE REMOVAL

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate, further to what I gather from his answer. Did I correctly understand him to say that if Quebec joined the Constitution or signed the constitutional agreement, it would at the same time agree to remove the notwithstanding clause?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): No, honourable senators, that is not what I said.

[English]

Senator Thériault: I understood the Leader of the Government to say, and the record will show—I am not talking to you, Senator Flynn!

Senator Flynn: Am I talking to you?

Senator Thériault: I understood the Leader of the Government to say that there is no chance that the "notwithstanding" clause will be abolished so long as Quebec has not signed the Constitutional Accord. Perhaps the Leader of the Government should check the record, because that is what I understood him to say.

Senator Flynn: Check it yourself!

Senator Murray: Honourable senators, let me take my honourable friend through it once more.

One of the results of the exclusion of Quebec from the 1981-82 exercise was that Quebec did not accept the legitimacy of the Canadian Charter of Rights and Freedoms. For that reason, up until March or April of 1987, Quebec routinely exempted the laws of its National Assembly from the Canadian Charter of Rights and Freedoms.

● (1430)

The fact of the matter is that one of the results of Meech Lake, once proclaimed, will be that Quebec will accept in its entirety the legitimacy of the Charter of Rights and Freedoms. In the meantime, as the Government of Quebec and the Secretary of State have pointed out, the "notwithstanding" clause has special significance for that province.

Senator Thériault: That is the whole point. The "notwithstanding" clause was used this time in Quebec not only to circumvent the Constitutional Accord of 1982 and the Canadian Charter of Rights but also to circumvent their own Charter of Rights.

Senator Flynn: Not at all. You are all mixed up.

[Translation]

Senator Thériault: You think you are the only one who understands. We have been following this story for a long time. Quebec never made a great effort to help the minorities outside Quebec. We have no lesson to learn from you or anyone else.

Senator Flynn: We shall not give any either.

Hon. Jean-Maurice Simard: Let us return to the subject at hand!

Senator Thériault: If you have something else to say, I am ready to listen.

[English]

Senator Frith: If the dog sleeps, let it lie.

Senator Thériault: The fact of the matter is that you skate around as Leader of the Government in the Senate. That is what you have been doing on Meech Lake, on the "notwithstanding" clause and on the issue of "distinct society". According to your interpretation when we were discussing Meech Lake earlier in the year—By the way, I was prepared to support Meech Lake at that time.

An Hon. Senator: Ah ha!

Senator Thériault: I was, yes, because I thought there was some fairness in this country.

Senator Murray: I must look up your vote.

An Hon. Senator: We will expect your vote.

Senator Thériault: You said that the "distinct society" clause did not mean certain things. Now you are saying that if the Meech Lake Accord were in force and all the provinces signed it then Quebec would not need the "notwithstanding" clause, because this would be taken care of by the "distinct society" clause. That is what you are saying; that is what many others have been saying; that is what Bourassa is saying.

Senator Murray: Honourable senators, I would thank my honourable friend to read the replies that I have carefully given to the questions that have been put on that issue today. If he does so, he will see that his own interpretation is quite at variance with what I have said.

[Translation]

CANADA-UNITED STATES FREE TRADE AGREEMENT

DISADVANTAGES TO CANADIANS OF AVAILABILITY OF AMERICAN USED CARS

Hon. Azellus Denis: Honourable senators, may I ask the Leader of the Government in the Senate a question? In the tons of advertising for which the government paid millions, probably a record amount, there is no mention of the possible disadvantages of the Free Trade Agreement. On the contrary, everything is in favour of the Free Trade Agreement.

I read in the generalities, which are only hypotheses or suppositions, that the agreement will gradually eliminate the embargo on used cars and thus give Canadians greater choice. I would like to know this from the Leader of the Government: What are the advantages of a wider choice of used cars for Canadians?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, my friend and colleague will have the opportunity to discuss this question and others during the debate that will begin in a few minutes.

The Senate Foreign Affairs Committee will also hold hearings where the Minister and officials will be present to answer my friend's questions.

Senator Denis: That is exactly why I asked you the question—so that they could be prepared for it.

I would like to know how access to American used cars can be advantageous. I heard that American used cars are much cheaper than Canadian ones.

Hon. Joseph-Philippe Guay: It's rust!

Senator Denis: Therefore, our used cars lose value compared to American cars as a result of the Free Trade Agreement.

For example, once the agreement is in force, when I want to trade in my car for a new one, I may get \$200 or \$300 or \$400 less for it as a result of the Free Trade Agreement. I want to know if that is an advantage. Besides that, we will have trouble

[Senator Thériault.]

finding out who owned the American used cars and whether the odometer was changed and making sure that the used car a Canadian buys is not completely used up or worn out.

I do not see in this ton of advertising what could be to our benefit in the Free Trade Agreement. Would it be that Canadians will have a bigger choice of old cars, when this wider selection will result in each and every car owner in Canada losing \$300 or \$400 or more? For more expensive models, it could be up to \$800 or \$900 or more.

Hon. Royce Frith (Deputy Leader of the Opposition): The debate is on!

Hon. Jean-Maurice Simard: I am sure that Minister Crosbie will give you an answer in French!

[English]

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

SECOND READING

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications) moved the second reading of Bill C-2, to implement the Free Trade Agreement between Canada and the United States of America.

He said: Honourable senators, on September 7 last I opened debate on second reading of Bill C-130, to implement the Canada-United States Free Trade Agreement. On September 15 that bill received second reading and went to the Foreign Affairs Committee. On October 1 the bill died when the Thirty-third Parliament was dissolved and the general election was called for November 21.

Bill C-2, which is now before the Senate for second reading, is essentially the same bill that was before us at dissolution. The government has returned, fortified by a mandate from the electorate, to proceed with the Free Trade Agreement and to proceed with this bill. That, as we have been told in the Speech from the Throne on December 12, is the primary purpose of this early session of the Thirty-fourth Parliament.

Honourable senators, this chapter in the free trade debate is coming to an end. It has been a very long one and I will try not to prolong it unduly.

[Translation]

Honourable senators, for the record, the Senate Committee on Foreign Affairs recommended to Canadians free trade with the United States first in 1978, and again in 1982, just as did the Macdonald Inquiry in 1985. In all these instances, the recommendations came after a very comprehensive study.

In keeping with these recommendations, the government, which saw the opportunity to obtain for Canada some major economic benefits, started negotiating free trade with the United States in June 1986, and in October 1987 reached an agreement which was officially signed in January 1988.

Never before in the history of Canada were the private sector and the provincial governments so scrupulously consulted during international trade negotiations.

The Free Trade Agreement was supported by eight provincial governments. It was also supported by most of the various organizations representing Canadian industrialists and exporters. It was the subject matter of numerous independent studies which highlighted important economic advantages for each and every region in Canada.

In Parliament, free trade was extensively debated. The Standing Committee on External Affairs and International Trade of the House of Commons heard 158 witnesses in 24 days in the autumn of 1987.

The Senate Committee on Foreign Affairs held 43 meetings and heard more than 90 witnesses in 98 hours in November 1987.

Bill C-130 was tabled in May 1988 and debated by the House of Commons and its legislative committee during almost 160 hours over 39 days.

Bill C-2, tabled on December 14, was debated in the other place for 70 hours during a seven-day session with extended hours.

● (1440)

[English]

Honourable senators, the Free Trade Agreement, as the Prime Minister has pointed out, is first and foremost an insurance policy for two million Canadian jobs that now depend on our trade with the United States. All remaining tariffs between our two countries will be removed over a ten-year period. It is true to say that 80 per cent of our exports now enter the United States tariff-free anyway. But the tariff remains on those value-added products, on finished goods, where so many jobs and job opportunities are and where, with the removal of tariffs, there will be increased opportunities for expansion and job creation in Canada.

Canadian consumers and producers will pay less for U.S. products. There will be no more U.S. quotas on Canadian uranium and steel exports, no more import taxes on Canadian oil and gas exports and no more customs user fees on any Canadian exports. Under this agreement we will have a dispute-settling mechanism that provides a shield against U.S. protectionism, whether it be from Congress or the administration. This dispute-settling mechanism is superior to that existing in any other trade agreement now in force in the world. It has attracted the interest of and is the envy of many other countries, including Japan.

There are new provisions in the Free Trade Agreement regarding services, government procurement, business travel and investment. The obvious advantages to Canada flowing from the Free Trade Agreement are sufficient, in my view, to commend it to the support of the Senate. This Free Trade Agreement will place on a more stable and secure basis the largest bilateral trading arrangement in world history. That, it seems to me, is a compelling—even a decisive—reason to support the agreement and to support this bill.

Canada is not seeking to be part of a "fortress North America". We recognize that the world is shrinking, that nations are increasingly interdependent, that business, wher-

ever it is located, operates more and more in an international environment and under the influence of international conditions. The road to world competitiveness for Canada—the road to a world-class Canadian economy—passes through the North American market. The framework provided by the Free Trade Agreement is crucial in order to create the investment and the confidence that is necessary to make Canada competitive globally.

Honourable senators, the other day I saw a statement made by Mr. H. Anthony Hampson, who, for 17 years, served as chairman, president and chief executive officer of the Canada Development Corporation. Writing in his capacity as head of the Policy Analysis Committee of the C.D. Howe Institute on the subject of Japanese-Canadian relations, he states:

This Japanese interest in Canada was stimulated by the Kanao Report, the result of a Japanese economic mission to Canada in the fall of 1986 that was highly complimentary to Canada and its prospects. This report made a worthwhile beginning in shifting Japan's perspective from Canada's resource industries to its high-growth, high-technology manufacturing industries.

Mr. Hampson goes on to state:

The most powerful factor, however, in increasing Japanese awareness of Canada has been the Free Trade Agreement with the United States. While many Japanese jumped rather quickly to the view that this was another inward-looking and protectionist move, others have seen it for what it is: a move by two of the world's greatest proponents of freer trade to show other countries that protectionism is not the only alternative.

In this latter view, Canada can now be a friend of Japan inside the U.S. gate. The Free Trade Agreement will make that friend a stronger competitor, particularly for manufactured products, as secure access to the large U.S. market will provide Canadian firms with longer production runs and lower costs.

It is to the next sentence that I would especially draw the attention of honourable senators:

But the Agreement's most significant impact will be an intangible one—to enlarge the export ambitions and enhance the confidence of Canadian manufacturers.

Honourable senators, Canada remains a staunch supporter of the GATT. We have taken a leadership role in the Uruguay Round; moreover, Canada hosted the mid-term ministerial meeting in Montreal earlier this month. That meeting showed how painfully slow negotiations are at the multilateral level. Progress was made—indeed, agreement was reached in ten or eleven sectors; but this seems to be stalled now because of the deadlock on agricultural matters between the European Economic Community and the United States.

For the purposes of today's debate, and especially in the light of discussions of the Free Trade Agreement during the election campaign, I think it is important to note that the Free Trade Agreement with the United States strengthens Canada's bargaining position under the GATT. In previous rounds of

multilateral trade negotiations the most important part of the process was the deal between Canada and the United States. We are the largest trading partners in the world; we are the two countries with the most at stake. Under the GATT rules the deal reached between Canada and the U.S. automatically benefited other countries, whether or not they had made concessions to us. The Free Trade Agreement means that Canada will not have to pay multilaterally for what we have already obtained bilaterally from the United States. The Europeans, the Japanese and the newly industrialized countries will now have to make concessions for improved access to the U.S. and Canadian markets. That increases Canada's bargaining power to achieve improved access to their markets.

Honourable senators, from September 1985, when the Prime Minister announced the government's free trade initiative, to November 1988, when the election was held—and even since the election—the opposition to the negotiations that led to the agreement became ever more strident and extreme. If the Free Trade Agreement went ahead, we were told, Canada would lose its political sovereignty. It would lose its cultural identity. Medicare would disappear; unemployment insurance would go. We would lose our ability to protect our environment. We would lose the right to enact effective regional development programs. Canadian energy resources would be defenceless against the voracious United States appetite.

● (1450)

Honourable senators, four or five years from now, ten or twenty years from now, when we still have our Medicare and our social programs, when our political and cultural identities are stronger than ever, when the sky has not fallen, when the Canadian economy, at the very least, has proven to be a net winner from free trade, these arguments advanced by the opponents of the Free Trade Agreement will look pretty foolish.

Senator Frith: "If", not "when". "If" is the word.

[Translation]

Senator Murray: We are convinced that the Free Trade Agreement will benefit Canada, just as the lowering of trade barriers with the United States over the past 50 years has benefited Canada.

We believe that this agreement will help us adapt to the new international realities, whether they result in a lowering or raising of trade barriers.

We are convinced that with the other elements of the Government program, Free Trade will help us administer this change for the benefit of Canada; and that is what the Canadian people have again asked the government to do.

[English]

Honourable senators, this is a good agreement and a good bill. This is a good agreement in which Canada, as a smaller partner gaining access to a larger market, is a winner. It places the largest bilateral trading relationship in the world on a sounder basis. As the leaders of the industrialized nations said in their communiqué when they met in Toronto last summer, it sets an example for future multilateral trading agreements. It

[Senator Murray.]

provides the opportunity for Canada to increase incomes, employment and living standards throughout the country and it builds the foundation upon which Canada will prosper and excel in the world of the future.

I have no hesitation in commending this agreement and this bill with great enthusiasm to the support of honourable senators.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government alluded to a statement made by the leaders of the industrialized nations that the Free Trade Agreement between Canada and the United States would set an example for the multilateral trade negotiations and would act as a catalyst. I cannot fail to say how wrong they are, because the first important event in the multilateral trade negotiations, namely, the Montreal conference, failed miserably, even though the example had been set by the Canada-U.S. Free Trade Agreement, in the words of the industrial leaders.

No more obdurate opponents to the liberalization of trade in Montreal were there than some of those leaders who paid this tribute to the Canada-U.S. Free Trade Agreement.

Senator Murray: Aren't you glad we did not put all our eggs in that basket?

Senator MacEachen: Honourable senators, we have heard *ad nauseam* that the conclusion of a Free Trade Agreement between Canada and the United States would constitute a breakthrough and set an example for the multilateral trade negotiations. We have been told that, as the Leader of the Government said, by Mrs. Thatcher, President Mitterrand and the head of the European Economic Commission. We have been told by the President of the United States to get this done and it will be a catalyst. It had its test in Montreal and it failed miserably.

Some Hon. Senators: Hear, hear!

Senator MacEachen: That is my first point. That has been characteristic of the debate on the Free Trade Agreement. There have been claims and assertions that are not justified and will not be justified by experience.

However, I could not fail to make that point, because I was watching the GATT ministerial meeting to find out whether indeed the new spirit that was alleged to have developed would influence the decision-makers in Montreal. It did not of course, because the divisions between the United States and Europe are so deep that nothing that happens between Canada and the United States has any effect on them. In any event, that is something by way of a more pointed introduction than I had intended originally.

As the Leader of the Government has already told us, we have before the Senate for the second time legislation to implement the Canada-U.S. Free Trade Agreement. It has just been rammed through the House of Commons by a series of closure motions at every stage. Now, in the Senate, we are asked to give expeditious treatment to this bill.

In July of this year, when it became apparent that the government intended to push Bill C-130 through both Houses of Parliament without giving Canadians an opportunity to express their views, Liberal senators agreed that Canadians ought to be given an opportunity to participate in what had become a national debate on our country's future. It was a decision that flowed directly from the government's determination to exclude Canadians from this important process.

Had the government shown confidence in its policy at that time, had it shown confidence in the judgment of the Canadian people, it would have sought a mandate from Canadians before asking Parliament to give final approval to the agreement. In refusing to do so, on an issue that the Prime Minister described as an "historic new departure" and on which he had himself reversed his position, the government invited action by the Senate. We decided to withhold our approval of the second reading of Bill C-130 so that the Canadian people might have an opportunity to make a judgment. In accordance with the bargain which was implicit in that decision, of course we intend to acquiesce to the results of the election and to the majority decision of the House of Commons.

It is worth recalling that the Prime Minister called the Senate action at the time a "violation of one of the most fundamental precepts of British parliamentary democracy." He said that the appointed Senate was being called upon "to hijack the most fundamental rights of the Canadian House of Commons." Much of the press initially took a similar view. An *Ottawa Citizen* editorial characterized it as an "abuse of parliamentary democracy." The *Globe and Mail* questioned the constitutional right of the Senate to take any such action.

● (1500)

I do not intend to review in any thoroughness the press reaction to the Senate's position, but I will recall the comments which appeared in the *Montreal Gazette*, which show how wrong both the press and politicians can be about public opinion and how frequently they misread the attitudes of the Canadian people.

This series of comments in the *Montreal Gazette* reads as follows:

The Senate, Senate reform, Senate legitimacy, will be factors in the election probably at least as important as free trade.

The issue of free trade does not lend itself to an election that is at the same time a kind of referendum, for the simple reason that people do not care enough about free trade and rightly so.

All of us discovered that people did care about free trade. Polls showed that, far from condemning the Senate, Canadians in fact supported the decisions taken by the Liberal Senate.

An Angus Reid poll released in the final week of July showed that 58 per cent of Canadians approved of what was being done by the Senate. Other polls taken in August showed that Canadians approved—by margins of 55 per cent to 33 per cent; 47 per cent to 27 per cent; and 52 per cent to 30 per cent—of the actions taken by the Senate of Canada, through

its Liberal majority, in giving the people of Canada an opportunity to express their views.

Of course, it is true that the opinion of the press changed; even the Prime Minister had a slight change of heart. The Prime Minister stopped his scathing criticism of the Senate, and on August 11, 1988, called upon the Senate to change its stand with the following soothing words.

Some Hon. Senators: Hear, hear!

Senator MacEachen: We should have them emblazoned upon our office walls as a reminder when the next thunderbolt from the Prime Minister descends upon our heads. He said:

It is up to the Senate of Canada now to display that independence of judgment and the intelligence and discretion for which they have been, from time to time, known . . .

Some Hon. Senators: Hear, hear!

Senator MacEachen:

(The Senate) is independent of the House of Commons, it doesn't follow directives of the people of the House of Commons . . .

Senator Doody: Except Mr. Turner!

Senator MacEachen:

So traditionally, the Senate hasn't responded to any specific requests for directives from leaders of parties to subvert any of our constitutional practices. So we'll just see what the Senate does.

Well, we know what the Senate did. But we do know that even in mid-August the Prime Minister was hoping to have the implementing legislation passed and given Royal Assent without facing the judgment of Canadians. As time ran out, however, the Prime Minister finally faced the inevitable and called his election. We are now again dealing with the implementing legislation at second reading, after having had a more extended debate about the Senate in our second reading discussion in September. That is all I intend to say about the Senate.

As the Leader of the Government has said, Bill C-2 is virtually identical to the former Bill C-130. It might be appropriate to pick up the debate where we left it in this chamber a few months ago.

Honourable senators, even though we intend to acquiesce and allow the bill to become law, it does not follow—certainly not in my case—that our concerns with respect to this legislation have disappeared. They still remain, perhaps even more acutely at the present time because of the failure of the government to deal with them adequately—not only in the election but also in the course of the second reading debate in this chamber.

In that debate last September Senator Roblin, supported by Senator Murray, found much to complain about in my arguments concerning the energy provisions of the Free Trade Agreement. Perhaps they had difficulty in understanding my points; perhaps it was my own failing to convey them clearly. I

thought I had put them clearly enough for both of them to understand. But what disturbs me about the response of the government is the singular lack of understanding of the provisions of the agreement revealed by their comments.

Let me first of all deal with the powers of the National Energy Board. Referring to my speech, Senator Roblin said:

He made the statement that the National Energy Board would be the one that decided whether the proportionality clause in the treaty would be invoked.

I do not know where that alleged statement originated. It was certainly not from my speech. Indeed, I said just the opposite. I do not want that misunderstanding—certainly in the mind of Senator Roblin—to continue or to be shared by any other senator.

The thrust of my argument was that the powers of the NEB had been inappropriately constrained. I said that "The Free Trade Agreement removes from the National Energy Board its independent status as a regulatory agency." I further said:

The National Energy Board is no longer free to deny an export licence and apply a surplus test . . . It must go to the government, to the minister. The minister, if he wishes, then goes to the Governor in Council. The Governor in Council or the minister are free to let the request from the National Energy Board sit there, in which case it will lapse.

If the government, even today, has a quarrel with that statement, it also has a quarrel with the National Energy Board chairman. On the occasion of the hearings before the Standing Senate Committee on Foreign Affairs on September 27 of this year I referred to a situation in which the National Energy Board had concluded that it would have to deny an export licence requested by an applicant. I put it to the chairman of the National Energy Board, by way of a question, that "at that point the board would not be able to take independent action and deny the licence for reasons of security." Mr. Priddle replied:

Senator MacEachen is right. The board could not act on its own volition.

I made the point clearly and correctly in my speech of September 13, 1988. The National Energy Board has lost these powers under the new section 84 of Bill C-2. These powers have been transferred to the government. It is the government, not the board, which decides whether to deny a licence, and thus trigger proportionality.

I regret that Senator Roblin is not present today, but I would certainly like to know whether he agrees with me and Mr. Priddle on this point.

● (1510)

But that is not the only reason I regret that Senator Roblin is not present today, because his confusion or misunderstanding went even deeper when he challenged my statements concerning supply shortages and the International Energy Agency commitments. Senator Roblin's remark, as he put it, that ". . . there is only one kind of shortage in an international trading policy . . ." indicates that he has failed to understand

[Senator MacEachen.]

the difference between section 83 of the National Energy Board Act and chapter IV of the 1974 International Energy Program. I raise this matter again, because under the provisions of the Free Trade Agreement Canada has undertaken particular responsibilities to share its oil with the United States in a period of restriction, which the government itself must introduce if a licence to export is denied. I come back to this matter, because it has been alleged so frequently, repeated again by Senator Roblin and repeated by officials before the committee, that we should not worry about this matter or pay any attention to it because what we have undertaken in the Free Trade Agreement is the same thing, and even less onerous than those obligations which we have undertaken in the International Energy Program. I find that inaccurate. It is a misunderstanding which can only be circulated because of lack of attention to the Free Trade Agreement or because of an effort to gloss over what is of real concern to those of us who have examined the energy provisions of the Free Trade Agreement.

Let me just point out that section 83 of the National Energy Board Act spells out the considerations which the National Energy Board must take into account in passing judgment on an export licence application. The National Energy Board must satisfy itself that the quantity of oil, gas or power to be exported does not exceed—and here I quote the act itself—" . . . the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada." Under section 83 of the act as it is presently written the National Energy Board has the power to reject a request for an export licence if, on the basis of the board's sole judgment, foreseeable supply is no greater than foreseeable Canadian requirements—or, to put it another way, if the foreseeable supply falls short of a surplus.

On the other hand, chapter IV of the International Energy Program defines the circumstances in which its demand, restraint and allocation provisions are triggered in order to create common, emergency, self-sufficiency in oil supplies. It is clear from the list of factors triggering the international program that what is anticipated is a sharp, quick and abrupt disruption of international oil supplies. I hope it will be clear that section 83 of the National Energy Board Act, which is to be modified, and chapter IV of the International Energy Program are concerned with different situations. One is concerned with the foreseeable future—the middle term, so to speak; the other is concerned with an abrupt, unforeseeable disruption. Under section 83, which is to be amended, the NEB has discretionary powers to deny export licences. On the other hand, the trigger under the international agreement is virtually automatic; it leaves no discretion to the Canadian government, as we can reasonably assume that the government will meet its obligations under that agreement. That is why, honourable senators, I cannot agree with the assertion that there is only one kind of shortage in an international trading policy. I have made the distinction between middle-term availability and short supply on the one hand and abrupt disruption

tions on the other in order to bring out in what respects the Free Trade Agreement creates new obligations for Canada.

Honourable senators, I shall go on to make another point. I should like to say with respect to section 83 of the National Energy Board Act that I hope no one will contest that licences for export to the United States of America can no longer be denied by the Canadian government without triggering a period of restriction in Canada and the application of the rule of proportionality. Yet the Leader of the Government, Senator Murray, was shocked when I said that the energy provisions of the agreement limit Canadian freedom of action. He said, and I quote:

That statement is not only hard to say; it is untrue.

Honourable senators, I believe I have made that illustration now, that we have limited our freedom of action even if only on one point; namely, that we cannot deny an export licence to the United States without declaring a period of restriction, which is new, and without imposing proportionality, which is also new. Honourable senators, that is certainly a diminution of Canadian freedom of action.

May I go on further to say that I really did not need Senator Murray's assertion to understand that we do not have any supply commitment to the United States under the energy provisions of the Free Trade Agreement. However, in a period of restraint, I can envision market conditions in which shortages in the United States could produce high oil and gas prices in that country which Canadian bidders might not be able to meet. I can also foresee the possibility of a situation in which Canadian gas supplies to the United States are locked into long-term contracts, leaving precious little for Canadians to bid on.

Honourable senators, I should still like to press this point and ask Senator Murray if he is still of the view that we have made no concession on energy to the United States. I would like to ask Senator Murray if he holds the view that Article 904 of the Free Trade Agreement creates no obligations on Canada. If not, I really would like to know his analysis, and to know where I have gone astray in saying that limitations have been placed on Canadian freedom of action.

Certainly, honourable senators, the United States is of the opinion that they have made major gains. Perhaps I have already referred in the Senate to this incident, but a few months or weeks ago I attended a meeting which was addressed by the chairman of the President's Council of Economic Advisors. In a discussion of the Canada-U.S. Free Trade Agreement the single benefit cited by the chairman as having been achieved by the United States was access by the United States to Canadian energy supplies. Not only has that been given, through a series of measures in the energy sector, but we have severely, in my opinion, constrained our freedom of action.

Honourable senators, at the risk of boring my colleagues, I intend to return to the comparison between the International Energy Agency and the Free Trade Agreement. I do so because I think it will become an important issue for Canadi-

ans in the future. At some point in time people will be scrambling to discover how we got ourselves into this particular obligation under the Free Trade Agreement.

● (1520)

I said in my speech last September:

It is neither accurate nor relevant to compare the obligation that we are undertaking with the United States to obligations we have undertaken under the International Energy Agency . . . The comparison with the International Energy Agency is a red herring.

Senator Roblin was shocked, and I believe that Senator Murray was shocked. If they had looked at the international program under the International Energy Agency they would have known that that program deals solely with oil. Article 904 of the Free Trade Agreement deals with all forms of energy. We have therefore assumed new obligations in terms of broader coverage over and above those contained in the international agreement. Secondly, the circumstances triggering the International Energy Program are narrow and tightly defined. They reflect a sharp disruption of world supplies. However, circumstances in which the restraint and proportionality disposition of Article 904 may be triggered are much broader. We have therefore assumed in the Free Trade Agreement new obligations in terms of the range of applicability over those contained in the International Energy Agreement.

What Senator Roblin did understand properly was a situation in which an international energy crisis triggered the provisions of chapter IV, in which the international program would take precedence. What he failed to understand was a situation of crisis falling short of triggering the provisions contained in chapter IV of the International Energy Program. In these circumstances the International Energy Program would not be operative, but restrictions and proportionality provisions under the Free Trade Agreement could be.

Senator Roblin made much of the scenarios presented by officials in the committee in what I can only describe as a gallant effort to help the government in this situation. They constructed their scenarios on the basis of a hypothetical international emergency situation in oil supply in which both the international program and the proportionality provisions would be in effect. This hypothesis, by definition, excludes the situation with which I was dealing—that is, a situation in which proportionality alone is in force, possibly on a commodity other than oil. That is why reference to the IEA in such circumstances is truly a red herring. The experts did not fudge the books, as Senator Roblin put it; they fudged the issue, and Senator Roblin fell for it!

Honourable senators, we on our side have had some discussion, which we have shared informally with members opposite, to the effect that in the examination of this bill in committee we would be doing a real service to the better understanding of the bill, and we would better grasp the differences in the field of energy between our obligations under the Free Trade Agreement and our obligations under the International Energy Program, if we could bring before the committee a person

from the International Energy Agency, so that we could settle this dispute and so that, when events occurred, we would know precisely our obligations. In other words, we would be looking to the future rather than looking back. I certainly hope we can select that area as one of the sectors for examination in the committee hearings.

I want to say a word about agriculture, if I may, and I want to repeat to some extent the argument I made in September, when I said that the Free Trade Agreement would have an unfavourable impact on the future of our supply management system. In particular, I questioned the continued viability of our marketing boards under a system where our food processors, purchasing their inputs from farmers under a regime of higher prices, would compete head to head with goods from the United States whose ingredients were supplied by farmers operating in a non-regulated, non-supply management system. That is the issue. I cited the testimony before our Foreign Affairs Committee of John Pigott of the poultry industry, Mr. Fleischmann of the grocery manufacturers and Mr. McLean of McCain Foods Limited, all of whom spoke of the danger of being caught in the middle between a regulated and unregulated market—the regulated market in Canada and the unregulated market in the United States, where supply management systems are more the exception than the rule.

In their speeches Senator Roblin and Senator Murray intimated that such criticism made in the committee hearings by such witnesses was indicative of a hidden agenda by Canadian food processors; namely, the destruction of our marketing boards. Senator Murray said:

Mr. McLean is opposed to marketing boards. That is what he wants to do; he wants to get rid of marketing boards.

Senator Roblin said:

... the real target was the marketing board system... They do not like it. They would like it changed and they want pressure brought on the people who use the marketing boards to bring their prices down.

What is noticeable about the reply of both my colleagues opposite is that, rather than dealing in a coherent fashion with the arguments put forward by these individuals, Senators Murray and Roblin chose to attack their motives. In fact, Senator Roblin said:

... we should be careful about accepting the testimony of these gentlemen who, quite properly, have a self-interest to express.

Of course they have an interest. That is why they were called before the committee. Would Senator Roblin have preferred that the committee elicit the testimony of disinterested parties? Perhaps we should have asked the steel producers to discuss the position of the Egg Marketing Agency under free trade.

Senator Barootes: Or the consumers.

Senator MacEachen: The reason for this line of argument by government spokesmen—that is, their focus on motives rather than on reasons—is their inability to deal with the

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following key question: How are you going to ensure that Canadian food processors get their raw materials at the same prices as their U.S. competitors? I would be most interested in hearing an answer to this question during the course of our debate. Of course, we have all been told in soothing words not to worry. Senator Murray tried to assure us that all was well with our supply management system, and he even went so far as to say, "Even Mr. McLean has stated that he expects McCain Foods to continue to grow and prosper..."

● (1530)

For the record, when he appeared before our committee, Mr. McLean said:

The only way we can survive is by hammering our Canadian wage earners to take lower wages... McCain Foods will survive and thrive with or without the deal. We can go south, but our factory workers and our farmers cannot. The only way that those farmers will survive under the deal as it is written is if they take lower wages.

Of course, what is basically at issue before the Senate, the House of Commons and the Canadian people is not the future of McCain Foods. If McCain Foods opens factories in the United States and survives and thrives there, it may bring joy to McCain Foods and to the government, but it will be of little comfort to Canadian farmers and workers who will be left behind.

Some Hon. Senators: Hear, hear!

Senator MacEachen: In a sense, we are just opening up the subject of agriculture in our discussion and, unfortunately, I agree with Senator Murray that much of the debate in the election campaign was extreme and strident on both sides and we got damned few answers from the government to basic questions in the course of the campaign. The questions raised by the food processors in our committee were not adequately dealt with.

Senator Murray introduced me to another area of concern when, in the course of his speech, he said:

... for processors of dairy products, we have added ice cream, yogurt and a number of minor dairy products to the import controls. Therefore, the impact on the food processing industry will be positive.

Yes, we did put ice cream and yogurt on our import control list, but just recently the American government asked the GATT Council in Brussels to establish a panel to examine Canadian restrictions on ice cream and yogurt imports. What has happened to the spirit of the FTA? They are challenging the Canadian addition of these items to the import control list. The GATT Council accepted the American request and a panel is now being established.

The Canadian government could respond by asking for a GATT panel to examine the onerous restrictions the Americans have themselves placed on ice cream imports. Canada cannot export any ice cream into the United States whatsoever. We have no quota. If we do ask for our own panel, and assuming both challenges to the GATT are successful, what will the impact be for Canada? Will the impact be positive?

We know that American producers do not operate under the same strict supply-management system that exists in Canada. We know that raw milk prices in the United States are 25 per cent to 30 per cent lower than in Canada. Raw milk is the major ingredient of ice cream. Canadian processors are protected by a 17 per cent tariff on ice cream, but under the FTA, of course, it will be eliminated. So we will have a level playing field, a playing field where Canadian processors will not be able to compete on price because of the much higher cost of their major ingredient; and you will not find any major ice cream producer being able to remain competitive if it is required to source milk at the higher supply-management-system price. This will put tremendous pressure on the marketing boards to cut their prices for raw milk, with the alternative being a decrease in sales volume for the dairy farmer.

Of course the story does not end there. If the United States is successful before the GATT panel, the inevitable consequence will be that the European Economic Community will immediately challenge our use of the import control list to restrict the importation of their cheese. The European Economic Community has long complained about our restrictions on their cheese products and would certainly not hesitate to initiate their own action against our use of the import control list, particularly if a successful challenge by the United States established a useful precedent.

We know, honourable senators, that the import control list is critical for the maintenance of our agricultural supply-management system. The terms of the FTA and the American challenge before the GATT could very well prove to be lethal blows.

Senator Murray states that his government has protected marketing boards in the Free Trade Agreement. Yes, that is true; the words are in the agreement; however, the objective economic conditions, the economic forces that will be unleashed under the terms of the agreement despite the words will put enormous pressure on these boards.

Honourable senators, I am making the effort to say what I feel deeply; namely, that we are at the beginning of this process. The bill may be passed in some days and become the law of the land, but we will be dealing with the forces that have been unleashed by the agreement and all I can say is that I have not as yet had any answers to the dilemma that was posed before the committee and was posed, I think, in the minds of many farmers in the course of the election campaign.

Senator Murray referred to a list of allegations that were made in the course of the campaign—the dire consequences that were said would take place if the agreement were effected. I did not make any arguments in the campaign that I have not made in the Senate, and I have not had any answers that satisfy me as to the concerns of the impact of this agreement. That is one reason why the work of the Senate may just be beginning: We have to follow this and monitor it and know about the consequences. There is no more important area than the potential relationship, for example, between Canadian social programs and the Free Trade Agreement. We all know that many questions were asked during the campaign and we

know that there are still some questions left unanswered, but which will deserve careful scrutiny in the future.

In my comments in the Senate last September I did not deal with the possible relationship between Canadian social programs and the Free Trade Agreement, especially the dispute-settlement provisions of the Free Trade Agreement. I want to touch on that subject now, certainly not in the detail it deserves but at least to raise in your minds some questions as to whether it is unreasonable to suggest that the social programs of Canada are left unprotected or will be put under pressure as a result of the Free Trade Agreement.

However, while I shall touch on these subjects, I shall not do so in detail. For example, I shall postpone until later discussion of Articles 1402 and 1602 of the Free Trade Agreement, which allow some 45 different types of U.S. health and social service management enterprises to operate in Canada as though they were Canadian, and discussion of the implications such a development might have on Canada's health system. We ought to discuss that at some future point in the Senate. However, I shall deal with a more general threat to Canadian social programs which will arise as a result of what can be termed a systemic pressure. That will be, in a sense, an insidious process, because it will happen gradually and it will take the form not of a direct attack on Canadian social programs but of an assertion of the necessity for Canadian competitors to have a "level playing field" and not to have burdens imposed in the form of social payments that are not carried by their American competitors. That is where the systemic pressure will come, and we had better be aware of it.

● (1540)

We know there are no provisions in the Free Trade Agreement covering social programs directly. Of course, that is deliberate, because exemptions were obtained in some areas. The government missed its best chance to tie the hands of the U.S. government in the upcoming negotiations on subsidies. We do know that in the next five to seven years the question of subsidies will be among the most important areas of negotiation. That is where the question of social programs and subsidies will be dealt with. That question is still on the table, and it will be on the table in the course of those negotiations for the length of time they take.

The systemic pressure I have mentioned has begun, with a number of Canadian businessmen already indicating that they are very concerned about the costs they bear as a result of social programs. In many cases the U.S. competition is not obliged to pay for the equivalent of these Canadian programs. With the Americans calling for a level playing field, and with Canadian manufacturers at a disadvantage, pressure is bound to occur either to alter or to refuse to improve Canadian social programs.

Let me give you a few illustrations of pressures that existed in any event but that will get renewed momentum as a result of the circumstances created by the Free Trade Agreement. For example, the Grocery Products Manufacturers of Canada stated last year that "some product sectors in Canada are at a disadvantage . . . some fundamental realignment in legislated

benefits programs and labour union organization will be required. As well, Canadian workers' income expectations will have to be substantially lowered."

The *Gazette* reported just last week that the Canadian Manufacturers' Association called for "a commission to study social programs with an eye to cutting the \$28 billion federal deficit." Perhaps the basic agenda is to equalize costs with their American competitors, something that is now becoming so critical under the Free Trade Agreement. Those are some of the indications that lead me to say that, although we are prepared to let the bill pass, we have not heard the end of this subject and it has not been settled at all.

The Government of Canada will be caught in a vise, whose jaws are Canadian business on one side and American business on the other. The pressure will be in the direction of squeezing life out of some existing or future social programs in Canada.

That is the systemic pressure about which I talked. It is not in the agreement, and it is irrelevant to say that since it is not in the agreement there is nothing that will happen that will affect our social programs.

Senator Frith: It should be in the agreement.

Senator MacEachen: Bear in mind, honourable senators, that Canadian social programs will also—I do not know which word I want to use to make it responsible and non-pejorative—but Canadian social programs will be, let us say, under question from direct attacks by American firms in competition. These direct attacks will take the form of charges that social payments in Canada are subsidies to the Canadian producer or manufacturer or supplier or whatever. That is how our social programs will come in: by the allegation that they are subsidies and therefore countervailable.

I was deeply interested to read an article published by the former Deputy Trade Negotiator, Mr. Gordon Ritchie, in the *Globe and Mail* on November 14, 1988. Mr. Ritchie, at the height of the debate on the relationship between the Free Trade Agreement and social programs, took it upon himself to come to the defence, let us say, of the government, or of the Free Trade Agreement. I suggest that honourable senators get that article and read it. It is worth reflecting upon. To me, its basic thesis is startling, and that is that the binational panels under the Free Trade Agreement will, in the future, be the guardians, the final defence against the erosion of our social programs. Mr. Ritchie presents what is meant to be a repudiation of charges that Canadian social programs are at risk under the FTA, and he develops two scenarios.

In the first the United States would misapply their laws to call Medicare a subsidy. According to Mr. Ritchie, this is not really a problem, because Canada could simply force the U.S. to appear before a binational panel which, in his words, "would have no choice but to find that the Americans had acted wrongly and to order them to drop their case." At first I found it to be a reassuring comment that there was a method by which we could stop the Americans if they said, "That is a subsidy." However, it is not that simple; not that simple at all. Under Article 1904 of the Free Trade Agreement, before the

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question of whether or not Medicare is a subsidy would ever get to a binational panel, it would have been dealt with by the U.S. International Trade Administration, which would have ruled that Canadian Medicare was a subsidy. That is the process. In order to get to the binational panel it would have to be ruled to be a subsidy by the International Trade Administration. Of course, by reason of his argument, Mr. Ritchie, implicitly if not explicitly, acknowledges that a U.S. trade tribunal could find that Medicare is a subsidy. That in itself should be put in the back of your heads. Who, then, rules in this case as to whether a judgment of the International Trade Administration is a correct one? It is a binational panel.

Mr. Ritchie says of course the panel would find that it is not a subsidy; but how can you be sure? There are five members on the binational panel; at least two of them are American, two of them are Canadian and, I think, the fifth is jointly agreed to, and I think most of them are lawyers.

● (1550)

Senator Barootes: You don't need lawyers if the decision is already made.

Senator MacEachen: I am saying that, in order to get to the binational panel in a case of this kind, the U.S. International Trade Administration would have to rule that Medicare in Canada constitutes a subsidy.

Senator Flynn: On what basis?

Senator MacEachen: That is something you had better ask Mr. Ritchie, because he has already acknowledged in his article—

Senator Flynn: It exists in the United States.

Senator MacEachen: —the possibility that a U.S. trade tribunal would find Medicare a subsidy. I find that disquieting.

Senator Barootes: You cannot have a guaranteed decision and also have the panel vote.

Senator MacEachen: I find startling that at a certain point we are relying on binational panels to protect our Medicare. This is what Mr. Ritchie, as the second in command of the negotiations, tells us about binational panels, a good portion of which is made up of non-Canadians.

But let me take you to another scenario that Mr. Ritchie presents, and that scenario is where the Americans change their laws so as to "pretend somehow that universal social programs were subsidies". Again the Canadian Deputy Trade Negotiator, referring to the procedures provided for in section 1903 of the FTA, points out that, when the issue came before a binational panel, the panel would again have no choice but to rule in Canada's favor and issue a binding order to the U.S. to drop their case. That, too, is a beguiling proposition, although it is not true. There is no binding order. There is no order at all. In such circumstances all that the panel could do would be to issue a declaratory opinion. The U.S. would be free to ignore this opinion, and Canada's only recourse would be either to take comparable legislative action or equivalent executive action or tear up the deal. So this facile solution that

appeared in the article is certainly a far cry from what it appeared to be on first blush.

I must admit, honourable senators, that it takes some careful referring back and forth and cross-referencing to understand how these panels operate. But, leaving aside the complicated specifics, I was appalled when it dawned upon me what the essence of Mr. Ritchie's argument was. His argument not only exposes the inherent weaknesses of the panel system but it states that in the final analysis the sole protection in the way of an erosion of social programs in Canada is a five-member panel of lawyers, at least two of which are American, and whose conclusions are unpredictable, to say the least. If they are independent binational panels, they will decide according to their own likes.

We have heard Mr. Ritchie before the committee and I would regard him as a very authoritative commentator. His analysis clearly proclaims to me that the government has dealt away its role as the sole protector of social programs. Parliament no longer stands as the guardian of social programs forged over the years after long debates and bitter opposition. The supreme guardian now for Canadians is the binational panel. "Don't worry," says the Deputy Trade Negotiator, "because the binational panels are bound to find in a way that you would like," but I am not convinced.

I want to make one or two further points about dispute-settlement, because even today the Leader of the Government in the Senate said that the dispute-settlement mechanism was a shield, was the protector, raising in my mind the same line of argument used by Mr. Ritchie. I have raised serious concerns previously today about the dispute-settlement process.

As you know, the Prime Minister made a big deal out of this section. He said in his speech to the House of Commons last August:

Most fundamentally and importantly, the agreement will replace the politics of trade with the rule of law.

I have dealt with Article 1903, which deals with changes to antidumping and countervailing duty laws, and I have already explained the problems that I foresee in that area. I turn now to Article 1904, which provides a procedure for the review of final antidumping or countervailing duty orders. As honourable senators know, these final orders would emanate from the United States ITC or the International Trade Administration of the U.S. Department of Commerce. After the order is made, one of two possible courses of action is followed, depending on the order. If the final order is not in Canada's favour, then Canada can demand a review by a binational panel whose findings are binding. Ironically, problems arise if the final order is in Canada's favour. Such an order would mean that the American plaintiff, presumably a producing company, would have lost its case before the American authorities.

At this point the best possible course of action for the plaintiff to follow is to wait 30 days, after which the binational panel review cannot be requested. The plaintiff would then do as it had always done before the existence of the FTA; that is,

it would appeal the final order before the U.S. Court of Appeal.

Canada has lost all control over the events. Obviously there would be no reason for Canada to request a panel review in the 30-day period since it would have won its case. Similarly, the U.S. government would clearly not want to appeal the ruling of its own ITC or ITA before the panel. In all cases where final orders are in Canada's favour it loses control and, indeed, appears to have lost any alleged advantage. It is disappointing to observe that any final order revised as a result of a judicial appeal cannot be reviewed by a panel. Canada has no right of appeal.

I am prepared to have others who have more expertise than I tell me that I have made a mistake along the way. But if I am right, think for a minute of the consequences of this procedure with a Canadian social program as an example. After an American court had ruled, based on American law, that a Canadian social program was a subsidy, Canada would have no recourse whatsoever but to suffer the consequences of a trade penalty. That is how I have approached the question of social programs, and I believe that I am covering the terrain which was laid before us by Mr. Ritchie, and I would like to get some answers.

● (1600)

Honourable senators, as far as I am concerned, the Free Trade Agreement will become the law of Canada. As I have already said, that does not mean that it is all over; it is the beginning of an important future process. Therefore, I want to say a word about looking ahead rather than looking back and refighting the election campaign.

Honourable senators, I have dealt with a number of features of this bill, but there are others that will require scrutiny in committee. Personally, I deplore many of these features of the legislation, let alone the way in which the agreement was negotiated. The time has come to look forward, to prepare for its implementation and to bring to account those responsible for its operation.

Senator Murray accused me on September 15 last of failing to weigh the costs and benefits of the agreement or its advantages or disadvantages to the nation as a whole. Well, that was a strange complaint coming from the spokesman for a government that has been addicted to generalities and prone to advertising excessive benefits, to avoiding explanations and to remaining silent on the costs.

The Free Trade Agreement as it is now is not more than half a design. The other half still has to be negotiated, and, I presume, paid for. Yes, one day we will be in a better position to weigh the costs and benefits, but that will be when the design is complete, when the full house will have been built. In the meantime the government has set for itself an impressive agenda. It will be entering phase two of its negotiations, along with other ancillary negotiations, with the United States. The real issue before us now does not concern the balance of the agreement. The real issue is whether the government will live

up to its own agenda, complete the Free Trade Agreement and deliver to Canada the benefits it has so vocally advertised.

Honourable senators, the Free Trade Agreement provides for no less than 18 new sets of negotiations to be carried out between Canada and the United States. In addition, consultations leading to possible negotiated revisions of the agreement and to harmonization are foreseen in seven different fields. Some of these involve provincial interests and jurisdictions and would, presumably, call for negotiations with provincial governments. In view of the length of time I have taken today, for which I apologize, I shall not go over the full list of these, which any reader of the agreement can easily put together for himself or herself.

Honourable senators, that is Canada's side of the matter. Also of interest is the range of subjects over which the American administration intends to draw Canada into negotiations, over and above the negotiations already provided for in the Free Trade Agreement. Here again I shall only give illustrations drawn from the U.S. Statement of Administrative Action which was tabled in Congress by President Reagan on July 25, 1988.

First are the negotiations on changes to rules of origin, in response to changes in the Canadian MFN tariff. Second are the negotiations of plywood standards. Third are the negotiations for the elimination on a global basis of all subsidies which distort agricultural trade. Fourth are the negotiations for the exclusion of the United States from transportation rates established under the Western Grains Transportation Act. Fifth are the negotiations for quantitative limits on Canadian potato trade. Sixth are the negotiations on automobiles to increase Canadian content to at least 60 per cent to qualify for FTA treatment. Seventh are the negotiations on the liberalization of investment rules, including the elimination of direct investment screening, the extension of the agreement provisions to energy and cultural industries and the elimination of technology transfer requirements and performance requirements, *et cetera*. Eighth are the negotiations to bring financial services disputes under the dispute-settlement provisions of the Free Trade Agreement.

These illustrations, which are by no means exhaustive, give us a clear view of the American agenda. Without anticipating the outcome of all of these negotiations, we have to assume that, in order to launch the Free Trade Agreement on a cooperative course, this agenda will also have to become the Canadian agenda.

The stand taken by the American administration in these follow-up negotiations should be of greater concern to us than vague statements on the overall level of protectionism in the United States. The American list constitutes a request list, and how to deal with it should be uppermost in our minds and on our government's agenda.

Of all these follow-up negotiations, none will be more important than the one on the definition of subsidies and unfair practices under Articles 1906 and 1907 of the agreement. In committee we hope that we will obtain some good,

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hard information on how these negotiations will be conducted. What is the time frame? How do these negotiations relate to the GATT negotiations? Will one sort come before the other? What is our definition of an appropriate subsidy? Have we prepared ourselves in this regard?

The Americans have high expectations surrounding this set of negotiations. The Americans interpret Articles 1906 and 1907 as contemplating the replacement of the provisions of chapter 19 of the agreement by a new system of rules dealing with subsidies and unfair pricing practices. Bear in mind that the binational panel provisions are part of chapter 19, which is to be replaced. The meaning of this is made crystal clear in the American Statement of Administrative Action. The President maintains that:

the binational panel review system is intended to be an interim procedure.

He wants to remove Senator Murray's shield.

This vital piece in the Canadian government's case is regarded by the Americans as a transitional measure. The new system of rules that our negotiators failed to negotiate in the first round must now be put together in the second round. The Americans have had the courtesy to give to us their position, their wishes and their objectives. I quote from the same document:

The Administration has no higher priority than the elimination of Canadian subsidies.

They also describe their negotiating objective as:

... obtaining increased and more effective discipline on Canadian government subsidies, including subsidies provided by Canadian provincial governments.

What is at stake, honourable senators, is clearly the fate of the agreement. If these negotiations do not succeed, we are back to square one with respect to the American trade remedy laws.

Honourable senators, I do not know what the government's negotiating stance will be. I do know that it has given up a lot to get a half-way house. Determining what its stance is will be a task for the future. Suffice it to say that in a transitional period calling for a lot of difficult adjustments the government has left to be negotiated the most critical part of the free trade arrangement—the application of American trade remedy laws to Canadian exports. It has left a large gaping hole—the absence of any set of rules for determining whether or not adjustment programs are countervailable.

● (1610)

In order to make a judgment on the overall balance we shall therefore have to monitor in the future both the way in which the interim arrangements work and progress made in negotiating a definitive system. That monitoring job can effectively be done by a committee. Certainly the Senate should participate by means of a committee.

We want to ask questions in the committee of Mr. de Grandpré, if possible, who has been singled out and appointed by the government to head up a commission on the question of

adjustment. How far have they gone? Is it unfair to ask now what the plans are for the future in the field of adjustment? We know that the experience of other free trade areas has demonstrated that adjustment is best pursued in periods of economic expansion. Economic stagnation, let alone a downturn, increases the pain and endangers the success of this venture. What good will it do to retrain displaced workers if they have no other jobs to turn to? What good will it do to encourage firms to look at the promised land if high interest rates stifle their growth? The government's macroeconomic management will be part of making the free trade area work.

The government has made a choice. The government has chosen the hard discipline of the market. We shall have to monitor how the market does the job, how the government deals with its budget deficit, how it copes with interest rates and exchange rates, how it reconciles its commitment to preserve intact our social programs and regional development programs with the imperative of negotiating with the Americans a definitive system on subsidies.

So far our discussions have focused, quite appropriately I believe, on the text of an incomplete agreement. This examination will no doubt continue for some years, but we now have an additional task, that of monitoring and passing judgment on action and reaction under the agreement. We shall have to establish reporting requirements and an institutional framework, enabling us to pass judgment on its multidimensional and systemic effects. Yes, we should have an overview and we should come in due course to pass a global judgment on the Free Trade Agreement. Otherwise, small events may occur, always falling short of a national crisis. One plant closing is not a national crisis, but small events will occur. The country will drift from one pragmatic decision to another. It will be tempted by opportunism and move from one concession to another, until all the King's men no longer can, or even know how to, put the country together again.

Hon. Jack Austin: Honourable senators, my first words must be to Senator MacEachen, with thanks for an excellent outline of the current factual basis on which this legislation is proposed to us. I would adopt his argument by reference, as I am sure would all members on this side of the house.

This particular day will find few Canadians focused on this Senate debate regarding Bill C-2, an act to implement the Free Trade Agreement between Canada and the United States of America. It is the holiday season for Canadians and they are rightly concerned with the more immediate matters of family, friends, religious feelings, a general stock-taking of the year now concluding and the challenges they may face in the year ahead.

Nonetheless, all of us in this Senate chamber know that Canadians have focused keenly on the underlying issues of this bill and will do so again and again in the years to come. All of us know that this is no ordinary bill that comes before us for a few days and is then passed into the hands of bureaucrats to play a circumspect role in the lives of a few Canadians. We are universally aware that this is a pivotal act in the life of our

nation, an irretrievable step toward some future we can understand but dimly and on which we do not agree.

Many Canadians—a majority of 57 per cent in the election held November 21, 1988—voted for the Liberal Party or the New Democratic Party, and therefore against the principle of this bill. Only 43 per cent voted for the Progressive Conservative Party and to maintain this bill.

We need no lessons in this Senate chamber on the principles of representative government. By our parliamentary rules and conventions the Progressive Conservative Party has, with 43 per cent of the popular vote, won a majority in the other place and, with it, a parliamentary mandate to proceed with this legislation. However, the knowledge that a majority of Canadians have cast their ballots against this legislation must surely serve to caution the government that what it has won is merely a conditional victory.

Canadians will day by day see the emerging evidence of the wisdom, if any, of the government's policy and, in the light of experience, know whether the Prime Minister's leap of faith has a soft landing or will come with a hard and damaging jolt. If this is the wrong way to go, if Mr. Mulroney has bet the nation on a much too costly deal, the price will be paid not only by him and his party but, regrettably, by countless men and women across Canada who will be injured, some of them catastrophically.

It is because the majority of Canadians have voted against this bill that the opposition in the Senate chamber and in the other place have a special responsibility to hold the government to its assurances and commitments and to the expectations that it has created in bringing this pivotal issue forward in its present form at this time. The process of this debate has great value for the future accountability of the government. Both here and in the other place the specific statements of the Prime Minister and other members of his cabinet made prior to and during the election are being placed in the parliamentary record, to be noted and referred to in times ahead.

We have been given words of assurance from the government that Canada's social security safety net, pensions, unemployment insurance, Medicare and family allowances are not in any way the subject of or affected by this legislation. There are similar assurances given with respect to regional development policies and the programs relating to education and job retraining. Other assurances have been given regarding our very important water resources. We are told that the agreement and this bill are so favourable to Canada and to Canadian workers that no special provisions need to be made for industries, communities and individuals affected by new levels of competition and changing economic circumstances. The present day programs will do, the government assures us.

It is the role of the Senate today to do its work and to discharge its responsibility to see that Canadians are given the opportunity to understand the nature and meaning of the government's proposals for their well-being. If I may indulge in a bit of year-end stock-taking, I would say that we have performed very well indeed in the last Parliament in discharg-

ing these duties. In particular, in matters such as government spending, revenues to the pharmaceutical industry, immigration and refugees, and affirmative action for women in employment we have shown that the government's position differed from the public interest, and Canadians have responded by involving themselves more and more in our proceedings and frequently appealing to us to take a strong stand. We have done so for regional interests, minority communities and individual rights, particularly in the interests of national well-being.

We have distinguished ourselves most, however, by insisting in the last Parliament on behalf of all Canadians that the predecessor to this bill be submitted to the people to decide. That was our proper role and carried constitutional legitimacy and precedent. It was in keeping with our role as a political court of last resort. Here was legislation presented by a government that had as its policy the deliberate purpose of non-explanation and non-debate. We are all aware of the 1985 memorandum to Cabinet, which argued—presciently, as it turns out—that the more the Canadian people knew of the trade deal the less they would like it. The memorandum went on to argue that the presentation should be kept general and vague. Sell it on the “touchy-feely” sentiments of free trade, the memo said. “Don’t get into specifics, or Canadians would focus on the cost side of deal and reject it,” said the memo. “Just talk about the good parts. Don’t let Canadians make a balanced assessment,” decided the government. Of course, the government could justify this approach, because it knew what was good for the Canadian people more than Canadians could grasp for themselves. Well, that is where the Senate has its responsibility: to make sure that the government is required to explain itself and to justify its purposes.

● (1620)

This bill was not understood and not well explained. We asked that the government seek a mandate before proceeding and, in so doing, demonstrated our own role as legislators of final resort. We spoke for a majority of Canadians, as their vote in the election demonstrated. That the Senate decision was a correct one in the eyes of the Canadian people was shown by the fact that our decision not to pass the bill in the last Parliament was never raised as an issue in the election but, rather, was accepted by the Canadian people to be right.

The government sought a mandate not because it wished to do so but because it had no choice. Even so, the Prime Minister and his Cabinet tried to avoid debating the issues and telling Canadians the risk side of the agreement to Canada's sovereignty and to the lives of individual Canadians in agriculture, services and manufacturing.

I want to honour the Leader of the Liberal Party, the Right Honourable John Turner, for his performance in the last election in finally forcing the government to offer some account to Canadians. Mr. Turner's work in the TV debates of October 24 and 25 captured the attention of Canadians and brought about an assessment of the issues across this country the like of which has not been seen for a long time. Canadians came face to face with their deeper feelings and understanding

[Senator Austin.]

about being Canadian. They re-examined their attachment to this precious community of people, this precious geography we call Canada. The result was a strengthening of all that is Canada. John Turner played a crucial role in this renewed understanding and has found a proud place in our history. Canadians, by voting 57 per cent against this bill, showed that they understood the issues and were concerned.

I have said that through the representative system of government as practised within the Canadian Constitution and its Conventions the Progressive Conservative Party won a conditional victory. But the Canadian jury is out on this legislation, as Senator MacEachen has said. It is out on its desirability for Canada, and the government has a considerable task to bring about the benefits that it has promised the Canadian people.

My chief concerns regarding this bill are not with the principle of free trade but with the great shortcomings of its achievement in the Canada-United States agreement and in this implementing legislation. Canada is a leading world trading nation, second to West Germany in the percentage of GDP earned from foreign trade. Everyone knows that Canada and the United States are the two greatest trading partners in the world, exchanging over \$150 billion of goods and services between them. Open markets, liberalized trade and fair currency exchange practices are vital to Canada's well-being. We have been leading members of the GATT processes and are working assiduously in the current Uruguay Round. We have been active exponents of more generous north-south commerce, and through the UNCTAD process and international bank support and through CIDA, in all of which the Honourable Allan MacEachen played a significant role in his years as Secretary of State for External Affairs, we have sought a more universal commerce among nations.

Personally, I favour a real, effective and equitable free trade relationship between Canada and the United States. This bill falls far short of what is required. This bill falls far short of what the Prime Minister, in 1985, 1986 and 1987, said was required. You will remember his objectives at the time.

First, that no deal would be concluded unless there was a removal of all constraints, tariffs, antidumping duties and those “Oh! So special” U.S. rules of countervail. Second, that there would be a specific definition of fair trade practices, or subsidies, that would clearly exclude from U.S. trade action the essential social programs that have made Canada the country we are proud to be. Third, that there would be a dispute-settlement tribunal, which would apply agreed-upon trade rules to the practices of trading entities and of government agencies.

Those were not criteria imposed on the Prime Minister. They were, as he once knew, the essential objectives of any trade deal for Canada. They were essential to provide fairness between two countries that are not, and never will be, equal trading partners. The United States is ten or twenty times our size, depending on the statistics chosen. It is a world superpower with interests and responsibilities beyond our terms of reference. In any such trade agreement we needed, and should

have required, asymmetrical terms to safeguard our essential interests.

The Right Honourable Pierre Trudeau once said in a speech to the National Press Club in Washington that, when a mouse lies down with an elephant, the mouse is sensitive to every tremor and movement of the elephant and sleeps very poorly indeed. Can you imagine what the relationship would be like if the elephant turned amorous?

It is fact that the Prime Minister achieved none of the three goals I have set out. Nonetheless, he concluded this arrangement that is before us and will take his place in our history on the wisdom of that decision—a leap of faith through a window of opportunity, to use two phrases that the Prime Minister has employed, although I admit that he did not use them together.

What is the haste in entering into this agreement? We have heard about U.S. protectionism and the need to shield ourselves from it, but nothing in the agreement bars the U.S. from applying its protectionist laws to Canada. The Omnibus Trade Bill passed by the U.S. Congress in the summer of 1988 applies to Canada as it applies to the world. Canada was not exempted there and is not exempted by this agreement either. One suspects a political agenda, with a focus on the next election, and not a nation-building agenda here. In logic and experience, no deal should have been concluded without the major criteria that I have mentioned. The time frame of national interest is a much longer one than that of any political party. It would have been no shame, and to greater national credit, to admit that the negotiations were wrongly cast or had miscarried than to conclude a deal to Canada's permanent impairment. There is an ancient wisdom recalled: "Deal in haste—repent at leisure."

Some will know that I played a role as Deputy Minister of Energy, Mines and Resources in the years 1970 to 1974 in the shaping of the energy policies of Canada in that period. I mention this because the energy-related provisions of this agreement and bill concern me greatly. In the world energy crisis of 1973-74 the need for Canada to ensure a high degree of energy self-sufficiency came home to the Canadian people as never before. Parts of Canada dependent on international supply—the Atlantic provinces and Quebec—suffered actual diminishment of supply and potential disruption of their economies. Many parts of the world, but fortunately not Canada to the same degree, saw world price escalation and the immediate release of galloping inflation. The Liberal government of the day, under Prime Minister Trudeau, took important steps to develop supply sufficiency and were rewarded with the confidence of the Canadian people in the 1974 election.

Today the energy world is facing unrealistically low prices for oil, given the costs of production and the availability of other sources of energy. The international market was distorted by OPEC action and disagreement and by the factors of war in the Middle East. The decline in price has seriously interrupted our policies of self-sufficiency both in exploration and in conservation. Much of our conventional cost oil and gas

is known, and our conventional oil in particular is a declining resource in which we are no longer self-sufficient.

Our longer-term self-sufficiency will depend on accessing the much higher cost Arctic, Hibernia, Scotia Shelf and oil sands deposits in western Canada. We must maintain our effort towards development. But, as I have said, these are costly resources, and because of the nature of markets they cannot be justified by investor activity alone. A competitive investor rate of return is just not available. This means that governments must, for national security and development reasons, stimulate these prospects. That in turn means the taxpayers of Canada will be asked to do a large share of the work.

● (1630)

Through this so-called Free Trade Agreement we have given national treatment to U.S. citizens and corporations with respect to supplies of oil and gas produced in Canada. By this I mean national treatment as to access and national treatment as to cost. Why the trade agreement, which is based on lowering tariffs, refers to energy access and cost is another story which will be dealt with at the appropriate time.

My point is that in agreeing to access and cost at the same market price that Canadians pay we will place a high burden on Canadian taxpayers to subsidize American consumers of Canadian oil and gas. Canadian taxpayers will pay for the uneconomic portion of the exploration and development that will take place, and that is understandable if Canadians have at least guaranteed their security of supply. But American consumers will pay only the market price. They will have security of supply at no cost to them. It is easy to understand why the U.S. negotiators exempted petroleum development subsidies from a very long list of unfair trade subsidies.

If there is to be any fairness for Canadians in our one-way energy trade of the future with the United States, the government must see to it that U.S. taxpayers are involved to some important degree in ensuring their future access to Canadian energy resources. Without that measure, the provisions of this aspect of the agreement alone would justify the use of the six-months cancellation clause and all of the fallout that that would portend. The cost to Canadians of this aspect alone of the agreement is in the multibillions of dollars.

I join with Senator MacEachen and many of my colleagues on this side in proposing that the Senate establish a specific role for itself in monitoring the consequences of this legislation. There are bound to be many unintended and unfortunate results, as well as results to the disadvantage of Canada that we can foresee. The Senate must provide a forum for Canadians to be heard and for the consequences of this legislation to be assessed. We must also keep under view the critical negotiations which are ahead, particularly in the definition of subsidies and other trade practices which Senator MacEachen has outlined. Somewhere along the way we must review the highly unfortunate softwood lumber issue, which has had such a serious impact on the cost-base of our forest industry in British Columbia. Here was a case where U.S. bullying was too intimidating for the Mulroney government to deal with, and,

unfortunately, there is nothing in this agreement to prevent the same thing from happening again.

As I represent British Columbia in this Parliament, I cannot deal with trade without a reminder to the Senate of the Pacific dimension to this country. The Pacific Rim is a dynamic region of the world—its fastest growing region in economic terms. It is a fact, as pointed out in a recent series on immigration in the *Vancouver Sun*, that 50 per cent of new Canadians are now coming from the Pacific Rim. Canada's role in the Pacific has been largely *ad hoc*. That approach must be changed. We must develop and act on a comprehensive strategy for trade and for our overall relationship. There is a growing recognition of the need for the creation of a "Pacific Coalition", to give it the name Senator Bill Bradley of New Jersey coined in a speech on December 8, 1988, to the Economic Club of New York. He proposed a new international organization in which the nations of the Pacific would join to promote trade and economic growth. Canada would be well served to consider this objective, similar to one proposed by Secretary of State Shultz in Bangkok last April. Indeed, we should be among the initiators of such a group.

In conclusion, honourable senators, the government has its mandate, and on that basis, and on the responsibility of the Prime Minister, this bill will pass. The government has won a battle, but the issue is far from settled. For my part, the most I can bear to do is to abstain from defeating this bill, but I cannot refrain from believing that it is not to the advantage of Canada.

Hon. Finlay MacDonald: Honourable senators, I should like to ask Senator Austin a question. After hearing the high quality and obvious preparation made by the previous speakers, I was hoping that we would not be subjected to future speakers making references to the fact that the majority of Canadians voted against this legislation. I would suggest to Senator Austin that he has absolutely no way of proving that particular point. He might, however, help me by telling me when was the last time in this century that a party in this country, with a three-party system, received 50 per cent of the vote. Also, if he has perhaps analysed the results of the last election, Senator Austin might also tell me how many people voted for the Liberals or for the NDP and did so because they did not like Brian Mulroney, or because they did not like the pharmaceutical bill or because they did not like submarines, or a host of other things.

Senator Frith: How about the Prime Minister, in a submarine, taking a pill?

Senator MacDonald: Perhaps Senator Austin, if he can, would explain those things to me. I say to Senator Austin that a man of his experience and background should not make statements that he cannot back up.

Senator Austin: It would take a reasonable man, Senator MacDonald—and I hope I am that—to make the statements I have made. Also a reasonable man such as yourself, Senator MacDonald, may differ with me. In the meantime, I wish you a Merry Christmas.

[Senator Austin.]

Hon. Sidney L. Buckwold: Honourable senators, Senator MacDonald might be interested to know that I, in common with most other senators, have received literally hundreds of letters, telegrams and phone calls with respect to the issue of free trade. In those communications the comment is often made that the majority of Canadians voted against the government and that the Senate should now act on behalf of that majority. To that comment my response is, and will always be, that the Senate asked for an expression of opinion by the people of Canada. That expression was given; the government was returned with a majority, and that is the way in which the system works. The government won the battle; it is now their ball game, and, although I did promise to rise and say a few words in the Senate, I have to acknowledge the responsibility of the government to carry the bill. That sentiment has been, I think, expressed very clearly by our leader, Senator MacEachen, in his preliminary remarks this afternoon.

Therefore, honourable senators, what I have to say is perhaps not so much a résumé of all of the arguments we have heard, pro and con, with respect to the Free Trade Agreement and this bill—although one cannot help but point out a few of the most disastrous effects that some of us foresee—as it is a look ahead. Perhaps it is more appropriate to look ahead at some of the problems that will face us as a result of this legislation.

Honourable senators, I gladly and freely admit that at one time I supported the concept of free trade. As a matter of fact, I still do on the basis of the philosophy of free trade, although perhaps that is a platitude. However, I began to have my first doubts when we started into consideration of Bill C-22. During that debate I saw the power of the American pharmaceutical lobby moving in and using, for the first time, that famous phrase, the "level playing field". To those of my colleagues who have forgotten or who are unfamiliar with Bill C-22—

Senator Barootes: How could we forget, since you have reminded us?

Senator Buckwold: Senator Barootes, I know you have a long memory. However, there are some new senators who may not be familiar with the contents of Bill C-22. That bill dealt with the removal of some forms of generic competition from patentholders of pharmaceutical drugs. However, as we travelled around the country and listened to discussion of Bill C-22 supported by the pharmaceutical industry, it did not take any great genius—you did not have to be an Einstein—to realize where the initial impetus for this iniquitous legislation came from. Although it was denied time and time again, nevertheless—and I think that even most of those on the other side would agree—there was that push from the powerful American lobby of the pharmaceutical industry in Washington, which moved in and said to Mr. Mulroney, "Mr. Mulroney, if you want this deal, you had better clean up your act on competition in drugs." That was my first awakening.

• (1640)

Then, as a member of the Banking, Trade and Commerce Committee, along with Senator Finlay MacDonald and others, I crossed the country hearing representations on the imposition

of duties on shakes and shingles by the American government because of supposedly unfair competition from Canada. The stumpage fees levied by the provinces in the industry were not high enough to satisfy the industry in the U.S., which at the time was really non-competitive. Again, as I travelled across the country listening to the pros and cons of that particular debate, I could not help but be impressed with the power of American lobbies in Washington and, in this case particularly, of American legislators, American senators, who were able to convince the decision-makers that the competition was unfair, that we in Canada were taking advantage of our American friends in this way.

Then, as a senator from Saskatchewan, I saw the power of the American lobbies when they brought a dumping charge against Saskatchewan potash. That initiative was undertaken by two American senators from New Mexico, where the American potash mines are located, representing an industry that at the time was burnt out and used up. I had visited Carlsbad, New Mexico, and seen their mines. There was very little ore left. As a matter of fact, the original potash investors who came to Saskatchewan, which has the largest potash reserves in the world, were from New Mexico. I had visited the mines in New Mexico as a guest of the Potash Company of America during my days as the mayor of Saskatoon. As I said, there was little left. However, two American senators from New Mexico had enough power to say that the Saskatchewan potash industry was dumping, that it was underselling their market and putting them out of business. Again, my eyes were opened.

The next incident also occurred in my own province; it involved uranium. The American lobbyists for a relatively inefficient uranium industry were able to get duties invoked against the uranium industry of Saskatchewan, which has by far the highest grade uranium ore in the world. Once again I saw the power of American lobbies.

If anyone in this country feels that such incidents will not occur again, then I think he had better go back to school. The ability to impose countervail duties is there, and it will continue to be there. The dispute-settlement mechanism, although admittedly an improvement, really does not solve any problems. It has no legal constitutional power. This body will look at situations, but you can believe me, and you can believe all the others who know the situation much better than I, when I say that, as the years unfold and as American industry becomes even slightly hurt, the issue of countervail will be raised by the Americans—and as well by Canadians, because we are not particularly innocent either—in various situations. I draw these incidents to the attention of my colleagues to indicate the very serious problems that we face ahead.

I shall not go through what has already been said about energy as it affects my province. Certainly producers in Alberta and Saskatchewan are happy, but it is short-term gain for long-term pain. We will be paying for it for a long time, because we have given away one of our greatest national advantages, our energy, in a world where in due course energy

will become a major factor in the economic survival and prosperity of nations.

Let me now turn to our agricultural industry. I have heard the Premier of Saskatchewan, whom I respect and who fully supports this deal, say to the farmers of Saskatchewan, "We have a million people in this province and we are going to have open to us the United States with a population of 250 million." He has said to the farmers that the border walls will be down and they will prosper as never before. By the way, the farmers did not fall for that line. They are not quite that gullible; they are no longer hayseeds. The farmers realized the situation when they went across the border and saw their farm friends from North Dakota, who were just as hard up as the farmers of Saskatchewan in spite of the fact that they had this market with a population of 250 million sitting there. That market does not seem to have added to their prosperity.

Our Saskatchewan industries were also told that the trade barriers would come down and that they would be able to move their products over the border. Some time ago I took a car trip from Saskatoon to Salt Lake City, Utah. We went through North Dakota, South Dakota, Montana and Idaho. All the way down I did not see one city in that great market of 250 million people half as big as Saskatoon. I pass this information on to illustrate that the prosperity that has been advertised is a long way away for a good part of Canada.

Our agricultural industry has some real fears. Let me quote from a recent article in the *Financial Post*:

For Canadian consumers, the Super Duper supermarket in Buffalo, N.Y., is an eye-opening revelation of what grocery shopping might be like under free trade.

There, only a two-hour drive from Toronto, a half-gallon bottle (nearly two litres) of 2% milk sells for US89¢ and roast chicken for only US79¢ a pound.

Across the border, where more than 230,000 Canadians work in the \$50-billion grocery products industry, it's a different story. A litre of milk is C\$1.30 and roast chickens cost up to C\$2 a pound.

Those lower U.S.-style prices are a tantalizing prospect for Canadians. But some observers fear they could cost hundreds of food industry jobs as the Canada-U.S. free trade deal is phased in over the next decade.

That article was printed by a publication that is a strong supporter of free trade. I think we have to be aware of these kinds of things. The article poses nothing new. We heard similar comments during the election campaign. I think that, as has been pointed out so well by Senator MacEachen and Senator Austin, more than ever we must concentrate on what happens from this point on.

One of my major concerns is over the future of our exchange rate. We have not had very much discussion in this free trade debate about the relative value of the Canadian and American currencies. When we had a 71-cent or 72-cent dollar, Canadian industry was really doing well. We were one of the greatest bargain countries for American companies to buy from, and it was more difficult for Canadians to buy American goods. I

operate my own business. Whereas my company was normally a very large importer of American products, the change in the Canadian exchange rate wiped out that advantage and our buying was basically concentrated on Canadian mills. With the Canadian dollar at 83 cents, that situation has changed quite dramatically. American agents are swarming into Canada—and into the Canadian economy. They are booking orders by becoming very competitive. What I am saying to my colleagues is that the greatest non-tariff barrier or advantage, whichever way you want to look at it, is the exchange rate.

● (1650)

I have asked some of our senior people about this and they have told me not to worry, that the situation will adjust itself, but, as I read it, some economists feel that because of a weakness in the American dollar in the world market the Canadian dollar will do as it already has, to the surprise of many, and continue to rise. If we get up to a 90-cent or a 95-cent Canadian dollar, which has traditionally been the relationship of our currencies, the very same companies that paid out contributions of hundreds of thousands of dollars to chambers of commerce during this last election campaign to advertise the benefits of free trade to Canadians will be knocking on the doors of the Minister of Trade and Commerce and others saying, "Please do something to protect us." They will use the very same reason for demanding tariffs that they used in the early days of Canadian industry.

It is very tricky to try to relate that exchange rate if the government turns around and says, "Through a variety of means, including the Bank of Canada, we will make sure that we have a dollar well below the American dollar, which gives us an advantage of up to 20, 25 or 30 per cent." That is a major advantage in terms of a free trade deal, but, if we lose that, I predict that there will be calamity in many industries of this country.

I look at, for example, free trade in terms of the farm machinery business. Virtually, we have had free trade in that business since 1944. We used to have here in Canada one of the greatest farm machinery manufacturing industries in the whole world. Massey Ferguson was one of the great examples. With the introduction of free trade there was a fairly steady, gradual erosion of that industry until, today, there is not one major manufacturer of farm machinery in this whole country. It is true that there are some small manufacturers producing specialized items, and that might help in terms of free trade, but our great farm machinery industry, which provided thousands of jobs across this country, has disappeared. There are some who say that a contributing factor to that disappearance was the Free Trade Agreement.

After that agreement, we were told how farmers would get the very lowest prices in the world because we had free trade with the Americans on farm machinery. I would ask any one of my agricultural friends whether they think they have low-price farm equipment in comparison to other parts of the world. Again, I pass this on to my colleagues to indicate some of the problems we should look at in this respect.

[Senator Buckwold.]

We have seven years to harmonize our various programs, such as our social programs, our cultural programs and our subsidy programs. The word "harmonize" is defined in the agreement as "making identical". Honourable senators, "making identical" is a very difficult thing to do. It reminds me somewhat of the story of the fellow who married a girl who had an identical twin. To the surprise of everyone, the sister-in-law moved in with the newly-married couple. Shortly afterwards one of his friends asked, "With your sister-in-law, the identical twin, living with you, how can you tell who is your wife and who is your sister-in-law?" To that he replied, "To tell you the truth, I can't, but that is their problem."

Some Hon. Senators: Oh, oh!

Senator Buckwold: Honourable senators, I suggest to you that this so-called "making identical" will create a problem, and not just for the sister-in-law but for all Canadians, when we try to harmonize the kind of programs that have made Canada what it is today.

Honourable senators, I acknowledge the mandate the government has been given. Our responsibility now is to make sure that this agreement works as well as it possibly can. I heartily endorse the recommendation of our leader, Senator MacEachen, that a Senate committee should have an ongoing responsibility to monitor what goes on and to see that what we do is in complete "harmonization"—if you will allow me that word again—with what has been said and with what is in the agreement.

I forecast that it will be a difficult task to complete the so-called "harmonization" of all the subsidies and other programs in this country with those of the U.S. to make them completely identical over the next seven years, and it is my hope that senators, through a special committee, will have a commitment to make a contribution in that regard.

Having said that, may I extend my best wishes to fellow senators for a happy New Year. I hope the years ahead will be as happy for the government as this one has been, but I would suggest that, if they think they had problems in the past, when they come to negotiate with our American friends in terms of a so-called "harmonization" they will look back on 1988 as a vintage year.

Some Hon. Senators: Hear, hear!

Hon. Willie Adams: Honourable senators, although I do not know too much about the subject, I should like to say a few words about free trade.

Only 15 or 20 minutes ago Senator MacDonald asked Senator Austin how many people voted in favour of free trade during this last election. I would remind Senator MacDonald that in the Northwest Territories 100 per cent of the electorate voted against free trade, since both of our elected representatives are Liberal.

Some Hon. Senators: Hear, hear!

Senator Adams: Although the north is not as densely populated as the rest of Canada, the land mass forms approximately half of the total land mass of Canada, and our aboriginal

peoples have inhabited that area for thousands of years. Perhaps with the passage of the Free Trade Agreement we will be able to proceed further with our land claims, particularly in view of the Meech Lake Accord. It may even be that the Americans will take over in our area and deal with our land claims.

Since the free trade discussions commenced last summer there has been a stepping up of military exercises in the Arctic, which is located between the two super powers, the U.S.S.R. and the U.S.A. The increased presence of military personnel in the Arctic does indeed cause us some concern. We know that we do not have a large enough military force to look after ourselves should we ever have to fight the U.S.S.R. That is why the American and the Canadian governments seem to be deciding that in the future the Arctic would be a good place for a war zone, because it has such a small population.

● (1700)

I have now been living in Ottawa almost 12 years. Up north we do not have dividing lines. People are free to live on the land. That is how they survive. They do not have it divided. In the south people have their own property, perhaps 60 by 100 feet. People say, "That is my property." When you live in the north you go out on the land and you do not ask who owns the property. You can go anywhere you want. Some are saying that in the future, with free trade, we will have to open up the Arctic more for mining. As an honourable senator said a moment ago, "They have their own country, the biggest in the world." Even our own Government of Canada does not know how large our energy reserves are up in the Northwest Territories. We have energy reserves up there and land for mining. We have fishing and hopes for tourism in the future. We do not see the problem of pollution up there that we see here in the rest of Canada and in the United States. I hope that at the least we understand that we have a country up there.

I have been a member of the Energy Committee since I joined the Senate. I understand some of the problems the Americans have with energy shortages. According to Senator MacEachen, there is nothing in Bill C-2 that would stop the Americans from using our energy. We have in the high Arctic the largest reserve of natural gas in the world. We touched the tip of it about ten years ago. We have been tapping gas there for the last fifteen years. In the future, after the Free Trade Agreement is passed, if the Americans want this gas, they can take it any time they want. I have seen the area of the Beaufort Sea and I have seen the results of the last three or four years since the new government took over, and we have lost a lot of exploration jobs. According to Senator Murray, over the next ten years there will be two million jobs created for the people of Canada. Ten years is a long time to predict whether the people in Canada will be able to find jobs or not. Since free trade was first introduced we have already lost 2,000 or 3,000 jobs, especially in Ontario and Quebec.

I join the other speakers in this house who are concerned about free trade and the survival of our country. I hope our government makes sure that further dealings with the Americans are done right and that we do not make any mistakes.

I should like to tell a little story. In 1942, when I was only about eight years old and the Second World War was in progress, I was at an American army base where they were training dog teams. It was very interesting. They would go out on the land and make trails, using a string of dogs, and work with some kind of explosives or bombs. They were training the dogs for use in Europe. The dogs were being trained day and night. When I was involved at that time I felt I was representing my country. Today the dog team is not used any more; nor will it be in the future because of today's technology. If war broke out today, nobody would think of using dog teams. That was my experience between 1942 and 1945—training dogs for the war in Europe. My hope today is that in the future we will not be living in a war zone, if a third world war should start.

The Inuit people whom I represent are concerned about free trade. We are concerned about the Americans having access to things in the Arctic, particularly the unpolluted water.

If free trade is put into effect, I hope that at least it will be of benefit to ourselves and not only to the Americans.

Hon. Hazen Argue: Honourable senators, I wish to say a few words in this debate. First of all I want to say that I listened with great care to the speech of the Honourable Senator Murray and also to the speech of my leader, the Honourable Senator MacEachen, whose speech was wide-ranging and contained sufficient research material to be a source for people studying the various aspects of this Free Trade Agreement.

I want to speak this afternoon, if I may, as a senator from western Canada and as a farmer and a person who, I believe, has some knowledge of the Canadian grain business and of Canada's accomplishments over the years in that field.

● (1710)

It is my opinion that our Canadian grain system is one of the great economic success stories of our time. In recent years Canadian grain exports have been second in earning foreign exchange for Canada. While the Americans have complained for a number of years that their share of the international grain market was being reduced, the Canadian share of the international grain market, particularly in wheat and barley, has steadily increased. I believe that is a tribute to the efficiency of the system we have in place at this time.

I spoke with a farmer the other day who is a canola producer. He said, "Hazen, in my opinion the Wheat Board when handling wheat is a much greater success story than the export achievements in canola." I said, "How is that?" He said, "Well, we have been producing canola in Canada for many years, but we have only one major export customer, Japan, and that is it. Our next customer is in Canada." He said that in his opinion if we had the same kind of efficiency in the canola marketing system as we have in the Wheat Board system we would have a much wider range of customers. We have a system that appeals to our customers. We boast that we have the best quality wheat in the world and the best grading system in the world, and I think our accomplishments prove that.

I have followed to some extent the GATT discussions on agricultural subsidies. In my opinion those negotiations will not be successful, because the European Economic Community, in their common agricultural program, have a system of built-in subsidies that appeal to and are supported by the very powerful agricultural communities in their various countries. So the political power in the European Economic Community is behind the maintenance of those subsidies.

If you hear what the political powers in the United States say—I think the rhetoric and the action are sometimes worlds apart—they are against subsidies. To a large extent the rhetoric in Canada is also against subsidies. There is an inherent danger present for agriculture in the negotiations that are about to go forward regarding this trade agreement on agricultural subsidies, because, if we give away what we have built up over the years, we can give away our total grain marketing industry in western Canada.

We have already given up and lost the two-price wheat system, which was worth \$227 million last year. That might be valued at 20 or 25 cents a bushel for wheat. There is great pressure from the United States for us to dismantle and remove our transportation subsidies to the railway companies, which amount to about \$700 million a year. This could amount to another 50 cents a bushel. If you add to 75 cents a bushel the amount that is involved in dismantling the Western Grain Stabilization Act or Crop Insurance, should we decide to do so, then I think our western farmers do not have much chance of surviving.

I asked the Leader of the Government this afternoon if he could tell the house when a second announcement would be made under the Western Grain Stabilization Act, and on further research I found that this was one of his better days and one of my poorer days, because the announcement had been made a month ago. I do not know why I did not catch it then. Maybe it was the size of the payment. I believe it was announced three days after the election, and the payment could not have been too attractive in the minds of the people who have something to do with those payments. In any event, it is a very good system, which in this current crop year paid some \$950 million into the western Canadian economy. The Western Grain Stabilization Act was placed on the statute books of this country after having been introduced by the Honourable Otto Lang, and it is a credit to his far sight in those days.

The crop insurance system, which is a good system and is supported by Canadian farmers, was introduced by the Honourable Alvin Hamilton. So what we have is a series of accomplishments; taken together, they are very important to the continuing efficiency of our grain production and marketing system.

There is a fear among ordinary farmers in western Canada that American investors will come in and invest in the grain industry in western Canada to the point where American companies, not Canadian companies, will have control over that system. Cargill is present in western Canada in a very major way and the three western pools are talking about

[Senator Argue.]

amalgamating. One of the reasons they put forward for their possible amalgamation is that they are afraid that individually they cannot stand up to the competition of Cargill. Milt Fair, who is the chief executive officer of the Saskatchewan Wheat Pool, said that the Cargill Grain Company could buy the three western wheat pools with their surplus change. So that is a factor.

When the Canadian government begins negotiating with the Americans in the days and months ahead on the question of Canadian subsidies regarding who is investing in the Canadian grain industry, many people in western Canada, who have worked long and hard to build up the current grain system, will be afraid that Cargill, Bungy or Cooke may come in and take over substantial parts of our grain industry and our marketing system and may be far more interested in marketing American grain than in marketing Canadian grain. That is an important concern of the people in western Canada.

Those who have supported the cooperative movement in our current grain system over the years have believed in cooperatives, and they have built a democratically controlled, farmer-owned grain marketing system that is distinctly Canadian. We have a system that by way of efficiency and export success takes second place to no other country or system in the world.

President-elect Bush has announced that Clayton Yuetter will be the new American Secretary of Agriculture. He was the lead American in the trade negotiations. Approximately 20 years ago I had the privilege of meeting Clayton Yuetter, who was then on the staff of Secretary of Agriculture Butz. He is a very able, determined person. In all of the negotiations that will come about in the future concerning subsidies we will need strong negotiators. They will have to have strong backing from the Canadian government, and I hope that Parliament and farm organizations will see to it that the government receives the message that we want to protect our kind of system, because we have a good system that is efficient and works in the interest of Canadian agricultural producers. We should in no way sacrifice it to the system of any other country.

Some Hon. Senators: Hear, hear!

● (1720)

Hon. Charles McElman: Honourable senators, aside from Senator Murray, no one has spoken on the Free Trade Agreement from the point of view of the maritime provinces, and I would like to make a few such comments.

Senator Murray: Senator MacEachen did have a few remarks to make.

Senator Doody: He was speaking for Canada, though.

Senator McElman: Exactly.

Let me say at the outset that I was raised as, and still am, a traditional maritime free trader. I should like nothing more at this point than to be able to say with great enthusiasm that I support the Free Trade Agreement that has been reached between Canada and the United States. Maritimers have felt for many years that the prosperity of our region fell apart when we were forced into the east-west trading pattern within

this nation, and I think there is a good bit of fact in that argument.

Having said that, however, I feel great concern over some aspects of this Free Trade Agreement, principally—and I do not need to go into great detail because Senator MacEachen has done so—with respect to its treatment of subsidies. I am especially concerned over the five- to seven-year period in which negotiations will be undertaken so as to determine what is a subsidy. I am sure the Leader of the Government understands very well the deep concern on the part of the maritime provinces over this question. There is a worry that regional development grants will be considered subsidies by the Americans. If the U.S. were successful in prosecuting that view, it would be disastrous for Atlantic Canada. I hope that is not the case, but the concern is there in the maritime provinces.

I believe all of the major industries of the Atlantic area that export to the United States have experienced involvement in cases brought by American interests before the International Trade Commission. Some of these cases were brought forward sincerely and were settled successfully in favour of the Americans. With respect to others, I think one can say fairly that the intent was harassment. In some of the latter cases the Americans were successful in their harassment simply because of the time-consuming aspects of fighting the propositions put before the ITC and the great costs inherent in these procedures. Even when the ITC ruled against the Americans, they could be considered successful.

Maritimers are concerned about the forest industry. Many of us have always said that when the forest industry is thriving the whole economy is thriving. Canadians have had a frightening experience over the past two years with the Americans charging that the level of stumpage fees in Canada constituted a subsidy. Canadians fought this allegation previously, and fought it successfully, before the ITC. The Americans recently wished to fight it again, at which time the government, in its wisdom, decided not to do so and, in effect, sanctioned the charges of the Americans.

Senator Murray: Not so far as your region is concerned, however.

Senator McElman: But that decision affected the whole of Canada. The maritime provinces had already boosted their stumpage rates on their own initiative, but Quebec, Ontario, the prairie provinces to a lesser degree and, to the greatest degree, British Columbia were affected. This was a case in which Americans exercised extraterritoriality at both the provincial and federal levels and were permitted to get away with it. That, honourable senators, is frightening. They were, in effect, able to dictate to the provinces through the federal authorities what the stumpage rates would be.

In my part of the country stumpage rates, as the Leader of the Government has suggested, had been raised on several occasions as revenue producers. But over the years stumpage rates have been used in the maritimes as economic stimulators in order to keep the forest industry thriving. Here, then, we have the United States reaching its hand into Canada not just

at the provincial but at the federal level. That is rather disconcerting and is a cause for concern. It does leave one wondering how far they will be permitted to go.

Without providing any great detail, one wonders about the future of SYSCO, with which my honourable friend is most familiar. He has spoken of no more quotas being administered by the Americans, but, again, what about subsidies? What constitutes a subsidy? There is some concern that during that five- to seven-year period, while these decisions are being made, existing U.S. law will prevail. The maritime provinces could be hammered simply by the application of existing law during the period in which no decision has been made on what constitutes a subsidy.

The situation involving the Michelin tire corporation, of course, is a fine example of what the Americans can do to a Canadian industry through the ITC. Honourable senators will remember that the "poor" tire manufacturers of the United States claimed damage flowing from the practices of this industry in Nova Scotia. Michelin eventually prevailed, but only after something like seven or eight years before the courts in the U.S. and the expenditure of several millions of dollars. Many of our industries cannot afford those years before the courts or the costs attendant upon such applications.

Consider for a moment our fishing industry. The instant we began to upgrade product from fish blocks we were faced with tariffs. That practice will disappear and that is good. But in the past the attacks upon our exports have been made on the basis of Canadian subsidies. And what was the most common allegation against the Canadian industry? It involved unemployment insurance.

Senator Murray: And what was the result?

Senator McElman: The most recent result was a 17.5 per cent duty placed on some of our upgraded fish products. The Americans were successful in establishing a duty against our products, and it involved our unemployment insurance provisions. This is what has been used time and time again, usually unsuccessfully in the final result, but at great cost to the industry in the maritime provinces.

• (1730)

One need not go into any detail about the food-processing industry because it has been dealt with by Senator MacEachen, and Mr. McLean of McCain Foods has before committees in both Houses of Parliament and throughout the campaign dealt with it in great detail. I have no fear that McCain Foods will be closing down their operations. These people are entrepreneurs of great ability. They started a very small operation in the mid-upper Saint John River valley. From that they have become one of the great multinationals of Canada. I believe they are now in 11 countries apart from Canada. Theirs is a great success story.

However, they have made it very evident that their expansion plans will not be for Canada. Their expansion plans will be in the United States. That is a cause of concern.

In my own province the family that is the greatest in industrial terms—the Irving family—is whole-heartedly in

support of the Free Trade Agreement. One can understand why. They too are in food processing, and in fairness one must say that they take the opposite view of McCain's.

I believe there is a good basis for concern about some aspects of the Free Trade Agreement. The dispute-settlement panel and the powers, or lack of powers, of that panel leave a great deal to be desired. Senator MacEachen explained the process. After the event before the ITC that panel can decide whether existing law has been applied fairly. Beyond that, they have little power.

When the whole question of free trade was initially discussed the Prime Minister, Mr. Mulroney, said that there were to be two absolute requirements. These had to be met before his government would accept such an agreement. The first requirement was that the Americans would give up countervail. Anyone who understands anything about trade knows that no nation—not Canada and not the United States—is going to give up countervail. The second requirement was that there would be a binding dispute-settlement mechanism. That was not achieved either, because its powers are not such as to make their decisions fully binding upon the two nations.

During the election campaign Mr. Simon Reisman, either on his own or at someone's behest, decided to enter the debate. In the course of it he was challenged and admitted that he and his people were unable to consider and negotiate the matter of regional development assistance—regional development grants. That, to me, is some indication of the priority that the administration put upon regional development grants, which are vital to the continued development of industry in the Atlantic area, although we are not happy to admit that.

Honourable senators, it has to be the hope and wish of each and every one of us that this Free Trade Agreement will be beneficial to Canada, that it will be successful and beneficial to both nations, because it can only be a good agreement if it is beneficial to both nations. As a maritime free trader, for my own children and my children's children, I desperately hope it will be successful. I say to you that in the maritime provinces today there is a deep concern about what the effects of it will be. Those concerns were evident in the outcome of the election. There are 32 seats in the Atlantic area and 20 of them went to the Liberal opposition. In the three provinces of the maritime area the result was 15 Liberal seats and 10 Conservative seats. The election in the maritimes was very definitely a free trade issue election.

I would hope that that in itself would impress upon the government that there are concerns. Most of them do hinge upon the five- to seven-year period and the decision of what a subsidy is. I would hope that the government in its wisdom can take into account the result of the election and find the means to give assurance to the people of the Atlantic area that they will not be forgotten, as they were by Simon Reisman when he did not have time to consider regional development grants in his negotiations with the American negotiators.

I would hope that the administration will not only provide verbal assurances but will also provide concrete action in

[Senator McElman.]

defence of the needs of the Atlantic area, particularly with respect to subsidies, as the negotiations on free trade continue. I say without hesitation that I wish the government well. I hope that they are good negotiators. I hope that my fears are groundless. I hope that it is in Canada's interest, particularly in the maritime's interest; that the whole thing will be highly successful.

Senator Frith: Honourable senators, I believe there will be a vote at second reading and I should like to say a word about it.

I cannot say that I speak for all my colleagues, but I think that many of them will agree with me when I say that I would love to vote against and defeat this legislation, because I think it is legislation implementing a bad agreement. However, I am going to abstain. There are two reasons that I am going to abstain. There is the factual, mathematical reason that, if I and enough of my colleagues vote against the legislation, it will be defeated. That would be contrary to the undertaking given by Senator MacEachen and me and our caucus last July when we said that we wished to delay and not pass the previous legislation, Bill C-130, until there was an election, as Senator MacEachen outlined. We did say at that time, as I feel we were bound to say within our system, since we were tying it to an election and not to a referendum, that if the government received a majority in the House of Commons and the House of Commons passed the legislation we would let it pass rapidly. The question, then, is: "What is 'rapidly'?" I think we have come to an understanding on both sides as to what that is.

● (1740)

George Bernard Shaw said, "When a stupid man is doing something he is ashamed of, he always declares that it is his duty." I hope that is not the major premise of a syllogism that would go: "When a stupid man is doing something he is ashamed of, he always declares that it is his duty." The minor premise being, "I am doing this because it is my duty. I'm ashamed of the result." And the conclusion being, "Therefore, I am a stupid man."

Senator Macquarrie: We would never call you that!

Senator Frith: Thank you. I was soliciting exactly that reaction.

Senator Phillips: You came to the wrong conclusion again!

Senator Frith: Honourable senators, I am not at all ashamed of doing what I think is my duty as a result of the undertaking that we gave, but I am disappointed in the results of the election and the result that it will have on the passage of this legislation.

Honourable senators, I intend to abstain from voting—I think many of my colleagues will also abstain—for the reasons that I have mentioned. Much as we would like to vote against it, we are prevented from doing so because of our duty to fulfil the undertaking we gave last July.

An Hon. Senator: Hear, hear!

Senator Murray: Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Murray speaks now his speech will have the effect of closing the debate on second reading of this bill.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, there was a time when I could have worked on that syllogism, because I believe I detected what we used to call an undistributed middle—

Senator Frith: Which leads to a fallacy.

Senator Murray:—which leads to a fallacy. But I am a bit rusty in that area and I will not pursue the point, especially at this late hour.

With regard to the intervention that we have just heard from the Deputy Leader of the Opposition to the effect that he and his colleagues would abstain on a vote on second reading of this bill, if my friends opposite insist on a standing vote so that they may have the opportunity to record their abstentions, then, of course, we will accommodate them. But it would suit no part of my, or our, intention tonight to call for a standing vote. The hour is late, the night is stormy, and I, for one, have 40 miles to drive. Unless honourable senators absolutely insist on a vote, we can let second reading go, on division—that is, if they are willing to do so.

The narrative which we heard a few moments ago from Senator McElman about harassment of Canadian—indeed, maritime—industries by U.S. business and political interests over the years and some of the specific cases that he cited constitute one of the strongest arguments for this Free Trade Agreement.

Recent history and not so recent history in our commercial dealings with the United States constitute the strongest possible argument for securing and placing on a stable basis this great trading relationship between Canada and the United States. In particular, recent history points out the need for a mechanism such as the dispute-settlement mechanism that is contained in the Free Trade Agreement between Canada and the United States.

The complaint that we have had in recent years has not been about American law per se but, rather, about the politicization of the process, about harassment, as Senator McElman properly pointed out in one of the cases to which he referred, the softwood lumber case. We knew that that process had become so highly politicized and that the political pressures were so great that our chances of getting a fair hearing were not very great. We were destined to lose the case and we had to deal.

Precisely what we have gained under the dispute-settlement mechanism are time—the honourable senator pointed out that the actions by U.S. interests have consumed years and years of time at great expense on the part of smaller Canadian producers—and an objective examination of the law and the application of the law in place of a highly political process. That is what we mean when we say that we have made strides in applying the rule of law to these cases.

The honourable senator complains that the panels can only decide if domestic law has been applied fairly and objectively. That in itself is a considerable gain. There are “panels” and

“panels”. One of the duties of binational panels, for example, will be to examine new laws that may be passed in the United States. If those new trade remedy laws should specifically target Canada—as they would have to do to apply to us—then a binational mechanism will examine whether or not those new laws are consistent both with the GATT and with the spirit of the Free Trade Agreement.

I appreciate the honourable senator's concern about regional development programs, especially in the Atlantic provinces. I continue to believe that the new regional development programs that this government has introduced in the Atlantic provinces and the Free Trade Agreement together constitute the best chance that the Atlantic region has had in my lifetime to make real economic progress vis-à-vis the rest of the country.

An Hon. Senator: Hear, hear!

Senator McElman: And I hope you are right.

Senator Murray: I can tell the honourable senator—and he knows this—that for 15 or 16 months I was minister in charge of ACOA. I have taken some interest in these matters for a long time. My own examination of the programs that we and previous governments have put in place in the Atlantic provinces in the field of regional development does not lead me to think that any of these programs are in any danger at all from the Free Trade Agreement.

Honourable senators, while I do not question the sincerity of the speeches and the concerns that have been expressed by those senators who have expressed them this afternoon, the pervasive sentiment in the speeches that we have heard is fear of the unknown; fear of the future; fear, in some cases, of the United States; and fear of taking a chance.

Senator Frith: Consequences of a bad deal.

Senator Murray: These speeches, honourable senators, together constitute an argument for the status quo, an argument for doing nothing. But, honourable senators, the status quo is not a viable option for Canada.

Senator Frith: The argument is to do better, not to do nothing!

Senator Murray: The protectionist trends that we saw in the United States, in the United States political system, in the Congress are still there; they have not abated. If anything, they have increased with the composition of the new Congress elected in November last. When one views the world scene, one quickly comes to the conclusion that the status quo is not a viable option for Canada.

● (1750)

You see trading blocs being consolidated around the world—for example, the consolidation of the European Economic Community—and you know that without the Free Trade Agreement Canada remains virtually the only western industrialized nation without access to a market of 200 million people or more. So the status quo is not an option, and fear of the future, fear of the unknown and uncertainty will not get us very far.

We have had the most elaborate hypotheses constructed this afternoon, on the basis of which future calamities have been foretold. What if the GATT panel rules against the restrictions that we have put in place on ice cream and yogurt? What will happen to our ice cream? If the GATT panel rules against us in that case, will the Europeans feel encouraged to challenge us on cheese? If the GATT panel rules against us on cheese, what will happen then? These are questions for the future and surely, serious as they are, they do not constitute a valid reason for opposing the Free Trade Agreement with the United States. We have been told that Canadian businessmen will complain about the costs they bear as a result of social programs and the consequent effect on their competitiveness. So what else is new? When did they not complain? They always complain and they will go on complaining about that subject. We have been told that United States businessmen will say that Canadian social programs are subsidies and therefore countervailable. Well, so what?

I should like to bring to the attention of the Leader of the Opposition comments by someone whom I am sure he will respect. Senator Daniel Moynihan, the senior U.S. Democratic senator from New York, writing in the *Financial Post* of November 17 with regard to the question of whether the U.S. might assert that such social welfare programs as Medicare or pensions constitute subsidies to Canadian business and accordingly must be eliminated, said that the answer is "no, never, not a chance, not a scintilla of possibility." Senator Moynihan went on to point out that the U.S. social security retirement benefits budget alone is some \$232 billion and that you can add to that income security spending of \$136 billion, of spending of \$86 billion, and then the total social welfare cost to the U.S. government soon exceeds the entire gross domestic product of Canada, which will be about \$325 billion U.S. in 1988. So Senator Moynihan says, I think with some logic, that if he had had the faintest notion that under the proposed Free Trade Agreement their social programs, for which he documents the costs, might be open to attack from Ottawa's subsidies the agreement would never have left the finance committee in the United States. He says, "Period. End of subject."

The Hon. the Speaker: Honourable senators, it is now six o'clock and, according to rule 12, I must leave the Chair. However, you may wish to disregard the clock.

Senator Frith: Let us do that.

Senator Doody: Let us not see the clock.

Senator Murray: Honourable senators, I shall not trespass for very long on the time of the house. Senator Moynihan went on to say that the most important point as regards the status of Canada's social welfare programs, the Free Trade Agreement, changes nothing, that the General Agreement on Tariffs and Trade precludes any U.S. trade action directed against Canada's Medicare or social programs or any other general benefit program. He said that this approach had been accepted since GATT was founded 40 years ago; that the issue is simply not an issue. Secondly, he points out that U.S. countervailing duty law does not consider pension or health benefits a subsidy, that

[Senator Murray.]

these programs are accepted as generally available under U.S. law and not subject to countervailing duties. No such program has ever been countervailed.

So, honourable senators, I think those quotations of Senator Moynihan of the United States put the argument about social programs in some perspective—the perspective of the GATT and the perspective of U.S. trade law, which, as he points out, does not consider such programs as being countervailable.

Honourable senators, I think I heard the Leader of the Opposition say in reference to the five- to seven-year negotiations that are about to take place that social programs and subsidies are still on the table. Social programs are not on the table. Social programs have not been on the table and they will not be on the table. Senator Buckwold went even further when he said that we have seven years to harmonize our social programs. There is absolutely no justification for such a statement. It is absolute nonsense. It is simply not true. There will be negotiations for five to seven years. The mandate of our negotiating team will be settled by the government. The team itself will be appointed. As I said, social programs will continue to be excluded.

When the Honourable Leader of the Opposition says that we must look at the economic forces that the Free Trade Agreement will unleash and at the pressures to change our social programs, I only say to him, look at history. Look at the lessons of other countries that have had far different social programs from their trading partners yet have formed free trade agreements. Sweden has free trade agreements with most of western Europe; yet it has social programs that are vastly more costly and extensive than her trading partners'. She has not had to change those social programs because of any pressures from her trading partners in the trading agreement. The same is true of Holland, also a member of the European Economic Community, which has social programs that are more costly and different. If the honourable senator needs a final example, surely our own country provides it. The present network of social programs was built up precisely at the time when Canadian trade barriers with the United States were being largely dismantled and trade barriers between Canada and the rest of the world were falling.

The Honourable Leader of the Opposition has repeated the concerns with regard to energy that he expressed on an earlier occasion. He will have an opportunity to pursue these matters in more detail at the committee stage, particularly the questions he has about the role of the National Energy Board vis-à-vis the government. It is true that if the board should decide that restrictions on exports to the United States are appropriate then it will be up to the Cabinet to decide if the government will impose controls. The Free Trade Agreement is between the United States and the Canadian government. It is not with the National Energy Board. If the honourable senator sees some loss of authority for the National Energy Board in that provision, then he is correct. It will be up to the government to impose the controls in a manner consistent with the Free Trade Agreement.

The honourable senator has also made the point that Canada is obliged to share its oil with the United States in a shortage. At least, I think I heard him say as much. The fact of the matter is that in the case of a shortage Canada is not obliged to share anything with the United States, except, of course, under the present provisions of the International Energy Agreement. The fact of the matter is that the obligation would be to administer any controls that we introduced in a fashion that does not limit U.S. access in commercial terms to a proportion of Canadian supplies based on the established U.S. share of Canadian supplies. The fact of the matter is that Canadian firms can also bid. There is no obligation at all on Canada to supply or to provide any share at all to the United States. They have been given a right. We have imposed upon ourselves the obligation to allow them access on commercial terms by allowing them the opportunity to bid. Senator MacEachen says that this will drive up prices.

● (1800)

Honourable senators, an argument could be made against the Free Trade Agreement in all logic—against any free trade agreement with the United States—and the argument is on the premise that it is not possible for governments to mitigate the undesirable effects of the market economy; therefore, more state control is needed; and we need more national energy programs throughout the Canadian economy. Senator MacEachen did not make that argument, but the inference is there. It would have been logical for him to make that argument, because it follows so logically from what he said.

Another argument that could be made against any free trade agreement with the United States is that governments are powerless to maintain our political independence and our cultural identity; therefore, we must discriminate against American investment; we cannot have national treatment; we must treat Canadian companies operating in Canada differently from American companies operating in Canada. That, too, is an argument not only for more statism, not only for more government intervention in the economy, but for a narrow economic nationalism which would do this country immense harm. Indeed, the few experiments that we have had in the past have already retarded our economic development very considerably.

Honourable senators, I was going to speak about the question of adjustment and, indeed, I was going to say something about agriculture and the food processing industry, but the hour is late and there will be an opportunity for honourable senators to canvass these matters in the committee. I do want to say, however, that, with regard to adjustment matters, this is a very resilient economy that Canada has and it is in the process of constant adjustment. Adjustment that is due to changes in the trading environment cannot be isolated from adjustments that are due to technological change or to the increased role of women in the labour force, or to the labour-management relations factor, to environmental standards and so forth. There are all kinds of factors affecting the work place that require adjustment, and there are some 5.2 million job changes taking place in Canada every year.

The government has programs such as the Canadian Job Strategy programs—six of them: the Industrial Adjustment Services to assist communities and industries to adjust; the range of programs that are being developed in the Department of Industry, Science and Technology; the Western Diversification Office; the Atlantic Canada Opportunities Program; the External Affairs Trade Promotion Program; the Labour Department programs for older workers. All of these are intended to help, and do help, industries, communities and individuals to adjust to changing economic conditions and will help to exploit to the full the opportunities provided by the Free Trade Agreement.

As the honourable senator has pointed out, we have appointed a commission, headed by Mr. Jean de Grandpré, to examine these programs and to see what changes would improve their effectiveness, efficiency or equity. At the same time the commission will examine the possibilities for Canadian businesses and workers to position themselves to benefit from the agreement. They will identify specific adjustment issues or circumstances arising from the agreement.

The Senate committee will, as I understand, have an opportunity to examine Mr. de Grandpré or one of his officials on Thursday afternoon, and, while I am not sure that he will be in a position to give a sneak preview of the recommendations of his commission, I am sure he will be able to share with honourable senators some of the impressions and insights that they have gained in their work over the past few months.

Some reference has been made here to the role of the Senate and Senate committees in monitoring the subsidy negotiations and other negotiations that will be taking place between Canada and the United States once this agreement is put into force. It is up to the Senate, of course, to decide on the terms of reference that it assigns to any committee. The government will cooperate with any such committee, as we always do. I do make one reservation. Honourable senators will understand, I think, if I say that we must draw the line at disclosing elements of our negotiating position or, indeed, the negotiating position of our interlocutors where doing so would adversely affect the negotiations or prejudice our position. I think it is also well understood among honourable senators who have experience in these matters that we must be the judges of that. Subject to that, we look forward to the coming months and years as, yes, a challenging time. There is a great deal to be done in our discussions and negotiations with the United States so that we can ensure that the maximum benefit to Canada ensues from this agreement, but we look forward to the coming months and years with great confidence, because we continue to believe firmly that this Free Trade Agreement is the foundation upon which we make Canada not only competitive and successful in the North American economy but in a global context as well.

The Hon. the Speaker: It is moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Beaudoin, that this bill be read the second time.

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

Senator Frith: We want a vote.

The Hon. the Speaker: Is it your pleasure to adopt it now?

Senator Argue: With a vote.

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

Some Hon. Senators: Yea.

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

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "yeas" have it.
And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1810)

The Hon. the Speaker: Let the doors to the chamber be locked.

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|----------|----------------|
| Asselin | MacDonald |
| Barootes | (Halifax), |
| Bazin | Macquarrie |
| Beaudoin | Murray |
| Bielish | Nurgitz |
| Bolduc | Phillips |
| Cochrane | Poitras |
| David | Robertson |
| Dooddy | Rossiter |
| Doyle | Simard |
| Flynn | Tremblay |
| Kelly | van Roggen—24. |
| Lang | |

NAYS

THE HONOURABLE SENATORS

Nil

ABSTENTIONS

THE HONOURABLE SENATORS

| | |
|--------------|--------------|
| Adams | Lefebvre |
| Anderson | Lucier |
| Argue | MacEachen |
| Bosa | Marchand |
| Buckwold | Marsden |
| Cools | McElman |
| Corbin | Molgat |
| Cottreau | Neiman |
| Denis | Perrault |
| Fairbairn | Petten |
| Frith | Stewart |
| Graham | (Antigonish- |
| Guay | Guysborough) |
| Hastings | Stollery |
| Hays | Thériault |
| LeBlanc | Turner |
| (Beauséjour) | Wood—32. |
| Leblanc | |
| (Saurel) | |

● (1820)

The Hon. the Speaker: Let the doors be opened.

REFERRED TO COMMITTEE

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

On motion of Senator Murray, bill referred to the Standing Senate Committee on Foreign Affairs.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 28, 1988

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

THE HONOURABLE ERNEST G. COTTREAU

TRIBUTES ON RETIREMENT FROM THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to draw attention this afternoon to the fact that our colleague Senator Cottreau will very soon be reaching the end of his career as a member of the Senate. In fact, I understand that today is his last day. Senator Cottreau has made plans to return to Nova Scotia tomorrow, so I thought it would be appropriate to make some remarks now.

Those of us who attended the excellent reception recently given by His Honour the Speaker for our colleague Senator Cottreau will recall that His Honour, Senator Murray and I made extensive comments extolling the career of Senator Cottreau. What was fascinating about that event was Senator Cottreau's spirited reply, which demonstrated the eloquence he possesses, an eloquence that he did not often share with us in the chamber. However, that event will certainly be a lasting memory as one that gave the honourable senator an excellent send-off.

Senator Cottreau was summoned to the Senate on May 8, 1974, but it was not until September 30, 1974, that he actually took his seat in the chamber. For his new colleagues, however, the short wait was well worth it. His amiability, efficiency and presence have been characteristic of his career in the Senate.

The appointment of Senator Cottreau to the Senate marked the continuation of a long line of Acadians, beginning with Mr. Ambroise-Hilaire Comeau, who was called to the Senate, from his riding in Digby, to take his place in, I believe, 1907. I believe it was Senator Cottreau himself who told us in a speech in the Senate that that tradition had been established by consultations between the Honourable William Fielding and Sir Wilfrid Laurier at that particular time. In any event, it has been a happy tradition and one that has been maintained almost consistently since that time.

In his maiden speech to the Senate Senator Cottreau spoke of the responsibility he felt to the Acadian community of Nova Scotia and of the role of the federal government in protecting and promoting the French language in Nova Scotia. In looking back I found that Senator Cottreau has been diligent in making points in the Senate not only about the linguistic interests of Acadians but also about their economic welfare. He has demonstrated in his own career the qualities of the Acadian people of Nova Scotia. At one time he said, "In my area Acadians have always been recognized for their ambition

and their contribution to the welfare of society." I can certainly support that statement, having had the honour in the House of Commons to represent considerable blocs of French-speaking Acadians in my former constituency.

As honourable senators know, there is a significant Acadian population in northern Inverness County, on Isle Madame in Richmond County and in an important part of Antigonish County, as well as in that area in which Senator Cottreau has resided. From my long association with the Acadians I can assure honourable colleagues of the qualities which Senator Cottreau has himself exemplified, and I can attest to those qualities from personal experience.

Honourable senators, one can never do justice to an occasion of this kind, but in my own case I am delighted to have had the opportunity of serving with Senator Cottreau for the last four years, to acknowledge today the contribution he has made and to acknowledge the important tradition in our political life which he represents.

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I listened with great interest to the remarks of the Honourable Leader of the Opposition. I was particularly interested to hear him point out to us the existence of important groups of Acadians in eastern Nova Scotia and Cape Breton, which he formerly represented in the House of Commons. I could not forbear to speculate that now that our esteemed friend Senator Cottreau, who comes from the South Shore, is leaving us Senator MacEachen may have been making an argument that an Acadian from eastern Nova Scotia or Cape Breton might be an appropriate replacement. In any case, I shall certainly see that his remarks are drawn to the attention of the Prime Minister and, of course, Premier Buchanan, who, under the Meech Lake Accord, will have the right to recommend a slate of candidates for vacancies in the Senate.

[*Translation*]

Honourable senators, I would like to thank the Leader of the Opposition in the Senate for reminding us that our friend and colleague Senator Cottreau is about to leave. Indeed, on January 28, Senator Cottreau will turn 75 and have to retire from the Senate.

Ernest Cottreau first made a name for himself in teaching. He then went into business for about ten years. However, he finally returned to his former love, teaching, before entering the Senate on May 8, 1974.

A native of Nova Scotia, Senator Cottreau has always been a proud representative of the Acadian people of that province.

Honourable senators, I believe all of us who are close to him admire his poise, clear thinking and what I would call his discreet charm.

Senator MacEachen referred to Senator Cottreau's maiden speech in this Chamber more than 14 years ago. In it, Senator Cottreau spoke of subjects that are still topical today. He said that he would focus on three main principles during his time in the Senate. First, he warned that foreign fleets off Canadian shores were a real danger to our fishermen's livelihood. Senator Cottreau then promised to work for more harmonious relations between French- and English-speaking Canadians. Finally, he promised to work to improve the situation of the Acadians in Nova Scotia.

I believe one can say without false modesty that Senator Cottreau faithfully followed the course he set for himself. He was able to defend those interests and rise above mere party politics.

Senator Cottreau, on behalf of the government, the Prime Minister and all my colleagues, I thank you for a job well done.

We shall miss your courtesy, your humour and your wit. I wish you good luck and hope to see you again.

● (1410)

[English]

Hon. William J. Petten: Honourable senators, I should like to associate myself with the remarks of Senators MacEachen and Murray. I first met Senator Cottreau shortly after he was summoned to the Senate in May 1974. I soon found him to be a gentleman of the old school: courteous, dependable and devoted to his duties in the Senate. In carrying out my duties as Liberal Whip, I found my friend and colleague Ernie Cottreau of invaluable assistance. I now wish to thank him publicly for his help and guidance and to assure him that I shall miss his wise counsel and calming influence.

Having visited Senator Cottreau and his wife Rachael at their home in Yarmouth, Nova Scotia, I was able to see at first hand the high regard in which he is held by his fellow Nova Scotians. Senator Cottreau is one of the mainstays of Saint Anne College in Church Point, Nova Scotia, where a room has been designated "The Senator Ernest Cottreau Room".

Ernie, may you enjoy many years of retirement with your charming wife Rachael and your equally charming daughter Simone.

If I may be allowed, I should like to close by saying, to use an old Newfoundland expression: Long may your big jib draw! To the uninitiated, let me explain that that means long life, good health and happiness.

Hon. Senators: Hear, hear!

Hon. Ernest G. Cottreau: Honourable senators, this is really a surprise for me. I did not expect to hear such good words about me this afternoon in the Senate. I have just about arrived at the magic age of 75 when, regretfully, I shall have to leave the Senate.

Senator Frith: The regret is ours.

[Senator Murray.]

Senator Cottreau: At the reception that His Honour the Speaker was good enough to hold in honour of Senator Langlois and me I said that I would not allow myself to feel sad, much as I regret leaving. I would rather look on the other side and be thankful for having had the opportunity and the good fortune to serve as a senator in the Senate of Canada.

I want to thank Senator MacEachen, Senator Murray and Senator Petten for their kind words.

[Translation]

Honourable senators, I would like to add a few words on this matter. It has been mentioned that I represented the Acadians in Nova Scotia. I would like, if I may, to reiterate that it has been a Canadian tradition for some 75 years to appoint an Acadian to one of Nova Scotia's ten seats in the Senate. Although I realize this is not a written law, that tradition is very much appreciated among Acadians.

In the future, I would hope that the Canadian government will favourably consider maintaining that sound practice. As mentioned by Senators MacEachen and Murray, Acadians in Nova Scotia are scattered throughout the province. Where that senator hails from is not that important. What is important is that he be an Acadian, and this will make me very happy. Thank you.

Some Hon. Senators: Hear, hear!

[English]

COMMITTEE OF SELECTION

SECOND REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, December 28, 1988

The Committee of Selection has the honour to present its

SECOND REPORT

Pursuant to Rule 66(1)(a), your Committee nominates the Honourable Senator Molgat as Speaker *pro tempore*.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Phillips, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

COMMONWEALTH PARLIAMENTARY ASSOCIATION THIRTY-FOURTH GENERAL CONFERENCE, AUSTRALIA—NOTICE OF INQUIRY

Hon. Heath Macquarrie: Honourable senators, I give notice that on Friday next, December 30, 1988, I shall call the

attention of the Senate to the Thirty-Fourth Commonwealth Parliamentary Conference, held in Australia from September 14 to 25, 1988.

QUESTION PERIOD

THE CONSTITUTION

MEECH LAKE ACCORD—FIRST MINISTERS' MEETINGS— PARTICIPATION BY TERRITORIES

Hon. Paul Lucier: Honourable senators, yesterday I asked the Leader of the Government questions concerning Meech Lake, the Constitution and the future participation of both the Yukon and Northwest Territories in any future discussions; I know that he did not intentionally mislead me, but I am wondering if there is a possibility that I did not get the answer that I should have received.

The minister was very quick to point out— This may be funny to you, Mr. Minister, but it is not very funny to the people who have been excluded from the Constitution. I am trying to ask a serious question, and I suggest that you answer it seriously.

Senator Doody: Ask it, then!

Senator Flynn: Don't get indignant.

Senator Lucier: The minister responded by saying that my question was based on a faulty hypothesis, which was that there may be some future discussions on Meech Lake and the changing of the Meech Lake Accord.

In answer to Senator Molgat and Senator Austin, following my inquiry, the minister said that a letter had been received from Premier Filmon, and that an article had appeared in the *Globe and Mail* in which the Premier of Manitoba had said that there was an impending crisis because of the Meech Lake Accord, and he had written to the government and asked that some meetings take place. All I was asking for yesterday was the assurance that, if any meetings were to take place, the elected representatives of the Yukon and the Northwest Territories would be invited. He seemed to think there was no possibility that meetings would take place, and later on I think he said that there were some requests for meetings.

My simple question now is the same as it was yesterday: If any meetings are scheduled to discuss constitutional matters, will the elected leaders of both the Yukon and the Northwest Territories be invited to attend? That is not a difficult question, honourable senators; it requires a simple yes or no.

● (1420)

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Well, let me deal first with the question of territorial representation at First Ministers' meetings. It has been the practice under this government, as I believe it was under our predecessor government, that at formal public meet-

ings of the First Ministers the elected heads of government of both territories are invited to attend and, at a given point in the proceedings, are invited to speak. We will continue to respect that practice.

The meeting to which I referred yesterday is one that was effectively announced by the Prime Minister in October; it is an informal luncheon of First Ministers such as was held following the 1984 election. I believe the Prime Minister said that it will be held some time in the first quarter of the coming year. It is an informal meeting of First Ministers. The territorial leaders are not normally invited to attend such meetings, and will not be in this case.

I would also like to emphasize that, while I would be very surprised if the matter of the status of the Meech Lake ratification process did not come up, the meeting has not been called for the purpose of discussing Meech Lake or, indeed, constitutional matters in general. It is an informal meeting that would be preparatory to a more formal, public meeting to be held perhaps later on in 1989.

Senator Lucier: Honourable senators, the minister has just expressed the very fear that we have in the Yukon. He has said that he would be very surprised if the Meech Lake affair did not come up during this private meeting of First Ministers. What I am saying is that there should be no meetings of First Ministers without the attendance of the elected representatives of the Yukon and Northwest Territories. If the Meech Lake Accord or any constitutional matter is to be discussed at that meeting—and the minister has just said that he would not be surprised if that were the case—then our elected representatives should be there. We are a big part of the Meech Lake Accord since we are the ones affected seriously by it. Why would we not be invited to attend meetings at which any discussions of this subject take place?

Senator Murray: Well, I have news for the honourable senator. There is an amending formula in this country and it involves the Parliament of Canada and the legislatures of the ten provinces.

Senator Lucier: Well, I have news for the Leader of the Government as well: The ignoring of the Yukon and Northwest Territories from here on in is a thing of the past. We had better be invited to any meetings in which the Constitution is discussed, whether it be with respect to Meech Lake or anything else, or I would hope that my colleagues on both sides of the Senate would have serious reservations in dealing with the outcome of those meetings.

Senator Murray: Honourable senators, I do not know how many times I have to repeat this. The luncheon that is being held some time in the first quarter of 1989 is not for the purpose of discussing the substance of the Meech Lake Accord. I have offered what I think is the sensible, prudent opinion that it would be surprising if, in the course of that luncheon, the ratification process did not come up around the table. That, it seems to me, as it involves only the ten provinces and the Parliament of Canada, is not a matter to which it would be necessary to have present representatives other than

the representatives of those parties involved in the amending formula.

Senator Lucier: Honourable senators, I was hoping that the minister was improperly named when he was called the minister responsible for federal-provincial relations. I was hoping that somewhere down the line somebody would recognize that there ought to be some reference in there to include the territories. I am disappointed to learn that the Leader of the Government in the Senate feels that any meeting between the leaders of the provinces and territories of Canada—leaders of the people of Canada—should take place without the leaders of the people of northern Canada. To be ignored by some others would be bad enough, but to be ignored by the minister is the greatest insult that you could give us.

Senator Murray: Honourable senators, I do not wish to thrash old straw, but I should remind Senator Lucier that, when the final deal on patriation was made in the 1981-82 exercise, in some kitchen in the Chateau Laurier, not only were the territories absent but also one of the major partners in Confederation was.

Senator Lucier: Honourable senators, that shows the type of thinking that is done by this government.

Senator Murray: I did not hear you complaining.

Senator Lucier: The people of the Yukon were not invited to the meetings; they could not have been at any of those meetings. The Premier of Quebec had been invited, and could have been there had he chosen to be.

Senator Lefebvre: Right on! Hypocrite!

First Ministers' meetings on the economy that took place during our first mandate. I would expect that that same informal and unstructured atmosphere will be as productive this time as it was last.

Senator Stollery: Honourable senators, productive it may have been, but the result seems to be that the Premier of Manitoba has withdrawn his approval of the Meech Lake agreement. I believe that the Minister of State for Federal-Provincial Relations and Leader of the Government in the Senate would agree with me that under the circumstances the entire country is watching the spectacle of the collapse of that production that started several years ago. One of the premiers has withdrawn his support, and there is the language issue that has arisen in Quebec. Does the minister not think that it would be appropriate, and in the public interest, for an agenda to be published so that the people of Canada can find out what is being decided on their behalf by a meeting of these 11 individuals?

Senator Murray: Honourable senators, as I have indicated, the informal meeting that is planned is merely preparatory to other more formal meetings that will no doubt ensue, both at the First Ministers' level and at the ministerial and officials' level. But I do not think that the people of Canada will object to the fact that, after a general election and the re-election of a government with a majority mandate, First Ministers might give themselves a few hours of quiet time to compare notes and discuss the future. That is what will happen.

● (1430)

bankrupt farmers—the salt of the earth in our part of the world—are waiting for these payments.

My question, after that lengthy preamble, is: Will the payments go forward before January 15, or is it necessary to get the provincial governments' agreement to participate? And what happens if the provinces do not agree to share the cost? Will the situation be clarified in the near future? It is a matter of great importance to us.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I hope the situation will be clarified in the near future. The short answer to the question asked by my honourable friend is that discussions are still proceeding between ministers of the federal government and the provinces concerned.

My honourable friend expressed some doubt as to the politics of the announcement made some weeks ago. I presume he has no doubt that it is good public policy for the government to come to the aid of farmers, who, as he said, are suffering from what he has described as a calamity.

He says that the provinces are astonished and that this was not part of what he calls the original plan. Without entering into a debate on the matter, I point out that agriculture is a matter of shared jurisdiction between the federal and provincial governments, and I do not think the farmers would be astonished to hear that one expected the provinces also to come to their assistance in a situation such as the present one; on the contrary.

Senator Buckwold: Honourable senators, in response to the minister's reply, in an article in the *Financial Post*: this morning Bruce Stewart, an Ontario Agriculture and Food Ministry spokesman, said, "It is a federal program." That is just the opposite of what we have heard from the Leader of the Government in the Senate, who, once again, is trying to soft-pedal an issue which is, in fact, the responsibility of the Government of Canada. It was their program as quoted—

Senator Barootes: So was Medicare—

Senator Buckwold: Would my honourable friend repeat that remark?

Senator Barootes: I say that Medicare was also a federally-sponsored program, but it is cost-shared with the provinces.

Senator Buckwold: There is no doubt about it; there are some cost-sharing programs; however, this was a program announced by the federal government. I assure the honourable senator that I am not making this up by myself; I am merely quoting a spokesman for the Government of Ontario. If you wish me to name other spokesmen, I can do that too.

However, I say to the honourable senator: Don't go out and bribe the farmers of Saskatchewan—which is what your party did; you went out and bribed them for votes. Now you want the provinces to pay half the cost. I want to make sure that our farmers get the money, and the deadline is now only two and a half weeks away.

[Translation]

OFFICIAL LANGUAGES

DIMINISHMENT OF MINORITY RIGHTS—GOVERNMENT POSITION

Hon. L. Norbert Thériault: Honourable senators, my question is for the Leader of the Government in the Senate and I ask it on behalf of many francophones outside Quebec. The two Houses of Parliament are expected to adjourn for two or three months. This causes concern for francophones outside Quebec. After the Government of Quebec passed special legislation last week, we heard that there was a deal.

I would like to ask the Minister for Federal-Provincial Relations if he is aware of this "deal" that was supposedly reached between the Premiers of Saskatchewan and Alberta after their provinces passed legislation following the decision rendered by the Supreme Court of Canada. This legislation had the effect of taking rights away from the French-speaking people in their provinces.

We did not hear a word from the so-called protectors of the francophone community in Canada or in Quebec. The Province of Quebec passed a bill that takes rights away from anglophones but strangely enough, not a word of protest was heard from the Premiers of Saskatchewan and Alberta.

Because of these events, the French-speaking minorities throughout the country are wondering who is responsible for minority rights in Canada in 1988.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): First of all, honourable senators, let me say that I have no intention of giving credence to the false rumours that Senator Thériault wishes to spread about some "deal" between certain provinces.

Secondly, I would tell him very simply that in our jurisdiction the government and the federal Parliament passed Bill C-72 before the election. This law ensures that federal government services are available in English and French throughout the country.

As for provincial jurisdiction, our policy is to support linguistic minorities throughout the country by means of agreements negotiated with the provincial governments.

The honourable senator certainly knows the policy of the federal government in this regard.

Senator Thériault: Honourable senators, I am glad to hear what the Minister of State for Federal-Provincial Relations has just told us. Nevertheless, one must wonder where we have come to in 1988 when an important minister of the government of Canada who is responsible for many programs that apply to minorities throughout the country can say, on one hand, that Quebec had to do what it did, while, on the other hand, the Prime Minister said that he was not pleased with it and that he would have preferred something else.

So are you surprised that francophones outside Quebec and minorities throughout Canada, not only francophones outside Quebec, wonder what is going on and who will protect them?

Senator Murray: I draw the Honourable Senator Thériault's attention to the agreements reached in recent months by the Secretary of State of Canada, Mr. Lucien Bouchard, with several provinces, including Quebec, and also with the Council of Ministers of Education of those provinces.

● (1440)

[English]

THE CONSTITUTION

MEECH LAKE ACCORD—FIRST MINISTERS' MEETING—STATUS OF REPRESENTATIONS OF PREMIER OF MANITOBA—REQUEST FOR COPY OF GOVERNMENT'S REPLY

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government as the Minister of State for Federal-Provincial Relations. Yesterday, when I asked him whether the federal government had responded to the letter written by Premier Filmon of Manitoba and, if so, whether I could have a copy of that response, the minister agreed that he would get a copy of the written reply, if one had been made. Has he been able to obtain a copy of that reply?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, what I said yesterday was that Premier Filmon's attention had been drawn to the letter which the Prime Minister had sent to the premiers in October advising them that he would be calling an informal meeting of First Ministers early in his second mandate. I was not aware that a separate response to Premier Filmon's most recent letter had been sent. I am under the impression that such a letter has not been sent, but my commitment stands, and if I am wrong and a letter has gone out I shall obtain a copy of it and let the honourable senator have it.

Senator Molgat: Honourable senators, I am deeply disturbed if there has been no response to Premier Filmon's letter, because I have here a copy of his letter of December 19 addressed to the Right Honourable Brian Mulroney, Prime Minister of Canada.

Senator Lefebvre: Read it!

Senator Molgat: It reads:

My dear Prime Minister:

I am writing to advise you of my Government's grave reservations following the response of the Government of Quebec to last week's Supreme Court decision concerning minority language rights in Quebec.

Unfortunately, that decision has placed us on the verge of a constitutional crisis and will seriously affect consideration in our province on the 1987 Constitutional Accord. In so doing, it runs directly counter to our efforts and yours to strengthen national unity.

Under these circumstances, my caucus and I consider it inadvisable to proceed with the Meech Lake Accord. As you know, I introduced the resolution in our Legislature on Friday and debate is now underway, with public hearings scheduled to begin next month. The Quebec Government's decision makes it clear that proceeding

with these hearings on the current schedule could cause deep dissension throughout our province. For this reason, I will approach the leaders of the other parties in our Legislature to pursue with them the withdrawal of the resolution.

Given the vital importance of these constitutional issues to the future of our country, I ask that you convene a meeting of First Ministers on an urgent basis. I am prepared to come to Ottawa as early as this week if such a meeting can be arranged.

Clearly, this is a time for strong federal leadership and Manitobans will look to you and your colleagues to play an active role in ensuring that a solution to this impasse can be found which is just to both English and French speaking Canadians and which builds bridges between the various provinces and regions in this country.

This letter has been copied to Premier Bourassa and the other Provincial Premiers.

I look forward to your immediate response.

Sincerely yours,
Gary Filmon

With that kind of very specific request from the premier of a province, who, at this particular stage, has, as the minister tells us, an important role in the matter of the constitutional accord, is the minister telling me that the Prime Minister of Canada has not replied to that kind of letter?

Senator Murray: Honourable senators, the position of the premier and the Government of Manitoba were made public even before we received the letter. We replied publicly at once on the basis of a number of aspects of the letter. First, we do not agree with the analysis that there is a constitutional crisis in Confederation by reason of the events to which the premier refers. Second, we pointed out to him at the officials and ministerial levels, as we frequently do when there are communications of this kind, that the Prime Minister had already notified premiers of his intention to have them to an informal meeting early in his second mandate. Third, we do not think it is appropriate at this time to summon a full-fledged First Ministers' constitutional conference of the kind suggested by the premier on the basis of the events of which he speaks. The premier had his response within a couple of hours of having made his request.

Senator Molgat: Honourable senators, exactly how did the Premier of Manitoba get his response? The minister tells us that there has been no letter. The minister tells us that the Prime Minister has not written and that he, the minister, has not written. Yesterday Senator Guay asked whether the minister had phoned the premier, but he never answered that question.

Senator Guay: That's right!

Senator Molgat: The minister waffled around and said that he had talked to the premier on the telephone prior, but the minister never indicated that he had talked to him on the

telephone afterwards. Newspaper reports tell us that Premier Filmon has tried to reach the Prime Minister five times and still has not received an answer from the Prime Minister.

Senator Guay: That's right!

Senator Molgat: Could the minister tell me who on earth communicated with the premier, and how and what they told him?

Senator Murray: Honourable senators, perhaps I should explain that both the telephone conversation with me and the letter the honourable senator has just read into the record were overtaken by events. The premier called me—I believe it was three minutes before he made his public announcement—to make it very clear to me—

Senator McElman: A Liberal would never do that.

Senator Flynn: Carstairs might.

Senator Murray: —that he was not calling to seek my advice, and certainly not to discuss the matter with me. He made it very clear that he was simply informing me that in three minutes he would be making public the position that he has outlined in that letter. The premier made that position public. The letter was sent, but before it even arrived here he had held his press conference and made his statement. He had made his request, and we, through a news conference that I held on behalf of the government, replied to his position. So there is no uncertainty about the premier's position as outlined in the letter, and there is no uncertainty about our position.

Senator Molgat: Honourable senators, the minister is going around in circles and he is not answering the question. Let me make a statement and, if I am wrong, he can stand up and correct me.

● (1450)

First, referring to the letter which was received, you have not written to the Premier of Manitoba; second, the Prime Minister of Canada, to whom the letter was addressed, has not written to the Premier of Manitoba; third, you have not spoken to the Premier of Manitoba since he made that formal request; and fourth, the Prime Minister of Canada has not spoken to the Premier of Manitoba since that request. I assume that is the response from the federal government.

Senator Murray: Honourable senators, as I explained a few moments ago, my conversation, brief as it was, with the Premier of Manitoba occurred after he had made his decision and only three minutes before he made the announcement; so I was aware of what he was going to announce. As I say, the letter was overtaken by events.

I must say that I have not had time to check whether a formal reply has been sent by the Prime Minister to that letter. If it has, I can assure my honourable friend that it will contain the views I have already placed on the record in this house today, yesterday and, I think, on one previous occasion. If the Prime Minister has confirmed that decision in writing, I shall obtain a copy and table it here, but the honourable senator should not expect any surprises.

Senator Molgat: My four statements, then, are correct. That is the response of the federal government. That is the new method of federal-provincial understanding, the new spirit.

Hon. Joseph-Philippe Guay: Further to the questions asked by Senator Molgat, I should like to ask the Leader of the Government if, while he was in conversation with the Premier of Manitoba—

Senator Murray: Your name did not come up once.

Senator Guay: I have no doubt about that, because I do not belong to his caucus; otherwise it might have.

I was going to ask the Leader of the Government whether the Premier of Manitoba let it be known to him that he had made a few attempts to speak to the Prime Minister by telephone and that he could not get through or did not have his calls returned.

Senator Murray: Honourable senators, I think my friend is slightly confused about the chronology here. On the day the premier reached me he had tried, a few minutes before, to reach the Prime Minister. As I told the Senate yesterday, the Prime Minister was on his way to Question Period in the House of Commons and could not take the call at that precise time.

Senator Guay: The reason I put the question to the Leader of the Government is that it is my understanding from newspaper articles published in my area that the premier did not call him only once; apparently, he called several times and the calls went unanswered.

Senator Murray: I do not think the premier has made that assertion. My understanding from what I have seen in the media is that the premier has said that he had been trying to reach the Prime Minister in more recent days and could not do so. That should not be surprising, given the work schedule the Prime Minister has been facing these past few weeks. As I indicated in the house yesterday, when a premier wants to reach the Prime Minister, he reaches him as soon as that can be arranged.

Senator Guay: The Prime Minister may be able to reach a premier, but it is only a one-way deal.

[Translation]

THE ESTIMATES

APPOINTMENT OF NATIONAL FINANCE COMMITTEE TO STUDY SUPPLEMENTARY ESTIMATES (B) 1988-89

Hon. Fernand-E. Leblanc: Honourable senators, my question is directed to the Leader of the Government in the Senate. I notice that the 1988-89 Supplementary Estimates (B) were tabled in the other place on December 16, 1988, and were then referred to various standing committees of the House of Commons.

Why has the Senate not received the Supplementary Estimates in accordance with tradition and the *Rules of the Senate*? Why has the Standing Senate Committee on National Finance not been appointed to study them?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, my friend Senator Doody informs me that these Estimates were tabled in this House a few days ago.

I am not responsible for the meetings of the various committees. If the honourable senator insists, we can call an emergency meeting of the Standing Committee on National Finance on this subject. As far as the Government is concerned, we tabled the Estimates a few days ago.

Senator Leblanc: When the Committee of Selection met, it could have tabled a report and reappointed the Standing Committee on National Finance. Has the Committee of Selection decided to appoint only two committees?

When the Committee of Selection met, it knew very well that the Supplementary Estimates would be tabled.

Why did it not decide to appoint this committee so that it could proceed with the review of these Supplementary Estimates? Does the government have something to hide in these Supplementary Estimates?

Senator Murray: Honourable senators, this question should be directed to the chairman of the Committee of Selection, the Government Whip.

Senator Leblanc: Honourable senators, the question was in fact directed to him. He left just as I was starting to ask my question. I cannot force him to stay put.

[English]

THE CONSTITUTION

FIRST MINISTERS' MEETINGS—PARTICIPATION BY TERRITORIES

Hon. Paul Lucier: Honourable senators, my question for the Leader of the Government in the Senate concerns the participation of members of both northern territories in any further constitutional discussions which may take place. I am sure you will accept the fact that it is fairly difficult to fight a war until you establish who is the exact enemy.

I should like to know—and I think the people of the two northern territories are entitled to know—whether the federal government has objected to having the two elected leaders present at any constitutional conferences or at any constitutional discussions which take place with First Ministers. Would it be the federal government which would object, the premiers who would object, or would it be both?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I believe there were four or five annual First Ministers' Conferences on the economy during the first mandate of this government. There have been several constitutional conferences on aboriginal constitutional rights. These are formal, First Ministers' Conferences.

I believe I am correct in stating that at each of them, following the practice which, I believe, was established by our predecessors, the heads of government of the territories have

[Senator Leblanc.]

been present and have been invited to speak. That is the established practice in the federation at the moment.

I am not sure whether the honourable senator is suggesting some change in that practice or whether he is suggesting that we have somehow departed from the practice, because we have not.

Senator Lucier: Honourable senators, in the first instance, I am trying to establish the exact problem. I do not think these meetings are quite as formal as the minister makes them out to be. I should like to say at this time that there has been increasing participation by the two northern territories in these conferences. I think the last government did a reasonable job, in most cases, of having the representatives of the Yukon and Northwest Territories participate. I am not suggesting for one second that that has not taken place or that we do not appreciate the little tidbits that we have received. What I am saying is that we have gone beyond that. We have reached the point now where serious constitutional changes affecting the two territories have taken place and will continue to take place, and they are not allowed to participate.

I would preface my remarks by saying that I am asking for changes. I think what has taken place up to this point is not good enough. We have grown up; we have gone beyond the point of just being able to attend a conference and, either before or after the conference, make a 15-minute speech. We have gone beyond that. We want to be partners in the decision-making. I am asking the minister whether he disagrees with that. If he does, that's fine; that is all we want to know. If he does not disagree with that, then who does? Is it the premiers? Somebody does not agree that we should be there as full partners in discussions of the Constitution.

● (1500)

I am not saying that we want to be full partners in every First Ministers' Conference. I am just saying that, when the subject matter of such a conference affects us, we want to be there to take a full part in the discussions.

Senator Murray: The honourable senator says that the Yukon and Northwest Territories want to be part of the decision-making process. It is not a question of the federal government's or the provincial governments' objection to that. The fact is that there is an amending formula in this country, as I said earlier. The participants in the process of amending the Constitution are the federal Parliament and the provinces.

While the honourable senator can properly request and expect that the views of the territorial governments should be sought, heard and respected, we cannot go beyond that. They are not part of the formal decision-making process with regard to constitutional amendments, and will not be until they achieve provincial status.

Senator Lucier: Honourable senators, I think I have received my answer. We will not be part of the process until we become provinces. Since, through Meech Lake, every province has a veto against our becoming provinces, we are just not going to be able to participate. I think that is the answer I was looking for.

DELAYED ANSWER TO ORAL QUESTION SOCIAL INSURANCE

ABUSE OF SIN—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have one delayed answer to a question asked by Senator Olson on December 20 regarding the use of social insurance numbers.

Hon. Charles McElman: Is it lengthy?

Senator Doody: No, it is not lengthy in terms of the discussions in this place.

Senator McElman: Would you mind reading it, then?

Senator Doody: No, not at all. As I said, the question was raised on December 20 regarding the abuse of "SIN", which probably means "social insurance number".

Senator McElman: It is fairly difficult to abuse sin.

Senator Doody: Yes; that seems to be somewhat contradictory, but I pass it on anyway.

The press release referred to by Senator Olson last week dealt in fact with the non-statutory use of social insurance numbers, and not with the statutory use as applied through the Income Tax Act. Indeed, the administration of the Income Tax Act is specifically exempted from this policy. There is therefore no inconsistency with Bill C-139. The measures contained in C-139 with respect to the reporting of investment and interest income were first outlined in the June 18, 1987 White Paper on Tax Reform tabled by the Honourable Michael Wilson. The ways and means motion was subsequently tabled on December 16, 1987.

I am cognizant of the argument, which has raged for some time now, over the use of social insurance numbers for any purpose other than their original intention. Honourable senators should know, however, that this particular measure in Bill C-139 is absolutely necessary in terms of confirming taxpayers' reported income and preventing abuse. It represents a significant cost saving to the government.

I must stress also that the Income Tax Act sets out strict confidentiality requirements and provides for penalties in the event that the requirements are breached.

Senator McElman: In connection with that, I regret that I was not in the chamber a week ago yesterday when there was a tidbit of information put on the record of the Senate that was inaccurate. One of the honourable senators on this side of the house said that, in the province of New Brunswick, in order to obtain a salmon fishing licence one must provide one's social insurance number. I should simply like to correct that piece of information for the benefit of the Senate and of those who love to fish in my beautiful province.

That was the case; that was the requirement of the provincial government. Having gone to two outlets where such licences were issued, having been told that I had to provide my social insurance number, and having refused to do so, I contacted the then minister, who was helpful and cooperative

in this regard. He issued instructions to his department that this practice would cease forthwith.

Hon. Eymard G. Corbin: Honourable senators, I hesitated to rise following Senator Doody's delayed answer to that question, but since Senator McElman has interjected his comment I see my way free to do likewise.

I raised the question of the social insurance numbers being used by insurance companies, writing to insured Canadians requiring "under the law and regulations" their social insurance numbers. It seems to me that a citizen, inasmuch as he should not be ignorant of the law, could be given the courtesy of the citation of the law or regulation under which the insurance companies can "request" the social insurance numbers of those whom they insure. If that is the law and the request is made under a regulation emanating from the law, then ordinary citizens, even though they should not be ignorant of the law, might be informed of it.

This seems to me to be a basic courtesy that should be extended to ordinary Canadian citizens so that they can understand how the law of the country operates and the reasons for which the government demands of insurance companies that their clients supply their social insurance numbers. This is a new thing in Canadian life. If everybody involved in that process is to receive the cooperation of people down the line, they should be properly informed.

If an insurance company, or any other company affected under this act, is going to take the trouble to write a form letter, slip it into an envelope, pay 37 cents for a stamp, and demand that the client complete the reply and slip it into another envelope at the cost of another 37-cent stamp, surely it would not be much more difficult to insert another paragraph in the letter to state the law and regulation under which this is being done.

Many people are mystified by this action. In the past they have never been asked to supply this sort of information. Furthermore, most people, knowing that the social insurance number is a confidential matter between the government and themselves, are not readily disposed to pass their social insurance numbers on to an insurance company, a bank or any other institution.

I hope that message is understood somewhere, somehow.

Senator Doody: I appreciate the comments made by the honourable senator. I shall see that they are brought to the attention of the appropriate department. If I receive more information in this regard, I shall bring it forward.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Doyle, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening

of the Session.—(*Honourable Senator Doody*). (*2nd day of resuming debate*)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this order stands in my name. I am willing to defer to anyone who wishes to speak in reply to the gracious Speech from the Throne. It is certainly not my intention, in having this order stood in my name, to hold up the debate. I am simply making it available to anyone who wishes to speak.

Order stands.

NATIONAL DEFENCE

SPECIAL COMMITTEE APPOINTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Molgat:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 31st March, 1989.—(*Honourable Senator Frith*).

Hon. William J. Petten: Honourable senators, Senator Frith has agreed to yield to Senator Doyle.

Hon. Richard J. Doyle: Honourable senators will recall that Senator Hicks was quite anxious that we move with some haste to reconstitute the Special Senate Committee on National Defence so as to let it complete its report on the land forces. I should remind honourable senators that this work began under the late Senator Lafond and that Senator Hicks took up the chore with great enthusiasm.

● (1510)

A great deal of progress has been made. The section of the report on mobile command has now been completed. It needs the attention of the committee before it can go on to translation, which is the next phase of this particular operation. It would be regrettable to members of the committee if this were

[Senator Doody.]

delayed until we resume in the new year. We should like to have that work done so that we can keep to the date on which Senator Hicks had promised to deliver our report to this chamber, which is March 31, 1989.

On behalf of Senator Hicks and on behalf of all members of the committee I request the Senate's approval of this motion.

Motion agreed to.

INTER-PARLIAMENTARY UNION

EIGHTIETH CONFERENCE, SOFIA, BULGARIA—DEBATE ADJOURNED

Hon. Nathan Nurgitz rose, pursuant to notice of Tuesday, December 20, 1988:

That he will call the attention of the Senate to the Eightieth Inter-Parliamentary Conference, held at Sofia, Bulgaria, from 19th to 24th September, 1988.

He said: Honourable senators, I am pleased to present the report of the Eightieth Inter-Parliamentary Conference held at Sofia, Bulgaria, from September 19 to 24, 1988. I seek the agreement of the Senate to table the report of the conference. I will not be seeking your approval to append the report to today's proceedings, because the report will be circulated to all members of the IPU and will be available to all honourable senators.

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

Hon. Senators: Agreed.

Report tabled.

Senator Nurgitz: As we are all aware, the central aim of the Inter-Parliamentary Union is to advance the cause of peace and international cooperation by supporting the objectives of the United Nations. At the present time 110 countries are members. Next year, 1989, marks the centenary of the union, and special celebrations are planned at the two regular conferences held by the IPU.

In advance of each conference there is a meeting of the western and like-minded countries, known as the "Twelve-Plus", to discuss the conference agenda and to develop common positions where possible. When the regular conference is held in an East Bloc country, it is customary for the Twelve-Plus to meet at a separate location. Senator Neiman and I attended this meeting in Oslo, the capital city of the Norwegian chairman of the Twelve-Plus.

Among the topics we discussed was the proposal for an IPU meeting of the signatory groups of the Conference on European Co-operation and Security, which was scheduled to be held in Bucharest in May 1989. The West German group raised the issue of the situation in Romania, where certain minorities are being subjected to civil rights abuses and where authorities plan to destroy entire rural communities through forced removals.

After discussing whether to issue a statement criticizing the serious human rights violations or to take other action, the Twelve-Plus group decided it would simply seek a postpone-

ment, without giving a statement, in order to demonstrate concern about the situation in Romania while at the same time avoiding a major confrontation that could harm the CECS process.

Prior to its departure the Canadian delegation received interesting and informative briefings from officials in our Department of External Affairs. At our first delegation meeting in Sofia the Canadian Ambassador to Yugoslavia, who is accredited to Bulgaria, Mr. Terence C. Bacon, briefed the delegation on Bulgarian-Canadian relations, especially dealing with the position of the Bulgarian government with respect to Canada's candidature for the United Nations Security Council, which has since been obtained.

Mr. Denis Laliberte, Second Secretary of our embassy in Belgrade, assisted the delegation in Sofia. I should like to make a comment on the excellent work done by Mr. Laliberte, as seen by all delegates. I cannot say enough about the extra effort that he put into the service to parliamentarians. This was especially important with his background knowledge of the East Bloc countries. I should like to say a special word of thanks as well to the two Canadian staffers, Mr. Stephen Knowles, our own Canadian group executive secretary, and Barbara Reynolds from the Parliamentary Centre, whose efforts both before and during the conference were of valuable assistance.

The two subjects which had been selected for this conference were "International cooperation in the humanitarian field in bringing national legislation into line with international rights, norms, principles and instruments" and "Implementation of the United Nations resolutions on the granting of independence to colonial territories and to the elimination of colonialism, racism and apartheid". Our colleague Senator Bosa was one of the first speakers on the subject of international human rights. He used this opportunity to speak to our Bulgarian hosts about the need to respect the human rights of minority groups in their country, with particular reference to the Turkish minority in Bulgaria. I understand that Senator Bosa will be participating in this debate, and we look forward to hearing more about his intervention on that item.

The IPU rules provide that on the first day of the conference a supplementary item is added to the agenda. The Canadian group, concerned that the trade in conventional weapons is contributing to the escalation of conflicts, proposed a debate on the subject of "The urgency for all states to adopt and implement a policy of strict control of the export of military goods and technology to countries involved in or under imminent threat of hostilities." Our reasoning was that since the end of the Second World War there have been in excess of 100 major conflicts, none of which have involved nuclear arms. That is not to take away from the necessity of dealing with that grave world danger, but these conflicts have all been with conventional arms. Many millions of people have lost their lives because of the use of conventional arms. That was why we sought that as an item.

In order for a subject to be chosen it must receive at least two-thirds of the votes cast. In cases where more than one

subject receive the required majority, then the one with the highest number of votes is the supplementary item. Our proposal did not receive a majority. Of the competing bids for a supplementary item the Italian item dealing with the drug trade was also defeated. The supplementary item that was ultimately selected was "The popular uprising in the Arab territories occupied by Israel".

One of the significant events that took place at this conference was an amendment to the IPU statutes proposed by our own Canadian group. For several years the union has been discussing ways to promote equality between men and women in its organization and, in particular, to encourage greater participation by women in the decision-making bodies of the union. Voluntary action in this matter, as in many others, has not succeeded in achieving this goal. It took 98 years of IPU existence to finally get its first woman on the executive. The Canadian group discussed various measures that could be taken, and concluded that at least one of the positions on the international executive committee should be designated for a woman parliamentarian. At a previous IPU conference held in Guatemala City in April we submitted a formal proposal to this effect, but the women parliamentarians recommended that at least two positions should be designated for women. We withdrew our proposed amendment and resubmitted it, as amended by the meeting of women parliamentarians, for consideration at this conference in Sofia.

I am extremely pleased to report that the Canadian amendment was adopted unanimously; but it was not an easily won battle. At the meeting of the International Executive Committee immediately before the conference only two of the current twelve members were in favour of it. Faced with this rather pessimistic outlook, I should like to think that the Canadian presentation to the meeting of women parliamentarians, urging them to lobby intensively the members of their own delegations and to meet with leaders of delegations which did not include women, was very effective. This strong and fervent effort paid off, for our amendment was adopted unanimously both by the Inter-Parliamentary Council and, subsequently, by the conference. I can honestly state that no one was more surprised at this outcome than the Canadian delegation, as we faced considerable opposition to our proposal and a reaction that the timing was not right, as well as the traditional reasons given in rejecting women. We were prepared to resubmit a modified proposal for subsequent conferences, but that, of course, will not be necessary.

Another significant event for the Canadian delegation was the election of our own colleague Senator Joan Neiman as a permanent member of the Special Committee on the Violations of the Human Rights of Parliamentarians. At the IPU Conference in Mexico City in 1976 Senator Neiman was a member of the Canadian delegation which introduced the proposal for the creation of this committee. She has worked extremely hard in promoting the work of this committee and has served as a substitute member for the past ten years. We are extremely proud that she has been elected to this position and extend our congratulations to her. Since its inception in

1977 this committee has dealt with in excess of 600 cases and has been successful in a large number of them. I understand that Senator Neiman will likely be participating in this debate perhaps tomorrow and can tell honourable senators more about the important work of that committee.

● (1520)

The purpose of the IPU is to promote personal contacts between all members of Parliament, to unite them in common action to establish and develop representative institutions and to advance the work of international peace and development.

Honourable senators, I think our report will demonstrate how this purpose is being met.

Hon. Peter Bosa: Honourable senators, it is a pleasure to participate in this debate on the Inter-Parliamentary Union conference held in Bulgaria's capital city, Sofia, last September.

Before mentioning the content of my remarks to the plenary session in Sofia I want to pay tribute to our Bulgarian hosts for their excellent hospitality. Everything was well organized. Our conference was held in a magnificent convention centre known as the Palace of Culture. It was very spacious, and we welcomed the use of such wonderful facilities.

Bulgaria's name derives from a Turkish people known as the Bulgars, who originated in the Steppes north of the Caspian Sea. One branch of the Bulgars settled near the mouth of the Danube and founded the Bulgarian state in 681. They fell under Turkish rule in 1396, and continued to be ruled by Turkey for five centuries. Following the Russo-Turkish War of 1878 the principality of Bulgaria and the autonomous province of Eastern Rumelia were constituted, both under Turkish suzerainty. In 1885 Rumelia was reunited with Bulgaria, creating a Bulgarian state with approximately the same boundaries as present day Bulgaria.

A fully independent Bulgarian kingdom was proclaimed in 1908. Bulgaria allied with Germany in World War I and was defeated. It allied with Germany again in World War II and declared war on the United States and the United Kingdom, but not on the Soviet Union. In August 1944 Bulgaria opened talks with allied representatives to take Bulgaria out of the war. While those talks were under way the Soviet Union declared war on Bulgaria. Soviet forces invaded the country without resistance, and Communist rule began on September 9, 1944, when the fatherland front, aided by the U.S.S.R., seized power from the coalition government. The monarchy was abolished in 1946 by popular referendum and the republic was proclaimed. Elections followed, which confirmed Georgi Dimitrov as both Prime Minister and First Secretary of the Communist Party. All opposition parties were abolished and a new Constitution, based on the Soviet model, was adopted in 1947.

For obvious political and geographic reasons, relations between Canada and Bulgaria are limited. Our two nations established diplomatic relations in 1966, and Bulgaria named its first ambassador to Canada in 1968. Canada does not have

[Senator Nurgitz.]

an embassy in Sofia, but the Ambassador to Yugoslavia is also accredited to Bulgaria.

The level of trade between Canada and Bulgaria is very low. From 1979 to 1984 Canadian exports fluctuated between a low of \$5.1 million in 1980 to a peak of \$11.8 million in 1981. Bulgarian exports to Canada consist mainly of apparel and food and beverages. Canadian exports to Bulgaria have been chiefly in the form of agricultural goods and raw materials. Zinc and asbestos have been traditional exports, but at highly fluctuating levels. Canadian firms have been successful in exporting live cattle since 1982, and exports of rayon yarn began in 1984. Efforts have been made to increase Canadian exports of manufactured goods, with some success in geophysical equipment, instrument landing systems and agricultural equipment.

As our honourable colleague Senator Nurgitz has already mentioned, one of the purposes of the union is to support the objectives of the United Nations. This year, 1988, marks the fortieth anniversary of the signing of the Universal Declaration of Human Rights, and it is fitting that the union should select as one of the topics for this conference a debate on the subject of the need for all states to pass legislation so that domestic laws are in conformity with international human rights instruments.

The proclamation of the Universal Declaration of Human Rights in 1948 was a turning point in the history of civilization. This declaration outlines general standards and promotes universal respect for, and observance of, human rights and fundamental freedoms. In 1966 the United Nations General Assembly adopted two international covenants—one on civil and political rights and the other on economic, social and cultural rights—which are treaties to give legal effect to the 1948 declaration. Two separate covenants were necessary because the obligations enshrined in them are implemented differently. For example, the covenant on civil and political rights enumerates obligations that are immediate, such as prohibiting torture, whereas the covenant on economic, social and political rights outlines "progressive" obligations, such as enacting measures that will lead to full employment. In the case of the covenant on civil and political rights there is an optional protocol under which individuals may report violations by their governments to the United Nations Human Rights Commission, but as yet only 39 countries, including Canada, have ratified this "individual reporting mechanism".

These four international instruments—the universal declaration, the two covenants and the optional protocol—make up what is known as the International Bill of Rights. They form the basis for our articulating our standards of acceptable conduct in the field of human rights. While they are a solid foundation for the promotion of human rights, they are by their very nature general, broad guidelines. Over the past 20 years attention has been directed to developing a number of specific instruments to deal with particular human rights in a comprehensive manner, particularly with respect to definitions and enforcements of monitoring mechanisms. For example, the previous covenants dealt with torture in one or two clauses, but

the recent convention on torture spelled out in detail the necessary changes in domestic legislation as well as the implementation mechanisms needed to eradicate this barbaric practice. Honourable senators will recall that in 1987 we amended the Criminal Code in order to comply with this convention.

Both the Canadian draft resolution submitted to the conference and the final resolution adopted by the plenary session called on all states which had not yet done so to accede to these international human rights instruments and to comply fully with their provisions. It was evident that there was a sense of commitment and urgency among delegations to come to grips with the subject of human rights, and I am optimistic about future activities in this field.

● (1530)

As I mentioned earlier, Canada is one of only 39 countries that have agreed to submit their record of performance under the International Covenant on Civil and Political Rights by agreeing that individual citizens can petition the United Nations Human Rights Commission. In speaking to the nearly 500 delegates from 95 countries who attended this conference, it was my intention to demonstrate how this reporting mechanism could be used effectively and how a government could respond. I used the example of our experience in responding to a petition initiated by an aboriginal woman. She complained that a piece of domestic legislation, namely, the Indian Act, was discriminatory, because Indian women who married non-Indians lost their status as Indians while Indian men who married non-Indians did not. The United Nations Human Rights Commission found that Canada was not living up to Article 27 of the covenant—the single article in which minorities are mentioned.

Subsequently, Canada took steps to change its domestic legislation in order to comply with its international obligations. The important point which I wanted to convey was that it is nothing to be ashamed of that we had to have a little prodding from an impartial international committee to put our house in better order.

As Canadians, we sometimes take fundamental rights and freedoms for granted. However, as we prepared for our visit to Bulgaria we were reminded that such rights are not automatic in all countries. Among the information we received with respect to our host country was a status report on the situation of the Turkish minority in Bulgaria. Approximately 9 per cent of the population of Bulgaria is of Turkish origin, and we received reports from international human rights groups that some individuals were subject to forced assimilation, including the changing of names and the prohibition of certain religious

customs. Against this background, I felt it imperative to speak about the human rights of minorities, and did so by describing the Canadian experience.

While noting that Canada is officially a country of two languages, we are also a country of many cultures. This multiplicity of peoples has enriched Canadian society and its cultural environment and has broadened Canada's outlook. I said, and I quote:

We believe that the active encouragement of minority customs and practices is a very worthwhile activity, and our federal and provincial governments now have active multiculturalism programs which promote the retention of minority languages and cultures by Canadians.

I also used the Canadian example to speak about the question of assimilation, and noted that in Canada we have come to believe that cultural assimilation is not required for a citizen in order to be a good Canadian, and that we regret past instances of assimilation. Many of us know of instances of European immigrants who felt, upon arriving 50 or 80 years ago in a Canada dominated by British and French cultures, that their names were not "Canadian" enough and, under no more compulsion than fashion, adopted new names or "Canadianized" versions of their own names. However, it is much worse when such a process is in force as a deliberate, systematic government policy. Canadians object to such policies as unfair and unnecessary and urge all peoples to look to the international human rights instruments for protection and for the redress of grievances.

In concluding my comments to the conference plenary session on this very important subject, I said:

Liberty, as all other basic values, must be fostered on a daily basis. One of the most appropriate ways for us to acknowledge the 40th anniversary of this important declaration is through the immediate implementation of and strict adherence to these various human rights instruments. Let us acknowledge our shortcomings and go forward reaffirming our commitment to the paramount principle . . . that all human beings are free and equal.

Honourable senators, on this, the anniversary of the Universal Declaration of Human Rights, it is appropriate to reflect on the progress we have made and to renew our commitment to the principles of equality and freedom for all, and to build a world where human rights and fundamental freedoms can be fully realized.

On motion of Senator Neiman, debated adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 29, 1988

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

Prayers

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE PRESENTED, PRINTED AS
APPENDIX AND ADOPTED

Hon. Roméo LeBlanc: Honourable senators, I have the honour to present the first report of the Standing Committee on Internal Economy, Budgets and Administration.

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

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

Hon. Senators: Agreed.

(For text of report see Appendix "A", p. 78)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION NATIONAL DEFENCE

COMMITTEES AUTHORIZED TO MEET DURING ADJOURNMENTS
OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That for the duration of the present Session, the Standing Committee on Internal Economy, Budgets and Administration and the Special Committee of the Senate on National Defence may meet during adjournments of the Senate.

Motion agreed to.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, 30th December, 1988, at one o'clock in the afternoon.

Motion agreed to.

INTER-PARLIAMENTARY UNION

EIGHTIETH CONFERENCE, SOFIA, BULGARIA

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Nurgitz calling the attention of the Senate to the Eightieth Inter-Parliamentary Conference, held at Sofia, Bulgaria, from 19th to 24th September, 1988.—(*Honourable Senator Neiman*).

Hon. Joan Neiman: Honourable senators, the Inter-Parliamentary Union has a long history of concern for human rights, a subject that is dealt with regularly by its Committee on Parliamentary, Juridical and Human Rights. Honourable senators will recall from yesterday's interventions by our colleagues Senators Nurgitz and Bosa that human rights was again a major topic at the Sofia conference last September.

As those of you who have been delegates to IPU meetings know, there is also a Special Committee on Violations of the Human Rights of Parliamentarians which carries on its work quite independently and in a particular manner within the organization. It had its genesis during discussions in the permanent committee, which I mentioned a moment ago, of innumerable examples of human rights violations that were brought to its attention by various members, when the idea began to germinate that the IPU should become more proactive and should do something more constructive to discourage or alleviate human rights abuses.

Canada can take some pride in the work of its successive delegations that ensured that the idea finally took hold and became a reality. Two distinguished former chairmen and leaders of the Canadian group, the Honourable Gordon Fairweather, P.C., and the Honourable Robert Stanbury, P.C., brother of our colleague in the Senate, participated in the debates.

Our most difficult challenge occurred at the spring conference in Mexico City in 1976. I had originally presented a resolution which, if accepted, would have entailed the setting up of a committee to deal with specific cases of abuses of the human rights of people generally. However, we encountered

stiff opposition from the Soviet bloc of communist countries, which argued that it would be a duplication of the efforts of other tribunals already operating and therefore an unnecessary expense to the union, as well as from other countries, including some of our own allies in the union, which were not keen on having their human rights records examined by yet another organization. We decided to modify our objective, and so I presented an amendment to our original resolution which had the effect of confining the investigations of the proposed committee to alleged abuses of parliamentarians only. The resolution stressed:

That protection of the rights of parliamentarians is the necessary prerequisite to enable them to protect and promote human rights and fundamental freedoms in their respective countries, and that, in addition, the representative nature of a Parliament closely depends on the respect of the rights of the members of that Parliament.

We argued very strongly that anything that affected the rights of parliamentarians had to be a primary concern of the Inter-Parliamentary Union; and, after much hectic lobbying, we finally won the vote by a comfortable margin.

The procedure that the special committee was to follow was set out very clearly by the Inter-Parliamentary Council. It was to:

examine and treat communications regarding cruel, inhuman and degrading treatment or punishment of parliamentarians.

It further provided that it was:

applicable to Members of Parliament who are or have been subjected to arbitrary actions during the exercise of the mandate entrusted to them by their voters, whether the Parliament is sitting, in recess or has been dissolved as the result of unconstitutional or extraordinary measures.

● (1410)

The special committee, which was eventually set up as the body mainly responsible for examining and dealing with the communications received in cases of violations, is elected by the council. Its terms of reference include various international covenants and instruments, beginning with the Universal Declaration of Human Rights and others adopted since then.

I want to place on the record that from the moment the Canadian group began discussing the possibility of a special committee to examine abuses of human rights it had the enthusiastic support and assistance of Mr. Pio-Carlo Terenzio, our former Secretary General. With the formation of the committee, Mr. Terenzio, and then his successor, Mr. Pierre Cornillon, as well as members of the secretariat, have formed an essential and integral part of the team. Without their assistance the committee simply could not have functioned as effectively as it has.

Today the committee consists of five titular members and their five substitutes, all elected personally to represent various geopolitical areas. The countries that I have represented, first, as a substitute member since the inception of the committee some ten years ago and, now, as a titular member, are those of

the western allies, including Australia, New Zealand and others more loosely associated with that group. We call ourselves the "Twelve-Plus", but that number could increase shortly. The other four members are from Malaysia, representing the Asian countries; Togo, representing the African countries; Hungary, representing the Soviet bloc of countries; and Argentina, representing the South American countries.

The special committee meets during the spring and autumn conferences of the union, as well as two other times at half-way points between those conferences at the union's headquarters in Geneva. During these meetings it examines a long list of cases which have been brought to its attention and which it considers valid and within its competence. The members have new cases to deal with at almost every meeting, but others have been on the active list a discouragingly long time. We have to accept that we may never be able to write a happy ending to some of them.

During these meetings delegates or representatives from the countries that are being examined often appear before the committee to explain and to try to justify their government's actions. Sometimes the committee receives direct testimony from persons representing the parliamentarians who are being detained or who have disappeared.

Since its establishment in 1977 the Special Committee on Violations of the Human Rights of Parliamentarians has dealt with 625 cases. As I mentioned, we have had some successes, but many cases have remained unsolved for years. For example, seven Somali parliamentarians were arrested in 1982 and were accused of "involvement in matters contrary to the security and interests of the nation". They were stripped of their parliamentary mandates even before being accused and were held incommunicado for five years without trial. The Somali authorities always refused to accept an IPU mission to investigate the situation. A military tribunal of sorts tried two of the detainees early in 1988 and condemned them to death, but, under great pressure from international organizations, and particularly the IPU, this sentence was commuted. However, they are still under house arrest. Four others were finally tried early this year and released at last. A seventh parliamentarian died in detention. Regrettably, the Somali cases are similar to many others around the world.

Occasionally, as a result of its observations and recommendations to the Inter-Parliamentary Council, the committee is directed by the council to make a personal visit to certain of the countries that are being investigated. The purpose, of course, is to elicit more information regarding the detention or other adverse conditions of the parliamentarians involved, from the detainees themselves, where possible, and also from the officials of the government, who may have created those conditions or be in a position to alter them.

Three weeks ago I returned from such a mission to Malaysia and Indonesia. The mission consisted of another titular member, Senator Hipolito Solari Yrigoyen of Argentina, and myself, as well as Ms. Christine Pintat, the very able secretary of the special committee, from our Geneva headquarters. Senator Solari Yrigoyen was himself a "disappeared" par-

liamentarian for some 15 days during the former regime in Argentina, and, after being found, was held in prison under very abhorrent circumstances for over one year. On his release, which was effectuated in part through the representations of the special committee of the IPU, he was exiled in Venezuela and France for six years before being allowed to return to his native country. You can appreciate why he has a very real and personal interest in assuring that the work of the special committee is as effective as possible.

Since our subcommittee will make a confidential report to the full committee at its meeting in Geneva at the end of January, I cannot give any details with respect to it at this time. I can only say that on closer examination these situations always seem to be far more complex than they seemed to be previously, even on the basis of abundant documentation. However, I am cautiously optimistic that we can look forward to the release of the parliamentarians involved in the not too distant future.

Honourable senators, the most recent report which the special committee presented to the Sofia conference contains the cases of 52 parliamentarians from eight different countries. They include, for instance, 28 Chilean parliamentarians who have been exiled for many years and two others who have simply disappeared; four parliamentarians who have been assassinated in Colombia in circumstances which give rise to the suspicion that the police, military personnel and/or intelligence service members may have been actively or tacitly involved; one parliamentarian in Honduras who was assassinated this year shortly after testifying before the Inter-American Court of Human Rights in a case concerning four earlier "disappearances" in his country; and seven parliamentarians who were arrested in Malaysia, five of whom have been detained without trial for over a year. There are several other cases of detention under dubious circumstances.

The effectiveness of the Inter-Parliamentary Union in bringing justice to bear in these cases is closely linked with the efforts of individual national groups and parliaments, and even individual parliamentarians. The resolution adopted in 1976 stipulates that:

National groups will be required to report to the next meeting of the Council on all action taken with respect to IPU reports on human rights violations against parliamentarians.

Our Canadian group has taken up this challenge. After each conference we send a copy of the report of the special committee to the Secretary of State for External Affairs for his information and such action as he considers appropriate. We meet and keep in touch on a regular basis with the person in that department who is charged with overseeing all human rights matters. Furthermore, we expect to set up a procedure whereby the Speakers of our two houses will communicate directly with the Speakers of the parliaments of the countries involved, conveying not only the concerns of the Parliament of Canada but their hope that the cases about which they are communicating will be speedily and happily resolved.

[Senator Neiman.]

• (1420)

To digress for a moment, I should like to pay a heartfelt and sincere tribute, in which I am sure all honourable senators will join, to a distinguished Canadian, Professor John P. Humphrey, Emeritus Professor of International Law at McGill University, who was recently awarded a United Nations Human Rights prize on the occasion of the fortieth anniversary of the Universal Declaration of Human Rights. He has for many years been active in the field of international human rights and was the first director of the United Nations Human Rights Division. I have just read a long article on his career, which notes that he was responsible for a great deal of the preparatory work on and was in fact the author of much of the final wording of the Universal Declaration, which was adopted by the United Nations General Assembly in 1948. I have attended many meetings over which Professor Humphrey has presided, and he has always appeared to be an inspiration and example to everyone who has heard him. On behalf of those who continue to need to have their human rights protected, I wish Professor Humphrey good health and a long and productive life in order to continue his work in a field where so much remains to be done.

In closing, I should like to add that occasionally committee members feel frustration or regret—especially when appeals are made directly to them on behalf of the many other prisoners who are not parliamentarians—that their mandate is not as broad as the one originally sought. We can only hope that the appeals we make on behalf of parliamentarians to various countries will have a spillover and beneficial effect for the others who are being unjustly treated or detained.

In this month of December, when we commemorate the fortieth anniversary of the United Nations Declaration of Human Rights, I urge all honourable senators to read the report of the special committee, which was annexed as an appendix to the general report already tabled by Senator Nurgitz.

Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

COMMITTEE OF SELECTION

SECOND REPORT ADOPTED

The Senate proceeded to consideration of the second report of the Committee of Selection (Speaker *pro tempore*), presented in the Senate on Wednesday, December 28, 1988.

Hon. Orville H. Phillips: Honourable senators, I move that the report be now adopted.

The Hon. the Speaker: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator MacDonald (Cape Breton), that this report be now adopted.

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

Some Hon. Senators: Agreed.

Hon. Jacques Flynn: On division!

Motion agreed to and report adopted, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Doyle, for an Address to Her Excellency the

Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Doody*). (*2nd day of resuming debate*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, once again I will defer to anyone who wishes to speak in reply to the Speech from the Throne; otherwise, this order will stand.

Order stands.

The Senate adjourned until tomorrow at 1 p.m.

APPENDIX "A"

(See p. 74)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF STANDING COMMITTEE

THURSDAY, December 29, 1988

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIRST REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on December 27, 1988. The said budget is appended to this report.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX

STANDING SENATE COMMITTEE
ON FOREIGN AFFAIRSAPPLICATION FOR BUDGET AUTHORIZATION
FOR THE FISCAL YEAR ENDING 31st MARCH 1989

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*,
Tuesday, December 27, 1988:

"With leave of the Senate,
The Honourable Senator Doody moved, seconded
by the Honourable Senator Chaput-Rolland :

That the Standing Senate Committee on
Foreign Affairs have power to engage the services of

such counsel and technical, clerical and other
personnel as may be necessary for the purpose of its
examination and consideration of such bills, subject-
matters of bills and estimates as are referred to it.

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

CHARLES A. LUSSIER
Clerk of the Senate

| | |
|---|--------------------|
| Professional and Other Services (including salaries) | \$ 35,654.00 |
| Transportation and Communications | 500.00 |
| All Other Expenditures | <u>1,250.00</u> |
| TOTAL | <u>\$37,404.00</u> |

The foregoing budget was approved by the
Committee on the 27th day of December, 1988.

The undersigned or an alternate will be in
attendance on the date that this budget is being
considered.

John B. Stewart
Chairman, Standing Senate Committee on
Foreign Affairs

Date: December 27, 1988

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: December 29, 1988

EXPLANATION OF COST ELEMENTS

Professional and Other Services (Including salaries)

| | | |
|---|---------------|-------------|
| 1. <u>1 Advisor</u> | | |
| 30 hrs./month @ \$115.00 p.h. | \$3,450.00 | |
| <u>1 Advisor</u> | | |
| 60 hrs./month @ \$60.00 p.h. | 3,600.00 | |
| <u>2 Special Advisors</u> | | |
| 67 hrs./month @ \$75.00 p.h. (rounded) | 5,000.00 | |
| <u>Secretarial Assistance</u> | | |
| 20 hrs./month @ \$19.35 p.h. | 387.00 | |
| <u>Word-processor Operators</u> | | |
| 15 hrs./month @ \$26.00 p.h. | <u>390.00</u> | |
| Total per month | 12,827.00 | |
| 2 months @ \$12,827.00 | | \$25,654.00 |

Transportation and Communications

| | | |
|---|---------------|--------|
| Telegrams and Telephones | 250.00 | |
| Postage, Freight and Courier Service | <u>250.00</u> | 500.00 |

All Other Expenditures

| | | |
|--|-----------------|-----------------|
| Purchase of Stationery, Books and Periodicals | 250.00 | |
| Contingencies | <u>1,000.00</u> | <u>1,250.00</u> |

TOTAL \$37,404.00

2. Expenses of Witnesses:

| | | |
|-------------------------------|------------------|-------------|
| Air Transportation (average) | 752.80 | |
| Ground Transportation | 72.00 | |
| 2 days per diem @ \$37.60 | 75.20 | |
| Hotel accommodation (1 night) | <u>100.00</u> | |
| Total | 1,000.00 | |
| 10 Witnesses @ \$1,000.00 | <u>10,000.00</u> | \$35,654.00 |

EXPLANATORY NOTES FOR
INFORMATION PURPOSES ONLY

| | |
|--|--------------|
| Budgets approved for the fiscal year 1986-87 | \$ 85,570.00 |
| Expenditures | 84,118.00 |
| Budgets approved for the fiscal year 1987-88 | 222,749.00 |
| Expenditures | 79,511.00 |
| Budgets approved for the fiscal year 1988-89 | 203,228.00 |
| Expenditures to December 27, 1988 | 111,047.40 |

THE SENATE

Friday, December 30, 1988

The Senate met at 1 p.m., the Speaker in the Chair.
Prayers.

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX
AND ADOPTED

Hon. John B. Stewart: Honourable senators, I have the honour to present the first report of the Standing Senate Committee on Foreign Affairs respecting the examination of Bill C-2, to implement the Free Trade Agreement between Canada and the United States of America.

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

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

Hon. Senators: Agreed.

(For text of report see appendix, p. 100.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Senator Stewart: Honourable senators, in considering Bill C-2, which will change the statutory law of Canada in conformity with the terms of the Free Trade Agreement between Canada and the United States of America, the Standing Senate Committee on Foreign Affairs was mindful of several facts.

First, on November 21, 1988, the people of Canada elected a House of Commons in which the majority favoured the implementation of the Free Trade Agreement. Bill C-2 is virtually the same as Bill C-130, which was passed by the House of Commons on August 31, 1988, in the Thirty-Third Parliament. Moreover, the committee received Bill C-2 only on Tuesday, December 27, while the implementation date under the agreement is January 1, 1989. Those facts pointed to the conclusion that the committee should not propose amendments to the bill, even though some members of the committee believe that, on the merits, major amendments are highly desirable.

Second, the committee saw that the proclamation of this new statute and the first deluge of regulations necessary for the performance of the obligations undertaken by the Government of Canada, although of very great importance, are only early steps in the long, complicated process begun by the President of the United States and the Prime Minister a year ago. This realization led the committee to decide to focus its work on certain matters which must be dealt with successfully by the government in the months and years now before us if the Free Trade Agreement is to have any chance of being beneficial for most Canadians.

As its report shows, in the limited time available this week the committee dealt chiefly with five matters. Those matters are: problems caused for Canadian farmers and food processors by the Free Trade Agreement; problems which will arise because of the limitations, accepted by Canada, on any future attempts to maintain a secure supply of energy for Canadians; the implications of the terms of the agreement dealing with the temporary admission into Canada of business people and others to take up employment here; the prospects for an outcome satisfactory to Canadians, particularly Canadian export industries, of the negotiations on subsidies; and the plans of the government for special measures to alleviate hardships caused to companies and their employees, to towns and regions, and to provinces by reason of changes caused by the Free Trade Agreement.

Honourable senators, this is a unanimous report. As the record shows, some members did not participate in the vote to carry the clauses of the bill. In the third paragraph on the first page of the report, which begins with the words, "From the testimony heard", the committee provides a summary of its views on each of the five specific matters to which I have already referred. Honourable senators will notice that the views set forth in that one paragraph are attributed only to a majority of the members of the committee.

Both the Honourable John Crosbie and the Honourable Barbara McDougall were ready to come before the committee. However, given the facts, first, that the committee does not see the enactment of Bill C-2 as terminating the process of implementing the Free Trade Agreement and, second, that the committee is recommending in this report that it be authorized to monitor and report on the implications and application of the agreement, it was decided that it would be more fruitful to hear the ministers at some time in the future, when Canadians have had some experience with the consequences of the Free Trade Agreement, the new statute law and the regulations.

On behalf of the committee I want to tell honourable senators that we appreciated greatly the efforts of the witnesses who came before the committee and who were most

helpful. It was service beyond the call of normal duty between Christmas and the New Year. I personally want to thank the members of the committee for their cooperation.

Some Hon. Senators: Hear, hear!

Motion agreed to and report adopted.

THIRD READING

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

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

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

Hon. Senators: Agreed.

Hon. Raymond J. Perrault: Honourable senators, this is a momentous day for Parliament. Perhaps in the history of Canada, this represents one of the most important initiatives ever undertaken by a government and considered and debated by Parliament.

I should like to be able to say that I welcome this measure with rapturous joy, but I am not. I think we would all feel better had this measure received a much stronger endorsement in the recent national election. I come from a province where over 60 per cent of the people voted against the government, primarily because of the trade initiatives represented in this measure.

● (1310)

Senator Denis: You are not alone!

Senator Perrault: I could not remain silent in my place without expressing my concerns on behalf of the people of my province who are gravely worried about the ultimate implications of this measure as far as their welfare is concerned.

Mr. Reisman came to British Columbia a few weeks ago and he said, in effect, that, in retrospect, he thought it would have been better if we had been tougher with the Americans and we had been able to negotiate out of this 15 per cent impost against softwood lumber in the province of British Columbia and in other provinces. He regretted that we were not able to do it, but we had had to put something on the table.

British Columbia derives 50 per cent of its income from our forest industry, and it is an important element in many other economies in other provinces across the country. The federal government collected \$423 million under a special export tax on softwood lumber headed for U.S. markets during 1987 and the first three months of 1988. That \$423 million impost was a punitive measure demanded by the U.S. and aimed against the softwood lumber industry of Canada, without any kind of rationale behind it. The impost is enshrined forever in our trade relations with the United States. We could have won

remission had we fought more strenuously to eliminate this unfair burden on certain provinces of this country.

A few weeks ago I asked one person in the forest industry why he supports this trade deal, when it looks as though we are not going to be able to extricate ourselves from this 15 per cent impost. He said, "Frankly, we are afraid that, if we do not support it, we are going to get something worse." What a reason to support a measure—"If we do not vote for it, we are going to get something worse!"

Yes, and President Reagan said the other day that he has decided to maintain the tariff on Canadian cedar shakes and shingles, which is another measure aimed at an important sector of the industry in Canada. Free trade? This is not the definition of free trade that I have supported for years. We may have a free trade deal in words, but in actual fact it does not mean anything so far as certain industries are concerned.

Members of this chamber and the other place have talked in terms of implementing the findings of the Macdonald commission on Canada's economy. The Honourable Donald Macdonald has been cited as a great supporter of this trade deal. I hope that senators read the article in the *Globe and Mail* a few days ago by Mr. J. G. Godsoe, the Halifax lawyer who was executive director of the Macdonald commission on Canada's economy. He came out against the Free Trade Agreement and said that this was not the trade deal recommended by the Macdonald commission; there are serious omissions.

Honourable senators, we talk in terms of the skills of our negotiating team and how our canny Canadian negotiating team outmaneuvered the Americans. Mr. Reisman has said on more than one occasion that some of the Americans did not know what they were doing.

In the October 22, 1987, edition of *The Toronto Star* there was a story, which was also carried in other publications, saying that Clayton Yeutter, the U.S. trade representative with a reputation for insensitivity towards Canada, is reported to have boasted to top American officials that Canada emerged the big loser in the negotiations. He is quoted as follows:

The Canadians don't understand what they have signed. In 20 years, they will be sucked into the U.S. economy. So-called "knowledgeable" U.S. sources quoted Yeutter as telling senior treasury department officials that these remarks were made after the free-trade deal was reached earlier this month. (*October, 1987*)

Yeutter allegedly made the remark in the so-called "heady hours immediately following the marathon two-day negotiating session that produced the final agreement". Of course, ultimately Yeutter denied making such comments. He said, "They are absolutely false. They represent the exact opposite of my thinking." However, to quote the *Star*, "the U.S. sources, who asked not to be named, are considered impeccable. They were heavily involved in the talks, are extremely close to the U.S. Treasury Secretary, James Baker, and were privy to confidential conversations and documents."

The report has never been officially denied by the U.S. government.

Honourable senators, there are valid concerns about the deal. Yet some of those who have opposed this deal have been accused of traitorous conduct. Somehow they are seen as acting against the best interests of Canada, yet perhaps they have a right to feel concerned.

Honourable senators, this is what the Right Honourable Brian Mulroney said about free trade in 1987:

It's terrific until the elephant twitches, and if it ever rolls over, you're a dead man . . .

This country could not survive with a policy of unfettered free trade. I'm all in favour of eliminating unfair protectionism, where it exists. This is a separate country. We'd be swamped. We have in many ways a branch-plant economy, in many ways, in certain important sectors. All that would happen with that kind of concept would be the boys cranking up their plants throughout the United States in bad times and shutting their entire branch plants in Canada. It's bad enough as it is . . .

We have never had an explanation from Mr. Mulroney about his incredible reversal of position, which took place within a few weeks of his attaining the office of Prime Minister of this country. No wonder Canadians are concerned!

The Minister of Finance has said:

Bilateral free trade with the United States is simplistic and naive. It would only serve to further diminish our ability to compete internationally.

In recent years spokesman after spokesman for the Conservative Party has opposed this agreement as being absolutely contrary to Canadian national interests. Perhaps Canadians have a right to feel concerned. Honourable senators, I quote from a book entitled "The Discipline of Power", which was written by George Ball, the former U.S. Undersecretary of State:

Canada, I have long believed, is fighting a rearguard action against the inevitable. Living next to our nation, with a population ten times as large as theirs and a gross national product fourteen times as great, the Canadians recognize their need for United States' capital; but at the same time they are determined to maintain their economic and political independence. Their position is understandable—

graciously says Mr. Ball—

and their desire to maintain their national integrity is a worthy objective. But the Canadians pay heavily for it, and over the years, I do not believe they will succeed in reconciling the intrinsic contradictions of their position . . . The struggle is bound to be a difficult one—and I suspect, over the years, a losing one.

Senator Murray: When did he say that?

Senator Perrault: He made that statement in 1968.

Senator Doody: As recently as that!

[Senator Perrault.]

Senator Perrault: But it is consistent with statements made by representatives of the United States over the years, up to and including the eighties.

Honourable senators, during the last election campaign I received a letter from a businessman in Washington, D.C., who works for a multinational corporation. In that letter he said, "Senator, I used to vote for you years ago." That may reflect upon his judgment—

Senator Doody: That may reflect upon his memory!

Senator Perrault:—but he went on to say that he interfaces with American senators and congressmen and, to a man, it is their view that the Free Trade Agreement, particularly the energy sector of it, is the best piece of U.S. negotiating ever undertaken. They claim that within two years the balance of trade in Canada's favour will be totally and massively reversed. He said, "All I want you to do is write me and reassure me that that is not true."

Honourable senators, there is good reason for Canadian concern. I for one hope that this deal works out well for the country. I did not come here today to be negative about it, but Canadians who have opposed this agreement have real and realistic concerns. Honourable senators, I have never received more mail on any subject than I have received in recent weeks on this trade deal—all from concerned Canadians.

Mr. Reisman, again in one of his frequent press conferences, said that, in retrospect, it would have been better to have included a special section on the subject of social services—medical insurance, hospital care and so on. Yes, we should have done that. Before this measure came to the Senate for final passage we should have received from the government an assurance that certain amendments to this agreement would be made. That would have reassured Canadians on points of concern.

● (1320)

I can only say that, if there is vast misunderstanding in the country and a general lack of knowledge about the trade deal, the blame rests solely with the government.

I would remind senators of the report made public on September 20, 1985. The contents of certain documents were made public at that time. They were prepared in the Prime Minister's Office under the direction of William Fox, Press Secretary to the Prime Minister, and the task force included senior bureaucrats such as Peter Daniel, then Director General of Communications in the Department of Finance. The program called for the Prime Minister to focus exclusively on the possible benefits of free trade. It called on him to avoid mentioning possible job losses.

I shall not go through them, but I have before me public reports of the job losses that have occurred so far, attributable in very large measure to the imminence of the free trade deal.

Back to the communication strategy: It called on the Prime Minister to avoid mentioning possible job losses. It called on him to discredit Liberal and New Democrat MPs who raised concerns about the free trade negotiations and to isolate groups opposed to the pending trade talks. It showed that the

Prime Minister was extremely worried about how the Ontario government reacted, suggesting any sustained opposition "could jeopardize national support" for the talks.

I should like to quote from the document.

It is likely that the higher the profile the issue obtains, the lower the degree of public approval will be.

The document went on to say:

The strategy should rely less on educating the general public than on getting across the message that the trade initiative is a good idea. In other words, a selling job.

Honourable senators, it is no wonder that 70 per cent of the Canadian people today admit that they do not understand the trade deal. The Conservative information operation was designed to keep public interest at a low level to avoid the forming of any coalition of groups opposing free trade; they were not successful.

As the paper said, and again I quote from it:

Benign neglect from a majority of Canadians may be the realistic outcome of a well-executed (Conservative) communications program. In these circumstances, it appears that the best strategy for the Government is to adopt a low profile approach to the general public while dealing with the specific concerns of interest groups on an individual basis.

The memorandum expressed the hope that Canadians would become bored with the free trade issue and leave it in Ottawa's hands; otherwise, it was feared that public opinion would shift dramatically.

I should like to quote again from the report, and this is exactly the strategy, Mr. Leader of the Government, that you and your colleagues followed:

The public support generated should be recognized as extremely soft and likely to evaporate rapidly if the debate is allowed to get out of control so as to erode the central focus of the message. At the same time, a substantial majority of the public may be willing to leave the issue in the hands of the Government and other interested groups if the Government maintains communications control of the situation.

The whole operation has been designed to keep the Canadian people in ignorance with respect to the details of this trade deal. How can one explain the failure of a parliamentary committee going to all provinces before this measure became law? It is all right to say that there were committee hearings on free trade; they were general. We wanted, and we should have had, parliamentary committee hearings—public hearings—from coast to coast on the details of this measure, giving equal time to the opposition and those who support the idea.

Instead, there was a deliberate attempt to muzzle the opportunity for Canadians to speak out and to appear before the committee. As a British Columbian, I resent that fact. The only hearings held were held in Ottawa. I wonder if the Leader of the Government understands how much it costs to get from British Columbia to Ottawa to express one's outrage or sup-

port for a proposed government measure. Of course, most of the committee hearings were held in the heat of summer when people were away on holiday. There was a carefully selected list of witnesses. This was information control of the worst kind, and it is not to the credit of the government.

With regard to the use of closure, closure has been used like a bludgeon in this parliamentary debate. One writer said that John Diefenbaker will be twirling in his grave because of the misuse of closure in this discussion. The use of closure and the restricted parliamentary debate on the trade deal are entirely consistent, however, with the Conservatives' communication strategy, to which I referred a few moments ago. How else can one explain the fact that the most important economic measure ever to be proposed in this country was debated for a scandalously short time prior to the election? Before the election the Commons had spent only 14 or 15 days dealing with the trade proposals. One of the members said, "We've spent more time discussing the federal tax on dog food than we have on this measure."

We call that enlightened democracy? When Britain went into the European Common Market, it took about six years, and they ultimately had a referendum to decide whether or not the people approved of it. You mention "referendum" in this Parliament and the government members express outrage and fright that the system might become "riddled with democracy".

In the other place closure was used four times in recent days. What was the explanation by the Leader of the Government in the other place? Well, he said, "There have not been too many editorials about our use of closure. We haven't had too many phone calls from the people out there"—all Christmas shopping, of course—"so we will keep on using closure just as long as we can, until people start protesting."

The *Globe and Mail*—and one of our honourable senators used to be with the *Globe and Mail*, that great Tory journal of national thought and opinion—what did it say about closure and free speech in Parliament? When a previous measure came to the Senate in 1956, an editorial in the *Globe and Mail* stated:

Are the senators merely, as sometimes claimed, political pensioners? Are they just serving time? If so, they will do as the Government wishes them to do. They will rush the bill through with little or no discussion so that it can have Royal Assent by the Government's target date, June 7.

That is exactly what this government has asked Parliament to do in both chambers. The *Globe and Mail* stated that the senators had a right to stand up where the national and regional interest was at stake and present the concerns and views of the people.

Yet, in the other place, Mr. Crosbie accused our opposition leader of being traitorous in his insistence that the Senate duly consider this measure.

An Hon. Senator: Shame!

Senator Perrault: He was attacked by the Prime Minister, who accused the Senate of holding it up; it was suggested that we had no valid role. If ever the Senate had a role to slow down passage of a bill, and to ensure that all aspects of this trade deal were discussed, it was in this instance.

On May 24, 1956, the *Globe and Mail* went on to say:

But if they take their powers and responsibilities seriously, if they seek to perform the function the Upper House was created to perform, they will refuse to jump through—

the government's hoop.

Senator Doody: What was the date on that?

Senator Perrault: That article appeared in the great Conservative *Globe and Mail* in 1956.

Mr. Stanfield had another quotation along the same lines. He said:

Closure is not applied against the Opposition. It is directed against Parliament as a whole, and when its use is in such form as makes a mockery of Parliament and when Government supporters abandon their prerogatives as representatives of the people, there are no voices left but those in Opposition to speak for freedom.

So much for the Conservative-Lewis tactic in the other place. Closure has never been used on a scale in Canada the way it is being used now. It is time for some of our opinion leaders to recognize just how bad the situation really is. Talk about John Diefenbaker and his condemnation of closure!

Here was a rare and significant opportunity for Parliament, in conjunction with the communications industry, to help educate the Canadian people about a major, new, national policy initiative which would touch upon their lives and the lives of their children. Instead, the government chose another course: concealment, limitation of debate, the use of closure, and, in conjunction with the free trade advocacy groups, a massive misuse of millions of dollars to affect the outcome of the recent election.

During the election campaign I had a call from one businessman in British Columbia protesting to me about the inordinate demands being made upon him to support what was described as "one last push to victory for the Conservative Party". He was asked for several, "bonus", thousands of dollars to support one of the groups advocating free trade, and, in effect, the Conservative campaign.

Honourable senators, it will be my firm intention to introduce a bill in this chamber to end this kind of sly, unprincipled, shattering of the election spending rules, whether it is by one party or any of the parties. Technically, the activities of the advocacy groups may be legal, but they defeat the very purpose of our efforts to achieve fairness and equity in the matter of campaign funding, and they certainly offend the concept of fair play. Indeed, the limitation of spending by advocacy groups during a campaign period and the limitation of public-opinion polling during elections are two reforms badly needed in this country. I will do my best either to initiate or to support actions in both areas.

[Senator Perrault.]

More than a few people have said to me, "The attacks on your leader during the election campaign make me wonder how they can allow language like that to be spoken in Parliament." My reply to them is, "Of course we would not allow language like that in Parliament!" You cannot get up in Parliament and accuse another member of being a traitor or a liar. But that is what the Conservative Party did in its last bunker attempt to save the election—it used language that could not have been used in this chamber, paid for by the massive amount of dollars poured into the propaganda coffers from all across the country.

● (1330)

The attacks on the Liberal leader and the language used in those attacks by the Conservative Party during the campaign were a shame to the system. Any senator who stood in his place in this chamber and accused another senator of treason, of disloyalty or lying would be asked to withdraw such remarks or he or she would be asked to withdraw from the chamber. I am wondering whether the Conservative Party is really proud of its campaign performance and, for example, its attempt to pit Ontario against Quebec in the trade deal dialogue. Honourable senators opposite know that happened.

There were Conservative Party representatives present at the Republican Convention earlier this year. It would have been good for Canada if they had brought back with them something in the way of constructive policies instead of political dirty tricks.

In recent months the opposition members in this chamber have sustained a great deal of abuse. Accusations of obstructionism have been screamed at us by the Prime Minister and a number of his colleagues. To say the least, their target-shooting has been wildly erratic. I shall never forget the occasion when, a few weeks ago, the Prime Minister accused the Senate of delaying the passage of the child care bill, when, at the time of his outraged denunciation, the bill had not even arrived in the Senate! Perhaps that was his version of "anticipating trouble". No matter; the tactic was part of the great governmental political smear against the Senate.

Honourable senators, it is to be hoped that in time the government will understand that the Senate has a responsibility to the regions of Canada, and particularly where a major issue is involved that could alter profoundly the very nature of the nation. We have a particular responsibility to raise the profile of an issue so that public opinion can be alerted and the necessary actions taken and questions raised before that proposed measure becomes law.

In my view, and in the view of most Canadians, the Senate has acted reasonably and responsibly in recent months, during this entire trade deal dialogue and controversy. We had an absolute responsibility to sound warnings and concerns, and this report contains, in essence, the Senate's concerns about the measure. We were right in delaying the passage of the implementing legislation until an election was called.

Honourable senators, having said all of that, I hope that the measure works well for Canada. I hope that it is advantageous

not only for the region in which I live but for every other region of the country. I hope that the government, in the spirit of conciliation which the Prime Minister pledged after the election, will report regularly to Parliament with respect to the harmonization negotiations and the other free trade negotiations that will take place in the coming years. This is absolutely essential for the nation and if we are to heal some of the wounds which were inflicted in recent months, and particularly during the campaign.

Some Hon. Senators: Hear, hear!

Hon. Peter A. Stollery: Honourable senators, I should like to make a few remarks before this agreement passes into history in this chamber. First, I must say that I am not a person who is opposed to freer trade or to expanding Canada's trade possibilities. When the Macdonald commission issued its report, I read that report and found it very interesting. I say that because the Macdonald commission report has been used very much as an intellectual basis for this Free Trade Agreement.

One of the characteristics of the word "skepticism", according to my *Webster's Dictionary of Discriminated Synonyms*, is that the word refers to something proposed for belief. The Free Trade Agreement debate has really all been about belief, and belief, of course, implies strong elements of "in spite of the facts".

Honourable senators, I have served on the Standing Senate Committee on Foreign Affairs ever since this debate started, and one of the beliefs that has been referred to—what I might call the original belief—is that we require the Free Trade Agreement with the United States because of rising U.S. protectionism. That belief was first stated in the Macdonald report in a way that gives it some substance. However, the fact is that, no matter how well the Canadian authorities attempted to pick witnesses for our Senate Foreign Affairs Committee when we visited Washington, only the Canadian ambassador said that there was rising U.S. protectionism. Every U.S. witness was surprised at that notion. Mr. Julius Katz, the distinguished former Assistant Secretary of State for Economic and Business Affairs, characterized that intellectual basis, the view that there was broad support in the United States generally and in Congress specifically for protectionist trade policies, as a gross mischaracterization. I think it is important that we understand that point. All the witnesses we heard who were from the United States and were in favour of free trade agreed that protectionism was, if anything, on the decline in the United States. At one point Mr. Katz said that he believed that Congressman Gephardt's failure in his run for the Democratic leadership resulted from having chosen the wrong issue, which was protectionism. So the belief and the fact on that basic reason for the necessity of the Free Trade Agreement are very much apart.

Another belief, based again on the Macdonald commission report, that is very current is the need for something to resolve the issue of non-tariff barriers, and more and more this need has been put forth as the reason for a special binational agreement with the Americans. That reasoning, which has

been repeated time and again, can be found in chapters five and six of the Royal Commission on the Economic Union and Development Prospects for Canada. In that same volume of the Macdonald commission report it is stated, on page 296, under "Conclusions":

Commissioners believe that multilateral trade negotiations under the GATT should remain a central theme of Canadian trade policy.

The fact is that that has not happened, and I will come back to this point in just a moment. This point revolves around the dispute-settlement mechanism, which your committee looked at in great detail, both in Washington and in Canada. The flaws in the dispute-settlement mechanism were discussed by the committee with Congressman Gibbons, who has been the leading U.S. political figure in this matter, in Washington. Congressman Gibbons made the chilling reality very clear in his discussions with the committee. As you all know, the dispute-settlement mechanism is fairly complex. However, it has flaws and everyone agrees that it has flaws. Congressman Gibbons said that, if Canada were not satisfied, they could invoke the six-month cancellation clause.

● (1340)

Honourable senators, I have not made up my own mind whether it will ever be possible for Canada to invoke the six-month cancellation clause, but many knowledgeable Canadians say that it will be impossible for us ever to do that because of the obvious structural changes that will have taken place in a significant number of Canadian producing-exporting industries, adapting themselves to this Free Trade Agreement. Congressman Gibbons tells us that, if we are not satisfied with a ruling or with something that will happen to us in the future, this is what it boils down to: We will have to invoke something that will be much easier for the Americans to invoke, because, as trading partners, we are much less important to them than they are to us. Any negotiator can understand that the six-month cancellation clause in an agreement between two very unequal trading partners is a copout. It is something to be used much more easily by the stronger trading partner than by the weaker trading partner.

In committee yesterday we had even more interesting information on the question of the dispute-settlement mechanism, which is the guts of this agreement, and all that it entails. An expert witness, Mr. Mel Clark, informed the committee that, although the agreement gives the impression that if we now have a dispute with the United States we can opt for either the GATT dispute-settlement procedure, which has worked very well for us and is inexpensive, or the new Free Trade Agreement procedure, which involves U.S. lawyers and may be very expensive. The agreement is laced with these unstated facts on situations that none of us could ever know about unless we were specialists in a very large number of areas.

As Mr. Clark explained to us, since 1949 GATT has had a policy of not intervening in disputes between parties to a binational agreement so that the references in the agreement to the fact that Canada still has an option are simply not right. The agreement reduces our options. It takes options away from

us. It takes the option of the dispute-settlement procedure of the General Agreement on Tariffs and Trade away from us and replaces it, but it does not stipulate that it is doing so. This is directly contrary to the advice of the Macdonald commission, which was that Canada should maintain GATT as its principal international agreement.

Honourable senators, the agreement is filled with these secret corners, and I must say that I concur with the observations of Senator Perrault about the speed with which this fundamental change in our trading approach—the one that we have developed since the end of World War II—is being rushed through Parliament. Here we are at almost two o'clock on this Friday afternoon before the New Year's weekend—under the gun, you might say, to have all this wrapped up in the next few minutes. It is really unacceptable! I do not think anything like this has ever happened in Canada before. To emphasize the point, I must say that this government has lost all sense of the fact that parliaments are run by some agreement among the people to make them run.

Senator Bosa: By consensus.

Senator Stollery: As Senator Bosa says, it has to be run "by consensus".

I remember the advice of my leader, Senator MacEachen, many years ago, when he said to us—and it was not a political observation, Senator Murray, it was an observation about Parliament—that Parliament is run by consent, the consent of the members to make it run. That is the difference between Canada and countries which, for all of their histories, have never been able to make their parliaments run. They have never understood that there must be a general consensus by the people and by parliament to make it run. Because that consensus has been so abused by this government ever since it was elected, we have—and every member feels it—a lessening of the consensus in this country. The agreement, honourable senators, is filled with secret corners, and it is unfortunate that under this spurious deadline we have no time to look more carefully into them in the interests of the country.

For example, in chapter 15, which deals with temporary entry for business persons, a list of professional categories appears. We all understood that this list of professionals and the need for professionals to come in and out of Canada and the United States was related to trade matters. We understood they would be people, for example, who were selling something, servicing something or were, for some reason, required to stay in Canada more than a few hours or a couple of days, and that therefore there had to be this section in the agreement. However, when you look carefully at chapter 15 you discover that there is a long list of professionals, such as dentists, registered nurses, veterinarians, teachers and university professors. According to the evidence that we have heard, these people will be allowed into Canada for up to two years. We were told by witnesses on behalf of the government that these people would be able to replace, for example, a Canadian professor who might be on sabbatical leave. Under the Free Trade Agreement they would be able to avoid totally the rules and regulations of the Immigration Act.

[Senator Stollery.]

It is not very difficult to see that, more and more, it is not only a trade agreement but is an intellectual agreement. Under that particular section we are giving rights to U.S. professionals that we give to no other professionals in the world. If I were in the academic community, honourable senators, I would be very concerned about that section of the Free Trade Agreement.

The greatest belief in all of this year of either believing or not believing is the belief that on Monday or Tuesday, or whenever it is, we will have a free trade agreement in force, when, in fact, what we will have is the outline of a free trade agreement coming into force next week. The real agreement, honourable senators, will be decided over the next five to seven years, when the subsidy issue is decided.

I would refer you to an observation made at page 286 of the Macdonald commission report:

The United States sees a need to develop rules which will penalize governments for intervening in its economy in order to meet particular social and political goals.

● (1350)

I have not heard any reference to it by a representative of the government over the past year. This is particularly important as we now have the five- to seven-year period, starting in the month of January, when what is and what is not a subsidy will, in fact, be discussed.

Members of the government, supporters of the government, and supporters of the agreement, do not seem worried about our various social and health programs and the fact that the Americans do not have a national unemployment insurance program. I use unemployment insurance and the medical program because they are the two most obvious ones, the ones that we all know, but there is a vast number of other programs and there is no question that the future of those programs is not decided by passing the framework of this agreement. The future of those programs will be decided over the next five to seven years. My goodness! What is the government's response to that problem? Well, it has the de Grandpré adjustment committee, which ends its work in May, before the adjustment problem even starts. How can the adjustment problem start before the question of subsidies has, in a general way, been decided over the next five to seven years? Yet the government's response to that is to appoint a committee, a kind of bumf committee, that ends its work in May, before the problems even start.

So, honourable senators, not only am I a skeptic among the believers who support this government but I must say that I have become increasingly skeptical about the role of Canadian business in this debate. I realize that it is the end of the week, but I did get some of the trading statistics out when I thought I would make a few comments pressed into this late hour on a Friday afternoon. Business has come out of this, honourable senators, with a great loss of respect. In the election campaign, business in Canada involved itself in such activities that, when I try to think of autocratic régimes that would allow business to conduct massive campaigns on behalf of their dictators, the

only one I can think of is in Chile, where the business community acted on behalf of General Pinochet in the last plebiscite, which I had the luck to watch. I say "luck", because it was interesting. The business community in Chile, representing General Pinochet, acted in exactly the same manner as the business community in Canada, spending millions of dollars to support this agreement.

An Hon. Senator: Fascists!

Senator Stollery: I did not say that it was a fascist business community, and I do not think that, but I do believe that it acted in a reprehensible fashion—

Senator Frith: Hear, hear!

Senator Stollery: —a fashion acceptable in no democratic country.

Senator Frith: That is right.

Senator Stollery: I know rather a lot of countries rather well, perhaps a hundred or more, and the only example that comes to my mind is the business community which massively supported General Pinochet in the plebiscite in Chile.

In regard to the business community and its desperation for this agreement, if you look through our export trading figures you will find that, in trade with a country like China, Australia is third, whereas we are thirteenth, even though I believe we recognized China before Australia did. With the Soviet Union, Canada is the twenty-ninth largest trading partner of the developed, capitalist countries. Only Greece has less trade with the Soviet Union. With Japan, we are the ninth largest trading partner. I am sure that if you looked at those figures you would find that, while we are the ninth and there are only eight other countries obviously ahead of us, some of which are much smaller than we are, if it were not for our role as a supplier of raw materials to Japan, we would not even be ninth.

However, the hour is growing late and I thank honourable senators for being patient enough to listen to me, when on the minds of many of them are, I know, the departures of trains and airplanes. Thank you very much.

Hon. Len Marchand: Honourable senators, I am going to take only a few minutes. I recall a big debate one Christmas time in the 1970s. Although I cannot remember the exact year, it was when I was part of the Trudeau government. We were discussing an issue of such great importance that the opposition had to keep us over the Christmas period for it, and the late Don Jamieson said something like this: "When the country is up to its armpits in jingle bells, I do not know how many people are listening."

I know there has been a great deal of concern in the country about the whole issue of this Free Trade Agreement, and not all of the issues were articulated during the election campaign period. Certainly, one group of people whose interests were not articulated during the period of the election campaign were the aboriginal peoples of this country. Senator Adams raised a few questions the other day in the debate on second reading in

relation to the northern areas especially and more directly to the Inuit people, and I commend him for that.

A number of questions were brought to my attention by the Assembly of First Nations, and, if the minister, John Crosbie, had appeared before the committee, I would have brought them to his attention. It is not my intention to raise all of the questions now, but I do want to highlight a couple of the areas about which the aboriginal peoples are generally concerned.

One of the biggest boosts to Indian and non-Indian economies will be the settlement of land claims to nearly two-thirds of the land mass of Canada. Concern, backed by some legal opinion, has been expressed that benefits from land claims used to support business development may be construed as subsidies and therefore subject to countervail. How does the government address this concern? Or, is it clear that such land-claim benefits flow from aboriginal and treaty rights protected by sections 25 and 35 of the Canadian Constitution?

The treaty-making prerogative of the federal Crown is clear. What is not clear is just how outstanding treaty obligations, like those to Indian peoples, will fare in light of the new obligations stemming from the FTA. Will such outstanding treaty obligations be honoured first, before other obligations such as assistance to companies and to communities having to adjust to the FTA?

Honourable senators, this is the basis, the nub, the most important area of concern that we have relating to the FTA. I know there has been a lot of rhetoric on both sides—rhetoric that perhaps has become just a little far-fetched. However, I hope you do not think I am extending the concerns I have raised into an area that could be thought to be far-fetched. They may be far-fetched to some of you, but not to us. We fear that this Free Trade Agreement, which is all-pervasive and all-encompassing, can have some impact on our communities, particularly in the settlement of some outstanding land claims in all parts of the country, and especially the large number of outstanding land claims in the Northwest Territories. My colleague Senator Adams referred to these the other day.

Honourable senators, I just want to say that, as a western Canadian who has been elected to the House of Commons over three terms, I campaigned many times on the basis of being a free trader. I am a free trader, but I have some fears regarding this agreement. I do not think it is a good agreement for Canada. We could have done better. But be that as it may, we made the commitment and the people have spoken. I only hope that we have done it right. I want to say that the peoples in the aboriginal communities will be watching, as I am sure all Canadians will, the effects of this agreement on our peoples and on our communities.

Some Hon. Senators: Hear, hear!

● (1400)

[Translation]

Hon. Norbert L. Thériault: Honourable senators, I know that it is already two o'clock on Friday afternoon. I also know that honourable senators want to leave as soon as possible.

[English]

Nevertheless, I should like to take a few minutes to express my feelings about this deal. I am saddened about what will happen in the future as a result of this week, although it is part of the political life of our party system that caucus decides, and those of us who have lived with caucuses for a number of years know what it means not only to the caucus but to the party and to the parliamentary system.

The leadership of the Liberal Party in the Senate made a commitment back in July or August that it would not pass this bill until there was an election. In hindsight, we might have been more specific and said unless a majority of the people in Canada voted for free trade, but we did not do that. I come from a small province in Canada where 35 per cent of the population is French speaking and the balance is English speaking, and in my province this deal was debated at length. Of course, the Leader of the Government in the Senate and the Prime Minister have always said that the deal had the support of eight premiers, but it makes you wonder, when, in spite of a very popular Liberal premier supporting free trade in my province, over 60 per cent of New Brunswickers voted against the government, primarily because of free trade.

Senator Murray: He was not supporting the government; he was supporting free trade.

Senator Thériault: It gives you an idea of the deep feeling that there is in New Brunswick.

Senator Murray: How did Premier McKenna vote? He was not supporting the government; he was supporting free trade.

Senator Thériault: Anything else?

Senator Perrault: Carry on, Canada!

Senator Thériault: The situation is the same throughout the maritimes—in Newfoundland, Nova Scotia, New Brunswick and P.E.I. During the campaign there was a lot of talk about fear, and I am one of those who fear this agreement. I have risen today to make those remarks because I want my children and grandchildren to know 30 years from now, if things transpire as I think they may, that I stood up and said what I believed. When they ask me, "Where were you?", I am going to have to explain to them that I did not vote against the deal but that I abstained. I am going to abstain, as I did earlier this week, but I do not like doing so, because I am worried.

[Translation]

Honourable senators, we Acadians know what the word "assimilation" means. Thousands of our people went to the United States and what happened to them? Within two generations, they completely lost their mother tongue.

When I see what happened in Canada during the election campaign, I am even more frightened. What regions supported this agreement? Only two Canadian provinces gave majority support to the agreement on November 21, 1988, namely Quebec and Alberta.

The actions of the governments of these provinces do not show that they are totally devoted to Canadian patriotism. That is their right. Most people in Quebec are Quebecers first

[Senator Th]

and then Canadians. We heard talk of separatism from Quebec and Alberta, not from the other provinces. This agreement suits people who think that way.

I conclude by saying that I hope with all my heart that my fears as a Canadian and a parliamentarian will not be realized. Because as you know, within 20 years, as Parizeau said and Bourassa said indirectly, it will be easier to obtain separation or sovereignty-association with the Free Trade Agreement than without it.

Having admitted this, the two main achievements of the Mulroney government are the decentralization of the national government's power to the provinces and the weakening of the Canadian government's power with respect to our southern neighbours.

[English]

Honourable senators, I hope that my fears do not come true. When we talked about social programs during the election campaign as they related to the FTA, I believed everything that was said. The Prime Minister brought his own mother forward to show us that he was not going to take away her pension. I never believed that people of my generation would lose their pensions; but I am concerned about the effect that the agreement will have because of the pressure that was brought to bear by the many companies—God knows how much pressure they used during the campaign—to make sure that the Free Trade Agreement would come about. When they have to compete with the American companies in a different system, over the years it will be the American system that will prevail.

As a Canadian who has travelled throughout the United States and has a lot of respect for the United States, having many cousins who live there, I do not want to see the kind of poverty in Canadian cities that I see when I go to Washington, New York, Philadelphia, Los Angeles or any of the other large cities. Thank God it is not like that in Canada. I hope that my fears prove groundless, but I am having a hard time even abstaining and not voting "no" on this deal.

Some Hon. Senators: Hear, hear!

Hon. Ann Elizabeth Bell: Honourable senators, I should like to make one or two points about Bill C-2, which I assume we are going to give third reading to this afternoon. Bill C-2, which will implement free trade, provides for tariff reductions and the elimination of trade barriers. In that Bill C-2 is implementing the Free Trade Agreement, it has my support and, I assume, the support of most Canadians, because Canadians are free traders; our whole history proves that. However, going beyond the fact that Bill C-2 implements the Free Trade Agreement, it is forcing us into an economic union with the United States, starting with the opening up to the United States of our natural resources, which will be accessible, including energy and water—so far, and allowing direct takeovers of Canadian companies, with no protection for strategic companies.

● (1410)

Honourable senators, I have seen nothing that would protect a company of strategic importance to Canada from being subject to a direct foreign takeover. The Free Trade Agreement provides that the threshold for direct acquisitions will be raised to \$150 million. Someone—I think it was the distinguished Canadian economist, Mr. E.L.R. Williamson—recently said that there is no corporate lawyer worth his salt who couldn't break a company down into segments worth \$150 million each.

I wish we had more time to deal with certain other aspects of Bill C-2, honourable senators, but that is wishful thinking, indeed, on my part. I do not feel that I have any responsibility for the government's deadline of January 1—that is the government's deadline. We in this chamber do not have a responsibility to the government; our responsibility is to the people of Canada. I think we should have the time to make sure that this implementing legislation has all of its "i's" dotted and its "t's" crossed. I would not buy car insurance without reading the small print in more detail than we have had time to consider in our examination of this document.

Honourable senators, I cannot support this bill at third reading, and it is for this reason: I find the dispute-settling mechanism disappointing in the extreme. I know we have gone on about this at length, but what it really boils down to is two alternatives—the termination of the agreement or retaliation on the part of Canada. The "binding" part of this dispute-settling mechanism is missing. It should provide a remedy or ensure compliance, and it does neither. As I have said, our only options are to terminate the agreement—which, as Senator Stollery clearly pointed out, is not practical—or to retaliate. I cannot think of any way in which Canada can retaliate so that the United States would even notice, unless we decided to divert the Columbia River, which would be in contravention of another treaty. In my view the dispute-settling mechanism is not really a practical solution at all. It is not really what this country needs in such a comprehensive agreement.

Having said that, and having said why I cannot support Bill C-2 at third reading, I should like to say that, should the bill receive Royal Assent, I shall do everything in my power to help the government make this treaty work. All Canadians will be in this together. We must act in the most unified way we possibly can to defend Canada's interests. That I pledge.

[Translation]

Hon. Azellus Denis: Honourable senators, I only have a few words to say to you.

I have but one regret: to be involved in my party's promise to let this infamous bill pass because of the Conservative majority.

[English]

Hon. P. Michael Pitfield: Honourable senators, I regret that I am not able to support this bill. I am a free trader, but it is abundantly clear that this is not a good agreement for Canada. Furthermore, it is not accompanied by adequate supporting measures. It is not conducive to—the contrary, it

will undermine—the development of Canada as a united and sovereign country. It does not provide for the fair treatment of our people.

Honourable senators, this could be a good agreement. It could be accompanied by adequate supporting measures. It could be conducive to the development of our country as a sovereign and united country. It could provide for the fair treatment of Canadians, but it does none of these things.

Given the results of the recent election, it would not be proper for me to vote against the bill. As I cannot, in conscience, support it, I will abstain from the vote. As the bill is likely to pass, I join Senator Bell and others who pledge themselves to try to make it work in the event that it becomes law.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, if I may, I should like to make a few comments on the recommendations we have heard from the committee today and on some of the statements we have heard from honourable senators in the course of the debate on third reading of this bill.

I should first like to deal with two points raised by Senator Stollery in his speech. Senator Stollery referred to the testimony given to the committee yesterday by Mr. Mel Clark. Mr. Clark made a number of statements in the course of his testimony which the government believes to be quite inaccurate and which it was in a position to refute through evidence of our officials who were present but who, because of the pressures of time, did not have an opportunity to reply directly to Mr. Clark's testimony.

Shortly after the meeting of yesterday one of the senior officials present, Mr. Alan Nymark of the Trade Negotiations Office, wrote to the chairman of the committee, Senator Stewart, a two and a half page letter—

Hon. John B. Stewart: I have not received any such letter.

Senator Murray: I am sorry that that is the case, honourable senators, and, indeed—

Senator Stewart: It is absolutely new to me that there is such a letter. I do not know what the honourable senator is talking about. That letter never came to me; nor did it come to the committee.

Senator Perrault: Shocking!

Senator Murray: I am very sorry that that is the case.

Senator Stewart: Don't use it, then.

Senator Murray: Oh, I beg your pardon, but I intend to use it.

Senator Stewart: You may wish to do so, but that is not a committee document, I can assure you.

Senator Murray: The honourable senator should not get so exercised over what can only have been a difficulty in getting a letter to him.

Senator Perrault: It was sent by Canada Post, was it?

Senator Murray: The honourable senator is getting quite unduly exercised. I am telling him that a letter, which was signed by a senior official of the government, was addressed to him.

Senator Stewart: It was not received.

Senator Murray: Right, it was not received.

Senator Stewart: All right.

Senator Murray: Fine; let us have that on the record: It was not received. I am now assisting the Senate by—

Senator Stollery: You received it!

Senator Murray: Yes, I have a copy of it.

Senator Stewart: Why don't you read from your private diary?

Senator Murray: Why is the honourable senator so afraid to hear what is in this document?

Senator Stewart: This material never came before the committee.

Senator Murray: Then let me place it before the Senate now.

Senator Stewart: In that case, why don't you read from your diary? It is of equal authority.

Senator Murray: Honourable senators, the letter was sent to my friend—

Hon. Royce Frith (Deputy Leader of the Opposition): It was addressed to Senator Stewart; it was not sent. That is the problem.

Senator Murray: How does the Deputy Leader of the Opposition know that this letter was not sent?

Senator Frith: Perhaps we can adjourn the debate on this question.

Senator Murray: It was not received, but a copy of it was sent—

Hon. Allan J. MacEachen (Leader of the Opposition): We do not think this letter ought to be put on the record until it has been delivered to the chairman of the committee.

Senator Murray: Now we have the Leader of the Opposition getting exercised about this.

Senator Frith: This is an inappropriate way to deal with the letter; that is all.

Senator MacEachen: Perhaps we should send the letter back to the committee so that it can be dealt with there.

● (1420)

Senator Murray: The Leader of the Opposition is getting very exercised now.

Senator Stewart: I should like to ask the Leader of the Government a question. Is he introducing a new rule on the basis of which I, as chairman of the committee, could rise here and say, "Evidently, a letter has been written to me as

[Senator Perrault.]

chairman of the committee. I didn't put it before the committee. I might have received 50 such letters. They were never received by the committee and they have no standing in reference to the work of the committee."?

Senator Murray: Honourable senators, forget that I ever mentioned the letter. Let me deal with the points. Let me only deal with the points.

Senator Stewart: Yes, kill the man, and then say, "Let's forget that I did so!"

Senator Murray: I have not killed you yet! Wait! I have not even killed your arguments yet!

Senator Stewart: You have put the assertion on the record; now you say, "Forget it!"

Senator Guay: When did you receive this letter?

Senator Murray: I received it today, at noon.

Honourable senators, let me simply deal, on behalf of the government, with some of the evidence that was placed before the committee yesterday by Mr. Mel Clark. In particular, I should like to deal with his statement—

Senator Thériault: Honourable senators, I have a point of order. This is very important for this Parliament. I would wish and hope that the Leader of the Government in the Senate would withdraw the remarks he made when he quoted from a letter supposedly sent to a chairman of a committee that was never received. If anything, he should at least withdraw that, and then quote from the information that he received.

Senator Murray: Honourable senators, there is nothing to withdraw. My statement is that a letter has been addressed to the chairman. I am sorry that the chairman has not received it. I have no doubt that he will receive it in due course.

Meanwhile, on the basis of my speaking notes, may I be permitted to deal in a very unemotional way, I hope, with one of the arguments that was placed before the committee by Mr. Mel Clark yesterday? This is the argument that our friend Senator Stollery made his own in the course of his speech in debate on third reading this afternoon.

Senator Stollery pointed out—or repeated, rather—Mr. Clark's allegation that since 1949 the GATT had refused to intervene in settling disputes arising under a bilateral agreement, and thus, according to Mr. Mel Clark and Senator Stollery, the option in Article 1801(2) to take a case to the GATT is meaningless. This assertion by Mr. Mel Clark and Senator Stollery is wrong. I am informed that in the 1949 Margins Preference case the GATT stated that it would not rule on the determination of rights and obligations between governments arising from a bilateral agreement where the matter was not within the competence of the contracting parties to the GATT. However, where either party to a bilateral agreement may also be in violation of its GATT obligation, the GATT has jurisdiction. To give an example, Canada could not seek a GATT panel to adjudicate a dispute arising from chapter 14 of the FTA, which deals with services, because these are obligations arising from the Free Trade Agreement, not from the GATT. But in the area of antidump-

ing and countervail, where there are existing GATT obligations, Canada could proceed either to GATT or to the FTA dispute-settlement mechanism.

Senator Stollery: Honourable senators, I would like to have one moment to explain that not only—

Senator Doody: You spoke in this debate earlier.

Senator Stollery: You have mentioned my observation, and you have, on the basis of a spurious letter, introduced spurious evidence and ignored the fact that we were told that in 40 years never has the procedure been used that you were saying can be used. So I do not see the point of your uninformed comment.

Senator Murray: My honourable friend will have an opportunity to read the statements that I have made when he gets his copy of *Hansard*, or, indeed, his copy of this letter. But the point that I have just made, that Canada would have an option either to invoke the dispute-settlement mechanism of the Free Trade Agreement or to go to the GATT in an area in which there are existing GATT obligations, effectively refutes the point that Mr. Mel Clark made at the committee yesterday and which the honourable senator has made his own in the debate on third reading today.

There are a number of other matters in Mr. Clark's testimony that I should deal with immediately.

Article 104 of the Free Trade Agreement affirms the existing rights and obligations of the parties to one another. This includes GATT rights which are not removed in the antidumping and countervail area by virtue of Article 1801(1). This article merely indicates that for the matters specifically covered by chapter 19, including binational panel dispute settlement in antidumping and countervailing duty cases to replace review of final determinations by a domestic court, chapter 18 shall not apply. Neither chapter 18 nor chapter 19 provide that for matters covered by chapter 19 the parties' GATT rights no longer apply.

If Canada believes that a U.S. antidumping or countervailing duty law or the application of such a law is inconsistent with U.S. obligations under the GATT, Canada remains free to raise its case in the GATT. It also has the option, under Article 1801(2), of raising the matter bilaterally with the Canada-U.S. Trade Commission. The fact that Canada may subsequently wish to avail itself of binational panel review of the final decision rendered in the U.S. in that case in no way prejudices our rights under chapter 18 of the FTA. Thus it is incorrect to state, as Mr. Clark did, that the FTA replaces GATT rules with the rule of U.S. law.

Mr. Clark also referred to Canada being worse off under the FTA than previously, because section 409 of the U.S. implementing legislation allegedly introduces new countervail remedies which apply only to Canada. This also is not correct. The U.S. statement of administrative action makes it clear that section 409 does not create any new trade remedies. Furthermore, it does not obviate the need to comply fully with the criteria and procedures of existing U.S. trade law nor does it prejudice any investigation or determination under those laws.

Honourable senators, the second matter that Senator Stollery dealt with in his remarks on third reading today—

Senator Stewart: Before Senator Murray continues, I should like to rise on a point of privilege, both a point of personal privilege and as a member of the committee.

Senator Murray has alleged that a letter was written to me as chairman of the committee. I assert that I received no such letter and that no such letter was in the possession of the committee when it concluded its unanimous report. My point of privilege is that there was an implication that I, as chairman of the committee, had certain knowledge, indeed, that the committee had certain knowledge which is not reflected in the report it made to the Senate earlier this day.

I have no objection to the Leader of the Government making statements on behalf of the government, but what I do object to most earnestly, honourable senators, is that that information should be smuggled before this house in the guise of a letter which was not received by me, either personally or as chairman of the committee, in which capacity I serve this body.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, I accept the statement of the honourable senator. What can I do except regret it if, for some reason, he has not received the letter? Let me tell him what my information is.

Senator Frith: Don't use it, that is what you can do.

Senator Murray: My information is—

Senator Stewart: Honourable senators, the Leader of the Government does not really get the pith and substance of my objection. I am accusing him of smuggling!

Senator Murray: Honourable senators, this is silly; this is truly silly.

Senator Stewart: That shows your sense of values.

Senator Murray: This is truly silly. I have placed on the record, on my own responsibility as a member of the government—

Senator Stewart: But you did not do that.

Senator Murray: —a refutation of certain testimony that was given to the committee yesterday by Mr. Mel Clark.

Senator Perrault: When did you receive your letter?

● (1430)

Senator Murray: I have done so, as I said, on my own responsibility as a member of the government.

I began to say, until, to my astonishment, I was interrupted by irate senators, that the same refutation was contained in a letter which had been addressed by a senior official of the Trade Negotiations Office to the honourable senator in his capacity as chairman of the committee. I cannot understand his indignation. He might be indignant with the post office for not having delivered the letter, but let me tell him what my information is.

My information is that yesterday an officer of the Trade Negotiations Office handed the letter in an envelope to my friend, and that my friend handed it—

Senator Stewart: "... handed it"?

Senator Murray: Yes, handed the letter in an envelope to my friend, and my friend handed it to the clerk of the committee. At the same time a copy of the letter was given by the officer of the Trade Negotiations Office to the clerk of the committee. Indeed, the letter that I have—and I must refer to it again—while it is addressed to the Honourable John Stewart, states: "c.c. Mr. Patrick Savoie, Clerk of the Standing Senate Committee on Foreign Affairs."

All kinds of things can happen—the honourable senator did not open the letter or it was mislaid somewhere. Clearly, he does not have the letter. Clearly, this was the first he had heard of it.

Senator Stollery: It is getting worse.

Senator Murray: Well, I am sorry about that, but why is he so indignant that I should place the material on the record of the Senate in the course of the third reading debate? It is not as if the material was so offensive or inflammatory.

Senator Perrault: When was it on his desk?

Senator Stollery: It has characterized the whole debate.

Senator Murray: It amounts to a refutation, on behalf of the government, of testimony that was placed before the committee yesterday by a witness. I think it is the kind of information that the house and the country is entitled to, and I therefore place it on the record. Frankly, I find the interventions and indignation of honourable senators quite silly.

Senator Stewart: Honourable senators, I do not wish to pursue the matter any further. The Leader of the Government in the Senate says now that he wants to put this information before the Senate on his own authority. I do not object to his proceeding in that way. I have raised my point of privilege. The records of the house are clear. I can only conclude that the Honourable Leader of the Government's perception of parliamentary values is beyond improvement by anything I might say.

Senator Frith: Honourable senators, I assume that the questions—

Senator Murray, are you finished?

Senator Murray: Indeed, I am not finished. I sat down because—

Senator Frith: Let us get it straight about the letter.

Senator Murray: I have not finished my speech.

Senator Frith: This concerns a point of order.

On the orderliness of proceeding with this letter at all, I understand that the Leader of the Government in the Senate is having difficulty understanding why there was such a sharp reaction from the chairman and members of the committee to his attempt to introduce, on third reading of the bill, a letter addressed, but not delivered, to the chairman of the commit-

tee, not considered by the committee, and not now available for consideration by the committee. If we are to proceed—

Senator Stollery: Because we in fact have been reasonable.

Senator Frith: —as we have undertaken to proceed—

An Hon. Senator: Never seen it!

Senator Frith: —there was no way for the committee to deal with this. We reacted the way we did because we worked fairly hard on this committee. We worked nine to ten hours a day—and that is all right, we undertook to do that; I am not complaining or looking for sympathy. It was an instructive and interesting experience. However, the committee report was based on the evidence before the committee. On the basis of the evidence that was before us, as the report states, "On the evidence presented to us," we worked, again, long hours to prepare a report. We completed that report, passed it unanimously, and brought it before the Senate as a basis for the third reading. That report was adopted. We felt that the committee aspect of the matter had been dealt with.

If, then, at third reading, some honourable senator wants to deal not with some criticism of the report but with the evidence, there is nothing wrong with anyone talking about the evidence that is there.

Senator Murray: But he may not refute it?

Senator Frith: No, that is not the point. Certainly he can do what you eventually tried to do. I am simply trying to explain why we were concerned. It is because we are now faced with the evidence that we in the committee heard.

You did ask for an explanation. Do you want to hear it?

Senator Murray: I do not think I did.

Senator Frith: Yes, you said, "I cannot understand."

Senator Murray: That is not an invitation for explanation.

Senator Frith: Oh, I see. All right.

Senator Perrault: They want to bask in ignorance.

Senator Frith: I now understand how closed your mind is to it, but let me put it on the record—even if it is boring to you.

So, honourable senators, in any normal circumstances the committee would say at this stage: Since we cannot question this document, as we did question the author of the document when he was before us—

An Hon. Senator: I have not seen it!

Senator Frith: —the only way that we can deal with this in a normal fashion is to say that it is perfectly proper for the leader to raise it. We must now consider moving that the bill be not now read a third time but that it be referred back to the committee—

Senator Perrault: Right on!

Some Hon. Senators: Hear, hear!

Senator Frith: —so that in this way we can help the Leader of the Government get this evidence properly before the committee, delivered to the committee. We can convene and think

about it and be ready for it to be delivered. The author of it can come before the committee and make these points. We can then deal with it and bring it back. If, again, someone says, "But I have a letter here that refutes that," we can send it back again. That is why it is unfair to do that; that is all.

Senator Guay: Right on!

Senator Frith: To have stood and said, "This is what I say about some of the evidence I read" is one thing. But to try to qualify a person who was a witness by saying what his job was, and then trying to bootleg it in in this way—

Senator Guay: That is a good word.

Senator Frith: —leaves open the question—and I leave it to the leader and the chairman to consider this—whether or not the only thing to do is to let the committee look at this letter.

Senator Guay: A good bootlegging job!

Senator Perrault: Hear, hear!

Senator Murray: Honourable senators can indeed reflect on that. Since they have a majority in this place, they will decide what they want to do.

Senator Frith: That is correct. Now you are right! Now you are on the right track!

Senator Murray: Honourable senators, I want to deal with another matter that was raised by Senator Stollery.

Senator Frith: That is the reward for cooperation.

Senator Guay: Did you get another letter?

Senator Murray: I want to deal now with the question of the temporary entry of professionals and others that was raised in comments by Senator Stollery.

The first thing that has to be said about this matter is that those provisions relating to temporary entry are in the Free Trade Agreement because we Canadians asked that they be put there. It is our business community in this country that is applauding the provisions that are there in that respect.

Honourable senators should know that because Canada has been a good deal more liberal over the years in this respect than the United States—

Senator Guay: That is hurting your feelings.

Senator Murray: —we have to make few legislative adjustments as a result of the provisions in the Free Trade Agreement relating to temporary entry—

Senator Stollery: Because it is by regulation, and the entire section is being handled, we are told, by regulation.

Senator Murray: —whereas the United States has to make considerable adjustments in its legislation and regulations.

Senator Guay: A small price to pay for its passage!

Senator Murray: I want to put it to the honourable senator, and to others who are interested in this, that without these provisions the gains that we have made in terms of trade in services would be far less useful to our country without the ability of our business people to go across the border, as

provided for in the Free Trade Agreement and the legislation. Without the ability of our business people to go across the border as provided for in the Free Trade Agreement and in the legislation, the gains that we have made with regard to the services industry would be far less useful to us.

• (1440)

Further to that, and as a long-standing issue in trade between our two countries, our manufacturers will be able to provide after-sales service to their U.S. customers as a result of these provisions. As I say, the provisions are reciprocal, but we should not be concerned about that. Canada has historically been much more liberal in its temporary entry policies than has the United States, and there will be no great change for us.

Senator Stollery: Two years is temporary?

Senator Murray: Some concern was expressed about the wide range of professionals who will be permitted easier entry under this chapter. Again, I should like to point out that it was important to include as many professionals as possible, because without the ability of architects, engineers or management consultants to cross the border freely the benefits of open access for the provision of services could not be achieved.

Finally, with regard to professionals such as lawyers and university teachers, while they are on the list for expedited temporary entry, the rules on hiring or licensing in these specific professions have not been touched by the Free Trade Agreement. In other words, they are not covered by the services chapter of the agreement. Thus we can still institute or retain "Canadians first" policies, if that is what we wish to do. If, at some future time, the governing authorities for these professions choose to allow U.S. citizens equal opportunity in Canada, their entry will be facilitated at the border. In the meantime they will at least have expedited entry for purposes of research, consulting and so on. Therefore, in summary, the temporary entry chapter is an important achievement for Canada, which will prove itself time and again as business people take advantage of the Free Trade Agreement.

Senator Bosa: What about the European Economic Community?

Senator Murray: Honourable senators, the report made by the Foreign Affairs Committee today suggested that—

Senator Stollery: Honourable senators, I rise on a point of order. I must say that I did not join in the previous point of order. Even though the credibility of my remarks was thrown into some disrepute in a very spurious manner rather late in the day, I especially chose not to join in that protest because I wanted honourable senators to have the opportunity to get away from Ottawa.

However, I must say that I deplore this method of bringing up—at the last moment, when everyone has reluctantly agreed to end this matter today—argumentation which was not brought up before the Standing Senate Committee on Foreign Affairs. I refer in particular to the immigration matter and to the testimony of a government witness—and not testimony by an independent witness—who said that the entry procedures

could allow someone to come into Canada for up to two years. That was the evidence that was put before our committee.

Senator Doody: What is your point of order?

Senator Stollery: In my opinion, if the government leader wishes to refute that evidence in the proper fashion, then we should reconstitute the Foreign Affairs Committee and go back and hear the evidence over again. In my opinion the Leader of the Government has made a very weak defence, filled with holes, about the immigration matter, because I am sure he does not personally understand the Immigration Act or the rules of occupational demand. I am sure that there exists an association of Canadian professors from whom we have not heard—nor has anyone said that they were consulted—when, under the Free Trade Agreement, their jobs are put at risk, together with the jobs of the dentists, the nurses and all of the other people on that list—

Senator Doody: What is your point of order?

Senator Stollery: If the Leader of the Government in the Senate wishes to refute that evidence at the last moment—and, in my opinion, it is a sort of semi-refutation done in a phony manner—then I think he should be honourable enough to move that the entire matter be sent back to the Standing Senate Committee on Foreign Affairs in order that we can discuss it with the type of thoroughness that, if the government had had any decency, it would have allowed us to do in the first place.

Senator Murray: Honourable senators, I would never have mentioned the subject of temporary entry—

Senator Guay: You are stalling!

Senator Murray: —if Senator Stollery had not raised it in the debate on third reading.

Senator Stollery: You said two years.

Senator Murray: The honourable senator rose on a point of order. Am I to be prevented from dealing with the arguments—or at least trying my best to deal with the arguments—that the honourable senator has advanced in his speech on third reading? If so, what is the purpose of a third reading debate?

Senator Guay: Do you want the bill to go through?

Senator Murray: Honourable senators, the bill could have gone through last August.

Senator Guay: If you would sit down, it would go through!

Senator Murray: If my honourable friend will be patient, I will be sitting down in a very few minutes.

Honourable senators, let me conclude by referring to the fact that it is the intention to have the Foreign Affairs Committee monitor the implementation of this agreement. In particular, the committee has indicated in its terms of reference that it wants particular attention paid to a number of matters. I want to say that I welcome that development. I also want to say that I think if the committee maintains the tradition of seriousness, sophistication and non-partisanship

[Senator Stollery.]

that it earned over many years under the chairmanship of Senator van Roggen then the committee, in monitoring the implementation of this agreement, will perform a very valuable service to Canada. I want to say that the government will cooperate—as we always have and always will—with that committee in its deliberations.

I also want to tell the house that, while the concern of the committee with regard to adjustment assistance to help those who may be displaced is very commendable, in my opinion it is at least equally important to monitor the benefits of the Free Trade Agreement on investment and job creation on the different sectors of the economy and in the different regions of the country to ensure that we are, indeed, in a position to derive the maximum benefit from this Free Trade Agreement. In this respect I think the committee might be guided by the terms of reference that were given to the de Grandpré committee, where the council was asked to examine the possibilities for Canadian businesses and workers to position themselves to benefit from the agreement. I suggest that a good point of departure for the committee will be to examine the effectiveness of the existing programs.

● (1450)

Yesterday, in the committee, the Leader of the Opposition, Senator MacEachen, pointed out that in the past, when government policies led to changes in, for example, the automotive industry and the railway industry, special government programs were brought in to assist those affected by those changes. Of course, that point is well taken, but I think he would recognize that in the years that have elapsed we have brought in dozens of programs to cope with every conceivable adjustment problem or opportunity in the country. Yesterday I mentioned the industrial adjustment service, the Canadian Jobs Strategy with its six components, the various programs that have been available under the Department of Regional Industrial Expansion and the new programs that are being developed in the Department of Industry, Science and Technology. We have the various regional programs under ACOA and the Western Diversification Office. We have the various trade promotion programs and so forth. We have the Older Worker Adjustment Program, the agreements to which have been signed with several provinces in the last little while. Well, I have not heard in this debate, or indeed in the committee when I was able to listen to the evidence, very much reference at all to specific inadequacies in those programs in light of the Free Trade Agreement.

Senator Frith: Which programs?

Senator Murray: The programs to which I just referred, the DIST programs, the DRIE programs, the regional programs, the Industrial Adjustment Service, the Canadian Jobs Strategy, the Older Worker Adjustment Program, and so forth. I have not heard very much reference to specific inadequacies in those programs in light of the Free Trade Agreement between Canada and the United States. It is no wonder that Mr. de Grandpré, whose committee has clearly studied many of these existing programs, talks of not introducing new programs but of fine-tuning these programs. So I suggest that the committee

look for inadequacies in those programs and in the application of those programs. I am sure that the programs are not perfect. I think the committee should invite workers, business people and communities that are availing themselves of these programs to share with the committee their experience in living with these programs.

The committee also seeks, and will receive with the adoption of the report, a role in monitoring the negotiations on counter-vail and antidumping. Here again, as I indicated at second reading, the government will cooperate with the committee in this matter. However, as I have also said, we draw the line, as governments always have and always will, at divulging the details of negotiations which could damage our position in those negotiations. On those matters we have to be the judge as to when and how much we can reveal consistent with the public interest.

In conclusion, I simply want to pay tribute to ministers, present and previous, who have been involved in the free trade negotiations and in the government's free trade initiative. I think of the past ministers for International Trade, the Honourable James Kelleher and the Honourable Pat Carney, as well as the present, the Honourable John Crosbie. On behalf of the government, certainly on behalf of my colleagues in the government party, I also want to express our warm appreciation to Ambassador Reisman and to the many public servants—

Some Hon. Senators: Oh, oh!

Senator Stollery: You have already expressed your appreciation to him with a million bucks!

Senator Doody: Order!

Senator Murray: I am terribly sorry that honourable senators cannot find it in their hearts, at this season of the year in particular, to at least praise the ambassador—

An Hon. Senator: Is this an electoral campaign?

Senator Murray: —for his exceptional dedication to Canada, for his exceptional dedication to duty, and for the tremendous energy, enthusiasm and skill he brought to his task. I express that appreciation not only to Ambassador Reisman but to the many public servants in the Department of External Affairs and the Trade Negotiations Office who have taken part in this initiative over these many months.

Last, but not least of course, a word for the Right Honourable the Prime Minister, whose vision, skill, determination and political leadership have seen this initiative through to a successful conclusion.

Some Hon. Senators: Hear, hear!

Senator Murray: Previous generations of political leaders, going back before Confederation, have grappled with the problems and opportunities of our economic and our trading relationship with the United States. As honourable senators know, elections were fought on this issue in the early days of Confederation and, indeed, in this century in the election of 1911, when the Laurier government was defeated on a free trade initiative that it had taken with the United States. We

have been told that Prime Ministers King and St. Laurent had come close to concluding free trade agreements with the United States, but drew back. My own party, as honourable senators know, through much of its early history, opposed free trade with the United States. We opposed it because in our judgment Canada was not ready, was not ready politically, economically or culturally, for free trade with the United States.

Honourable senators, Canada is ready today. This government has negotiated a Free Trade Agreement with the United States, and the policy of the government in this matter has widespread support among the provinces, in the business community, and I think it is clear outside of Parliament that it has widespread support among members of various political parties. That the agreement has this support in the country speaks, I believe, of a new confidence among Canadians, a new confidence in our own political independence, in our cultural identity and in our economic potential. All that we cherish about Canada, and all that makes us unique as a country, will be enhanced as Canadians excel and prosper under the Free Trade Agreement with the United States. Once again, I commend the agreement and this bill to the support of the Senate at third reading.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am not sure that I can begin or end my comments with the elevated prose used by the Leader of the Government as he attempted, once more, to pump some substance into the Free Trade Agreement debate, substance which the government has been unable to explain and which is not discerned by the Canadian people at large. Despite what the Leader of the Government has said, and despite the outcome of the election, the fact still remains that there is deep anxiety and deep uncertainty in the country about the effect of the Free Trade Agreement upon the Canadian economy, upon Canadian society and, in particular, upon our political sovereignty. It would be nice if able craftsmanship of parliamentary speeches could settle these matters, but it cannot. We heard plenty about it in the committee.

• (1500)

We welcomed Senator Murray's presence in the committee during the testimony of Mr. de Grandpré on the question of adjustment. He was not there, however, when we heard from the representatives of the Canadian Labour Congress. I do not complain about that, but about the fact that the representative of the Canadian Labour Congress—having been a determined opponent of the Free Trade Agreement, having joined with the Pro-Canada Network to oppose the agreement, having now accepted the results of the election—came to the committee to describe to us his apprehensions about the impact of the Free Trade Agreement. He talked about the dire consequences accruing to Canadian industry and jobs as a result of the low-wage competition from the southern United States. I asked him about northern workers in the United States, and he cited the instance of what he described as the "rust belt". He said that the movement of industry and jobs in the United

States had occurred because the northern states and the northern communities had been unable to meet the competition that Canadian firms will now have to face with low-wage competitors in the southern United States. That was his fear, and to attempt to remove it by references to noble sentiments of aspiration is a mistake.

Honourable senators, I am not ready to refight the election. I said that in my speech on December 27. Today is December 30, but it seems like a long time has passed since Tuesday, because we have been in the committee room almost continuously since then. In my statement on Tuesday I said that I was prepared to look forward, to prepare for the implementation of the Free Trade Agreement, and that we should hold to account those who have brought it about and, particularly, to insist that they deliver the benefits which even today we are told will certainly flow from the agreement. We intend and we think we ought to look forward and hold those people accountable and insist that they deliver.

I must say that I regret that Senator Murray, this afternoon, made a mistake in attempting to bring before the Senate, in a surreptitious way in my view, a letter which had been written by a government official and which never reached the committee and was therefore never examined by the committee. It was a mistake, because it disturbed the cooperative mood that had prevailed in the committee since the moment it received the order of reference.

Honourable senators, I want to express my admiration to the chairman, Senator Stewart, for his work and to all members for their diligence.

We heard from officials of the government, who helped us considerably in clarifying certain aspects of the Free Trade Agreement, as well as from a limited number of witnesses who were not government officials but who are experienced and possess considerable credentials. Some were against the agreement and some were for the agreement, but, overall, I believe they did give us a balanced preview of what may lie ahead.

I am pleased that Senator Murray again emphasized the question of adjustment in his address, because it will be a continuing priority and, from his comments, presumably the government will give it a high priority. That is to be welcomed.

Honourable senators, I heard some disquieting comments in committee, for example, from the chairman of the Economic Council of Canada, Ms. Judith Maxwell, who told us that when jobs are lost in the coming years we shall not be able to identify the cause of the lay-off—that is, to identify whether a job is lost because of the Free Trade Agreement. That view was shared by Mr. de Grandpré, the chairman of the Task Force on Adjustment Assistance. If it is true that it is impossible for the chairman of the Economic Council of Canada to identify the costs of the Free Trade Agreement, then it must also be acknowledged that the estimates which have been given by the same council alleging job creation as a result of the agreement lack credibility at this stage. I put it to Mr. de Grandpré that if we were told the difficulties were too great to measure the job losses flowing from free trade then surely the

[Senator MacEachen.]

benefits could not be measured either. I asked him if that was right, and his answer was, "You are absolutely right."

What we must now remind the government and the chairman of the Economic Council of Canada to do is to stop talking about so-called "job creation" if they cannot tell us about the job losses. The analytical difficulties are enormous, apparently, when it comes to telling us about the jobs that will be lost, but are easily managed in terms of job creation. I found that portion of the evidence very disquieting.

I hope the supporters of the agreement have not agreed that the benefits are to be highlighted and the losses obscured or concealed.

The chairman of the Economic Council of Canada also seemed to proclaim the futility of government programs. When she was pressed as to whether anything ought to be done for firms in communities affected by free trade, the answer was, "... firms use government funds to finance investment that they would have done on their own." That certainly was a pretty drastic condemnation of the types of programs that are now in place, as referred to yesterday in the committee and today in the Senate by the Leader of the Government in the Senate. I do not share that view. I do not support that view of the chairman of the Economic Council of Canada, because I do believe that appropriate assistance to firms by the government can be decisive in maintaining and encouraging employment in certain communities of Canada. I think we shall be returning to adjustment. It was clear that we did not get all the answers yesterday. We know that Mr. de Grandpré has made public no specific proposals yet. He will do so in March, but up to the present there is nothing that we can hold up in the Senate today and say, "This is a solution to possible readjustment from the Free Trade Agreement."

• (1510)

I should like to refer to another aspect of the discussions, and that is the enormous amount of work and preparation that has to be undertaken for the extensive negotiations that will take place with the United States. A great deal of work remains to be done, and it was interesting that one of the witnesses knowledgeable in the field told us that the harassment to which Canadian firms have been subjected over the years will continue, although this was a stated reason for the entry into negotiations with the United States. There is nothing in this agreement that would limit the harassment of Canadian firms by American importers, harassment that has arisen from trade remedy laws.

Senator Frith: And their new Omnibus Trade Bill makes it easier.

Senator MacEachen: In the face of negotiations down the road on subsidies, it was disquieting to hear one of the witnesses say that it was unlikely that the bilateral negotiations on subsidies between Canada and the United States would make any progress until after the completion of the GATT round, which he expected would take place at Easter time in 1992. That is an important question.

Senator Frith: And he was a supporter of the agreement!

Senator MacEachen: I have heard it stated in government circles that nothing of importance can happen in the negotiations on subsidies with the United States until we know what will happen on subsidies in the GATT round. That means that the resolution of concerns about U.S. trade remedy laws that might occur through these negotiations will be delayed considerably into the future, perhaps even for several years.

I must say that I sympathize to some extent with Senator Murray in trying to put additional evidence on the record this afternoon. He referred to the evidence of Mr. Mel Clark. We heard his evidence, although his views had been made public weeks ago. Mr. Clark's argument, to which Senator Murray took exception today, was uttered before the committee, and we certainly attempted, in the time available within the committee, to resolve that argument. Senator Bazin and Senator Frith, who are both lawyers, joined the discussion, as did Mr. Peter Clark, in an effort not to obscure the point but to see if we could reach a clarification of the relationship between the dispute-settlement provision with respect to antidumping and countervail in the Free Trade Agreement and the dispute-settlement system of the GATT. We did not reach a conclusion, and I think, honourable senators, this underlines the difficulties that we faced in trying to probe each of these items in the very short time available. It was certainly not lack of interest or lack of good will on the part of the committee that made it necessary for the Trade Negotiations Office to attempt to send a letter to the chairman of the committee. We should have had all of that evidence before our committee so that we could have made some finding on that point. But this was impossible, and, presumably, when we go into the next phase of the committee work we shall have to return to that subject.

Our work was force fed, honourable senators, and I believe that it would be better for all of us, and for the country, if we had a lot more time to understand the actual provisions of this agreement rather than having to deal so much with the rhetoric—on both sides. Senator Murray concluded on a high rhetorical note today, adding nothing to the analytical understanding of the provisions of the bill, but building up a rhetorical momentum that might be serviceable in selling the Free Trade Agreement, even though it is not understood. He took the occasion to again try to clear up the mess that had been created in the committee by the evidence we heard on the temporary entry provisions.

Senator Frith: It is terrible!

Senator MacEachen: We are now in another difficulty here. I believe that in his speech Senator Murray directly contradicted testimony which we heard in the committee. I do not have that testimony available because it has not yet been printed.

The majority of members of the committee notes in the report as follows:

with respect to the provisions for the temporary entry of business persons, the evidence presented to the Committee created confusion—

It sure did.

Senator Frith: That is the nicest thing you could say about it.

Senator MacEachen: That was the third draft, each draft becoming less tart than the preceding one.

—the evidence presented to the Committee created confusion and cast doubt on the conceptual foundation and adequacy of preparations for the promulgation of implementing regulations;

Now, if what we heard was incorrect, and if what Senator Murray said was correct, then we ought to have had all of that in the committee and settled it so that we are not left today with a majority of the committee saying that the temporary entry provisions seem to be badly conceived and half baked.

Senator Frith: And contradictory.

Senator MacEachen: And contradictory. In my opinion the evidence is contradictory to what Senator Murray has said. So I have made two comments about the evidence, those same points that have been mentioned by Senator Murray—namely, the important evidence of Mr. Mel Clark, who is not an amateur in the field. He is not someone who came off the street and said, "I have a couple of views to express." He is an experienced former trade official whose views will at least have to be listened to, and disagreed with if necessary, but because of the time constraints we did not get that opportunity.

I have dealt with those two points because they have been raised by Senator Murray. He has found it necessary to raise them because we did not have the time to get the evidence in the committee, not because we were not interested. We tried hard. However, I want to congratulate Senator Murray on the final part of his speech in which he welcomed and promised cooperation by the government with the work of the committee. The committee now has a mandate from the Senate to monitor the implementation of the Free Trade Agreement and related trade developments.

● (1520)

I draw to the attention of the Leader of the Government that the committee expressed a view on two other points, and I hope that the government will cooperate with respect to these two particular points that the committee has stressed. We point out that in the United States an annual report is called for on the progress being made in the many negotiations that will be commencing soon, including the results of the working group charged with establishing a bilateral regime governing antidumping and countervail duties. The U.S. will report to Congress on these matters, and we are suggesting that the Canadian government should report to the Canadian Parliament and the Canadian public annually. We think it would help our work; we think it would be useful; and I believe the committee was unanimous in making that suggestion.

The second point is that the U.S. government has submitted a report to Congress on Canadian compliance with the Free Trade Agreement. Canada should have a report on American compliance with the Free Trade Agreement, and we are asking that such a report be provided by the Canadian government early in the new year. I draw these points to the attention of

the minister because we want to look ahead, and not re-fight the election campaign, which we lost. We accept that reality, and it is because of that reality that we will not stand up and vote against this bill.

Nothing that we have heard in the committee has removed the concerns we have had. In fact, some of our concerns have been increased as a result of what we heard in the committee.

Senator Perrault: Hear, hear!

Senator MacEachen: In the field of energy, the doubts I had were certainly reinforced by the testimony of the Honourable Mitchell Sharp yesterday. My concerns have increased, but, despite that, we acknowledge that the Government of Canada has a majority in the House of Commons. It has sent us this bill to have it approved by the Senate. We shall not participate in its approval; we shall not support it. The government members will do that job, but they will also take responsibility in the future for whatever results accrue.

Senator Murray: Gladly!

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: It is moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Doody, that Bill C-2 be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yea.

Senator Bell: Nay.

Senator Frith: On division!

The Hon. the Speaker: The yeas have it.

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

ILLITERACY IN CANADA

NOTICE OF INQUIRY

Hon. Joyce Fairbairn: Honourable senators, I give notice that on Monday, March 6, 1989, I will call the attention of the Senate to the question of illiteracy in Canada.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Monday, 6th March, 1989, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[Senator MacEachen.]

[English]

TRANSPORT

NORTHUMBERLAND STRAIT—PROPOSED FIXED CROSSING— GOVERNMENT PROPOSAL

Hon. John B. Stewart: Honourable senators, I have one question that I should like to direct to Senator Murray. I do not expect him to have the answer today. Will the Honourable the Leader of the Government in the Senate be prepared when next we meet to put before the Senate a statement with regard to progress on the proposal for a fixed crossing to Prince Edward Island?

Senator Perrault: He will send a letter!

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Yes, honourable senators, I shall.

Senator Phillips: Send him a letter!

The Senate adjourned during pleasure.

At 4.30 p.m. the sitting of the Senate was resumed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

30 December 1988

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 30th day of December, 1988, at 4.45 p.m., for the purpose of giving Royal Assent to a Bill.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

At 4.45 p.m. the sitting of the Senate was resumed.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

An Act to implement the Free Trade Agreement between Canada and the United States of America (*Bill C-2, Chapter 65, 1988*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

[*Translation*]

NEW YEAR'S GREETINGS

Hon. Azellus Denis: Honourable senators, I would like to wish every one of you a happy new year, or as we say in our beautiful French language, "Bonne et heureuse année."

I would add "and paradise at the end of your days" even for those who do not believe in it, as well as for those who supported Bill C-2.

● (1650)

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wish to thank Senator Denis for his expression of kindness. I envy him his facility in that beautiful, graceful and rhythmically musical language which, unfortunately, I have no proficiency in. I am still struggling with English!

I also want to take this opportunity to wish my colleagues on both sides of the house the best for the coming year. We have had an eventful year, and I look forward to another good and cooperative year. All of us have not been pleased with all of the results as they came through, but we did our duty, and I thank all of you for your cooperation.

I should also like to thank all the staff members who have been so accommodating, so generous and so helpful during the year, and apologize to them for the inconvenience that we have put them to during this Christmas season. We have been more demanding than we usually are. Once again, my best wishes to all of you, and many thanks.

The Senate adjourned until Monday, March 6, 1989, at 2 p.m.

The Thirty-fourth Parliament was prorogued by Proclamation on Tuesday, February 28, 1989.

APPENDIX

(See p. 80)

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

REPORT OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

FRIDAY, December 30, 1988

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIRST REPORT

Your Committee, to which was referred Bill C-2, An Act to implement the Free Trade Agreement between Canada and the United States of America, has, in obedience to the Order of Reference of Tuesday, December 27, 1988, examined the said Bill and reports the same without amendment, but with the following comments and recommendations:

The Committee decided to focus its attention on five areas that it expects will continue to be sources of concern in the future: adjustment assistance; agriculture; energy; temporary entry provisions; and the broad and important area of countervail and anti-dumping.

From the testimony heard on these five particular areas, a majority of Members of the Committee notes as follows:

- (a) with respect to adjustment assistance, no new provisions have yet been proposed. While witnesses agreed that some regions, industries and groups will suffer by reason of the Agreement, they were virtually unanimous that such difficulties could not be dealt with by specific remedial programs;
- (b) with respect to agriculture, the Canadian Federation of Agriculture and the Canadian Egg Marketing Agency have not been satisfied by the responses of the Government;
- (c) with respect to energy, concerns relating to the security of Canadian supply, prompted by changes in the powers of the National Energy Board and the proportionality provisions of the Agreement, have not been alleviated;

- (d) with respect to the provisions for the temporary entry of business persons, the evidence presented to the Committee created confusion and cast doubt on the conceptual foundation and adequacy of preparations for the promulgation of implementing regulations;
- (e) with respect to anti-dumping and countervail, doubts that the forthcoming negotiations on subsidies will be successfully completed were not removed.

Passage of Bill C-2 represents only the first step in the implementation of the Agreement. None of the many regulations that will be required to implement the Agreement has yet been made public, although the Committee has been advised that they will be published in the Canada Gazette during the first week of January.

In addition, there are some 20 areas in which negotiations are called for under the Agreement, which negotiations cannot begin until the Free Trade Agreement has come into force. The most prominent of these relates to the negotiations aimed at achieving agreed bilateral rules to govern countervailing and anti-dumping duties. Other areas to be covered include:

- expanding the procurement provisions and establishing a special panel to review complaints under the procurement section of the Agreement;
- setting up a panel to review the auto pact and the state of the North American auto industry and to recommend ways to strengthen the competitiveness of the industry;
- appointment of working groups to develop common standards in a whole range of areas such as animal and plant health, meat and poultry inspection, pesticides, food, beverage and colour additives, and packaging and labelling;

- changes in rules of origin and controls on imports from third countries;
- agreement on plywood standards;
- expanding the current coverage of trade in services; and
- the liberalization of investment rules.

The Committee considers it essential that the Senate make provision for reviewing the regulations relating to the Agreement as well as for monitoring the way in which the Agreement is applied in the two countries and the progress made in further elaborating it. Specifically, the Committee recommends that particular attention be paid to:

- the effectiveness of adjustment assistance programs to help those who are displaced through the effects of the Free Trade Agreement, difficult though it may be to identify those affected;
- the working out of arrangements for monitoring the export of energy products to the United States, and in particular the role of the National Energy Board;
- developments relating to trade in agricultural products and especially to the impact of the Agreement on the supply management systems and on the competitiveness of Canada's food processors;
- how the temporary entry provisions for business persons and others are being applied; and
- the negotiations intended to develop a mutually acceptable code regarding countervail and anti-dumping duties, so as to assure itself that social programs and regional development policies are in no way put at risk.

In order to carry out this task, it will be helpful for the Government to submit annually to Parliament a report on the progress being made in the many negotiations that will be commencing soon, including the results of the Working Group charged with establishing a bilateral regime governing anti-dumping and countervail duties. An annual report is called for in the U.S. implementing legislation and the Canadian Government should do no less for Parliament and the Canadian public.

The U.S. Administration has also submitted to the Congress a report on Canadian compliance with

the Free Trade Agreement. While this report was deficient, in that it did not take account of the imminent passage of Bill C-2 and of the promulgation of the related regulations, it was helpful to the Congress in carrying out its responsibilities. The Canadian Parliament would benefit from the same kind of information and the Committee recommends that such a report be provided by the Canadian government early in the New Year.

The Committee recommends that it be authorized by the Senate to monitor and report on the implementation and application of the Free Trade Agreement in both countries and other related trade developments. The adoption of this Report by the Senate constitutes such an Order of Reference.

The complete list of witnesses heard on Bill C-2 is appended to this Report.

Respectfully submitted,

JOHN B. STEWART
Chairman

APPENDIX

List of persons who appeared before the committee during the current study with the issue number and date of proceedings in which their evidence appeared.

Issue No. 1, December 27, 1988:

Mr. Alan Nymark, Acting Head and Assistant Chief Negotiator, Trade Negotiations Office

Mr. Konrad von Finckenstein, Q.C., Assistant Deputy Minister, Trade Law Department of Justice.

Mr. J. David Oulton, Director General, Oil & Emergency Planning, Energy Commodities Sector, Department of Energy, Mines and Resources.

Issue No. 2, December 28, 1988:

Mr. Konrad von Finckenstein, Q.C., Assistant Deputy Minister, Trade Law Department of Justice.

Mr. Alan Nymark, Acting Head and Assistant Chief Negotiator, Trade Negotiations Office.

Mr. Andrei Sulzenko, Assistant Chief Negotiator, Services and Investment, Trade Negotiations Office.

Mr. John Raymond LaBrosse, Chief, Industry Relations, Financial Institutions and Markets Division, Department of Finance.

Mr. Michel Hétu, General Counsel, Department of Communications.

Mr. Dick Martin, Executive Vice-President, Canadian Labour Congress.

Mr. Kevin Hayes, National Representative, Canadian Labour Congress.

Ms. Judith Maxwell, Chairman, Economic Council of Canada.

Mr. Michael Gifford, Agriculture Negotiator, Trade Negotiations Office.

Mr. Ken McIntosh, Manager, Business Immigration, Program Delivery Directorate, Department of Employment and Immigration.

Mr. Harland Harvey, Program Specialist, Business Immigration, Program Delivery Directorate, Department of Employment and Immigration.

Issue No. 3, December 29, 1988:

The Honourable Mitchell Sharp, P.C.

Mr. Peter Clark, Trade Consultant, Grey, Clark, Shih & Associates, Limited.

Mr. Mel Clark, Retired public servant.

Mr. Jean de Grandpré, Chairman, Advisory Council on Adjustment.

ABBREVIATIONS

| | |
|-----------|--------------------------------|
| 1r, 2r, 3 | = first, second, third reading |
| amds | = amendments |
| com | = committee |
| div | = division |
| m | = motion |
| neg | = negated |
| qu | = question |
| ref | = referred |
| rep | = report |
| r.a. | = Royal Assent |

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AT PROROGATION

(1st Session, 34th Parliament)

**GOVERNMENT BILLS
(HOUSE OF COMMONS)**

BILL C-2

**An Act to implement the Free Trade Agreement
between Canada and the United States of America**

First and second readings and referral to Foreign Affairs
Committee, December 27, 1988. Report from Committee
(without amendment); third reading and Royal Assent,
December 30. *Chapter 65, 1988.*
